

STATE OF NEW HAMPSHIRE

Intra-Department Communication

DATE: December 23, 2009

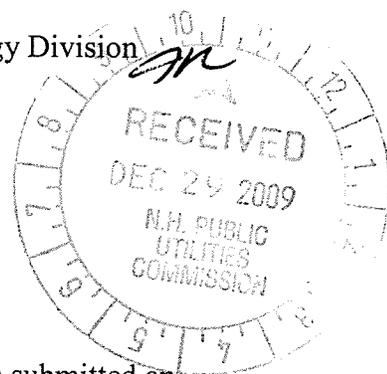
AT (OFFICE): NHPUC

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

SUBJECT: Staff Recommendation Re: DE 09-237, MM Lowell Energy LLC's
Certification Application for Class I Eligibility of the Lowell Landfill
Methane Gas Facility Pursuant to RSA 362-F

TO: Chairman Thomas B. Getz
Commissioner Clifton C. Below
Commissioner Amy L. Ignatius
Debra A. Howland, Executive Director and Secretary

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



Summary

On November 24, 2009, MM Lowell Energy LLC (MM Lowell) submitted an application requesting the Commission grant approval of the Lowell landfill methane gas facility (Lowell facility) to produce Class I Renewable Energy Certificates (RECs) pursuant to RSA 362-F, New Hampshire's Electric Renewable Portfolio Standard law. In 2007, Commonwealth Resource Management Corporation (CRMC) purchased MM Lowell. MM Lowell then repowered the Lowell facility by installing a refurbished engine and pollution control equipment. The new capital investments made for the purpose of restoring unusable generation capacity qualify the facility to be certified as a Class I renewable energy source, as defined in RSA 362-F:4 I(j) and the N.H. Code of Admin. Rules Puc 2502.07 (e).

Pursuant to RSA 362-F, the Commission, in a non-adjudicative process, must issue a determination of whether a facility meets a particular classification within 45 days of a completed application. On November 24, 2009, MM Lowell complied with Puc 2500 by providing all the necessary information, enabling Staff to review its application. Based on its review of the application, Staff recommends that the Commission approve the Lowell facility as eligible for Class I RECs.

Analysis

The Lowell facility is powered by methane gas drawn from the Westford Street Landfill, 125 Stedman Street, Lowell, Massachusetts. The facility began commercial operation as a repowered facility on January 28, 2008 and has a gross nameplate capacity of 460 kilowatts. The NEPOOL generation information system (GIS) facility code is MSS 954.

From August 2007 to August 2007, under the ownership of Minnesota Methane LLC, MM Lowell operated two large generators with a gross nameplate capacity of 1.6 megawatts.¹ In August 2007, the owner removed both generators due to insufficient landfill gas supply and flared the remaining fuel.

On October 9, 2007 CRMC purchased MM Lowell. Shortly thereafter, MM Lowell repowered the facility by installing a refurbished Caterpillar 3412 engine, modified to run on landfill gas, and installed a pollution control system. The tax basis of the new capital investments in plant and equipment, excluding real property and intangible assets, is \$117,695, which represent 90.4 percent of the facility's total federal income tax basis.² Given these investments, the applicant has demonstrated completion of capital investments intended to restore generation to the facility and exceeds the 80 percent federal income tax basis threshold for new plants required under RSA 362-F:4, I (j).

Pursuant to Puc 2505.02 (b) (8), the applicant must submit proof that it has "an approved interconnection study on file with the commission, is a party to a currently effective interconnection agreement, or is otherwise not required to undertake an interconnection study." MM Lowell submitted and Staff verified an interconnection agreement with Massachusetts Electric Company, a subsidiary of National Grid, effective November 1, 2007.

Pursuant to Puc 2505.02 (b) (11), the applicant must indicate whether the Lowell facility has been certified under another non-federal jurisdiction's renewable portfolio standard and proof thereof. The Lowell facility has been certified in Connecticut as a Class I renewable generation unit.

Recommendation

Staff has reviewed MM Lowell's application for the Lowell facility and can affirm it is complete pursuant to Puc 2500. Staff recommends that the Commission certify the Lowell facility as being eligible for Class I RECs, effective November 24, 2009.

¹ The existing facility operated in conformance with Massachusetts Policy Relating to the Permitting of Landfill Gas-to-Energy Projects (Policy No. COM-96.001).

² The facility's total federal income tax basis includes CRMC's purchase price for the ownership interests of the original facility (\$12,500) plus the new capital investments (\$117,695), totaling \$130,195. Dividing the new capital investments (\$117,695) by the total federal income tax basis (\$130,195) yields 90.4 percent.