

STATE OF NEW HAMPSHIRE
Inter-Department Communication

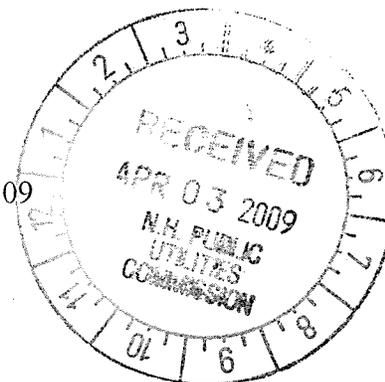
DATE: April 3, 2009
AT (OFFICE): NHPUC

FROM: Maureen L. Reno *MLR*
Utility Analyst III

SUBJECT: DE 09-006, New Hampshire Electric Cooperative
Independent Monitor Application Pursuant to Puc 2502.09
Staff Recommendation

TO: Chairman Thomas B. Getz
Commissioner Graham J. Morrison
Commissioner Clifton C. Below
Debra A. Howland, Executive Director and Secretary

CC: Jack K. Ruderman, Director of the Sustainable Energy Division *JKR*
Suzanne Amidon, Staff Attorney



Summary

On January 20, 2009, The New Hampshire Electric Cooperative (NHEC) submitted an application requesting the Commission grant them independent monitor status pursuant to New Hampshire Code of Admin. Rules Puc 2505.09. As an independent monitor, the NHEC would provide monitoring services for members installing customer-sited sources that qualify for New Hampshire Class I and II renewable energy certificates (RECs) and are equal to or less than 100 kilowatts is gross nameplate generation capacity. Initially, the NHEC plans to provide monitoring services to members within its own franchise area so that these members can comply with requirements necessary to receive renewable energy certificates associated with generated or displaced electricity. Eventually, the NHEC may seek to offer these services to non-members.

According to the application, the NHEC qualifies as an independent monitor pursuant to Puc 2505.09. That is, the NHEC is a public utility that is a distribution company pursuant to RSA 362-F:2, XIV. Additionally, the NHEC currently employs several professionals that qualify under Puc 2505.09(c). These qualified individuals will perform a series of tasks required under Puc 2505.09(h) that includes performing the initial equipment installation and meter inspection, measuring the source's annual production and reporting annual production to the Commission.

Staff has reviewed the NHEC's application to become an independent monitor and can attest that the applicant has provided the necessary certifications demonstrating that the applicant meets the requirements set forth in Puc 2505.09. Therefore, Staff recommends the Commission grant the NHEC's request to become an independent monitor for customer-sited sources that qualify for New Hampshire Class I and Class II RECs provided that the NHEC utilize the New England Power Pool Generation Information System (NEPOOL GIS) to obtain RECs for customer-sited sources that produce or displace at least a megawatt-hour of electricity per year.

Analysis

Puc 2505.09 (b) and (c) states that a public utility that is a distribution company pursuant to RSA 362-F:2, XIV shall be eligible to serve as an independent monitor for customer-sited sources within its own service territory, provided that the utility employs one or more qualified persons to perform monitoring tasks. Puc 2505.09 (c) states that an independent monitor shall be: a licensed electrician or engineer in New Hampshire; a certified building analyst; a certified energy manager; a Residential Energy Services Network (RESNET) home energy rater; or a certified independent monitor under another state's renewable portfolio standard program. The applicant provided documentation demonstrating that, according to the applicant, a number of NHEC employees meet this requirement. The documentation includes copies of Scott C. McNeil's current New Hampshire master electrician license. The applicant also provided and Staff verified that Chris Johnson and Ben Stephenson are certified as RESNET raters by the Northeast Home Energy Rating System Alliance, which is residential energy efficiency rating organization.¹ The applicant also provided and Staff verified that Jay H. Hutchison and Stephen E. Kaminski are New Hampshire licensed electrical engineers.² Staff recommends the Commission accept these documents as proof that NHEC meets the requirements set in Puc 2505.09.

Puc 2505.09 (h) requires an independent monitor to perform a series of duties that includes the following: (1) Perform initial inspection of source's meter for accuracy and capability to measure the power produced (unless owned by a distribution utility that has already inspected it); (2) Measure the source's annual electricity production or displacement; (3) Report the annual production or displacement of electricity by January 31st for the preceding calendar year; and (4) Inspect customer-sited sources to demonstrate they are installed and operating in conformance with applicable safety, zoning and building codes and that the interconnection meets Puc 900 requirements. See Puc 2507.04(h). According to the applicant, it will install and own a revenue quality meter as defined in Puc 2502.32 at each customer-sited source, and will perform the monitoring duties required in Puc 2505.09 (h). Specifically, a meter reading will be

¹ For a current list of home energy raters visit the following visit:
<http://www.energyratings.org/NH/raters.asp>

² For New Hampshire licensed engineer's name, license number and license expiration date see the following website: <http://www.nh.gov/jtboard/pegm.htm>

taken on or about the same time the NHEC or the customer-site source itself submits an application to the Commission for eligibility to produce New Hampshire Class I or Class II RECs. The NHEC will also read meters on an annual basis in conjunction with routine meter reading at the members' locations. The NHEC will then use this data to calculate the production or displacement of electricity to be reported to the Commission and/or APX, the GIS administrator. The NHEC will also calculate the annual electricity production and displacement of electricity in accordance with Puc 2505.10 and 2505.11 respectively.

Staff asked the NHEC to identify the fee to members that will receive metering services. The NHEC responded by stating that the fee includes the annual depreciation of the meter, the meter reading costs and the cost of labor (to accumulate the data, review it for reasonableness, enter it into the GIS system, report to the PUC and other monitoring activities). These components would be calculated at NHEC's cost with no margin or profit included and must be approved by the Board of Directors. The NHEC estimates the annual cost to be between \$110 and \$130. The NHEC plans to divide this cost into a monthly fee of \$9 to \$11 to be included as a miscellaneous charge on the members' bills. Staff believes that this charge is reasonable. The NHEC will waive this fee for members who transfer REC ownership to the NHEC.

The application states that the NHEC plans to use engineering analysis methodology to calculate fossil fuel British Thermal Units (Btus) saved and convert this amount to megawatt-hours for solar hot water systems used to supplement or displace the use of a fossil fuel water heater. According to NHEC,) the Btu savings associated with such solar hot water systems qualify for New Hampshire RECs pursuant to Puc 2505.08(a).

Staff disagrees with this interpretation of the rules. RSA 362-F:4,I lists eligible Class I resources and includes solar hot water systems only to the extent the systems are used "instead of electric hot water heating." See also Puc 2502.07(b).

Although there is nothing in the rules preventing the NHEC from measuring Btu savings from solar hot water systems that do not displace electric water heaters, Staff recommends that the Commission notify the applicant that these savings do not qualify for New Hampshire Class I RECs.

The application avers that all qualifying customer-sited sources will receive RECs from the Commission. Staff disagrees with this statement because the Commission will only issue fractional RECs to customer-sited sources that produce or displace less than a megawatt-hour of electricity in a given year. For customer-sited sources that produce or displace more than a megawatt-hour of electricity in a given year, the NHEC will need to utilize the NEPOOL GIS as intended by RSA 362-F:6 I and II.

RSA 362-F:6 II states that the Commission shall establish procedures by which electricity production not tracked by GIS can be included in New Hampshire's certificate program. GIS can create RECs for behind-the-meter or customer-sited sources provided

that these sources produce at least a megawatt-hour of electricity in a given year. See NEPOOL GIS Operating Rule 2.1(a)(ii) and (vii). Although the GIS does not create RECs for electricity that is less than a megawatt-hour, customer-sited sources can aggregate multiple months of energy in order to report meter data for a whole megawatt-hour of energy. See NEPOOL GIS Operating Rule 2.1(c). Given that the GIS creates RECs from customer-sited sources provided that such sources produce or displace at least a megawatt-hour of electricity in a given year, Staff recommends that the Commission require the NHEC to utilize the GIS pursuant to the NEPOOL GIS Operating Rules in these instances.

Recommendation

Staff recommends that the Commission approve the NHEC's application under the conditions that the NHEC utilize the NEPOOL GIS for customer-sited sources that produce or displace at least one megawatt-hour of electricity in a year. Staff believes that the proposed fee to participants of this program is reasonable. Staff also recommends that the Commission deny the approval of RECs for Btu savings resulting from the installation of solar hot water heating systems in place of fossil fuel systems as proposed by the applicant.