

STATE OF NEW HAMPSHIRE

Inter-Department Communication

DATE: December 20, 2012

AT (OFFICE): NHPUC

FROM: Barbara Bernstein *BB*
Sustainable Energy Analyst

SUBJECT: **DE 12-340**, Hydro Management Group, LLC's Eligibility Request for the Sugar River Hydroelectric Power Company – Sugar River 2 Hydroelectric Facility to Produce Class I New Hampshire Renewable Energy Certificates (RECs) Pursuant to RSA 362-F and Laws of 2012, Chapter 272
Staff Recommends that Eligibility be Granted

TO: Chairman Amy L. Ignatius
Commissioner Robert R. Scott
Commissioner Michael Harrington
Debra A. Howland, Executive Director and Secretary

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



Summary

On November 20, 2012, Hydro Management Group, LLC (Hydro Management) submitted an application requesting Class I certification for the Sugar River Hydroelectric Power Company – Sugar River 2 Hydroelectric Facility (Sugar River 2 Hydro) facility pursuant to RSA 362-F, New Hampshire's Renewable Portfolio Standard law. Staff has reviewed Hydro Management's certification request for Sugar River 2 Hydro's .200 megawatts (MW) of electrical production and has determined that it meets the eligibility requirements under RSA 362-F:4, as a Class I hydro facility and complies with the New Hampshire Code of Administrative Rules Puc 2500. Staff has determined that the application was complete as submitted and recommends Commission approval for Sugar River 2 Hydro as a Class I renewable energy source effective November 20, 2012.

Analysis

Pursuant to RSA 362-F:4(j), the production of electricity from a Class III or IV source is eligible for Class I RECs if the source has begun operation as a new facility after January 1, 2006. The applicant must demonstrate that 80 percent of the resulting tax basis of the source's plant and equipment, but not its property and intangible assets, is derived from capital investment directly related to restoring generation or increasing capacity including department permitting requirements for new plants.

Prior to the Sugar River Hydroelectric Power Company's restoration of the dam, the facility had been inoperable. The CPA for the Sugar River Hydroelectric Power Company verified¹ by letter and a 2010 Depreciation and Amortization schedule and report that well over 80 percent of the facility's resulting tax basis of the source's plant and equipment is derived from capital investment directly related to restoring generation. In 2010, \$2,000,000 was invested in restoring the facility's generation. Therefore, Staff recommends that 100 percent of the facility's output be qualified as a Class I hydroelectric facility.

To qualify as a facility eligible to produce RECs, Puc 2505.02 (b) requires the source to provide the following:

- 1) *The name and address of the applicant:* The application was filed by Hydro Management Group LLC, (Hydro Management), 55 Union Street, 4th Floor, Boston, MA 02108 on behalf of Sugar River Hydroelectric Power Company.
- 2) *The name and location of the facility:* Sugar River 2 Hydro is located on the Sugar River in Newport, NH.
- 3) *The ISO-New England asset identification number (if available).* The facility's asset identification number is 17223.
- 4) *The GIS facility code if available.* The NEPOOL GIS facility code has been verified as MSS 17223.
- 5) *A description of the facility including fuel type, gross nameplate generation capacity, the initial commercial operation date, and the date it began operation, if different.* Sugar River 2 Hydro is operated as a run-of-river facility including a 42-foot long and 6-foot high reinforced concrete dam, a penstock, a powerhouse and other appurtenances. The gross nameplate capacity generation is .200 MW of electricity. According to the Federal Energy Regulatory Commission (FERC), the project was approved for commercial operation April 01, 2010.
- 6) *(N/A – pertains to biomass sources).*
- 7) *All other necessary regulatory approvals, including any reviews, approvals or permits granted by the department.* An Order Issuing License (FERC Project Number 10934) was provided for Sugar River 2 Hydro.
- 8) *Proof that the applicant either 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.* A copy of the Operating Agreement for Purposes of Wheeling and Power Sales between Public Service Company of New Hampshire (PSNH) and William B. Ruger, Jr./dba/Sugar River Hydroelectric Power Co. dated January 30, 2006 was provided.

¹ Benjamin Chapman, Certified Public Accountant for Sugar River Hydroelectric Power Company.

- 9) *(N/A – pertains to biomass sources).*
- 10) *A description of how the generation facility is connected to the distribution utility.*
Sugar River 2 Hydro is interconnected with the PSNH electric distribution system.
- 11) *A statement as to whether the facility has been certified under another non- federal jurisdiction's renewable portfolio standard and proof thereof.* Sugar River 2 Hydro is not currently certified as a renewable energy resource in any non-federal jurisdiction's renewable portfolio standard.
- 12) *A statement as to whether the facility's output has been verified by ISO New England.*
The facility's output has been verified by ISO New England and the facility is listed in the GIS database.
- 13) *A description of how the facility's output is reported to the GIS if not verified by ISO- New England.* Not applicable.
- 14) *An affidavit by the owner attesting to the accuracy of the contents of the application.*
An affidavit signed by Andrew Locke, Vice President, Hydro Management was provided.
- 15) *The name and telephone number of the facility's operator, if different from the owner.* The facility operator is William Ruger, President, Sugar River Hydroelectric Power Company; his telephone number is 603-863-6332.
- 16) *Such other information as the applicant wishes to provide to assist in classification of the generating facility.* All information required to complete the application was provided.

Recommendation

Staff has reviewed the Sugar River 2 Hydro application for Class I certification and can affirm it is complete pursuant to New Hampshire Code of Administrative Rules Puc 2500. Staff recommends that the Commission certify Sugar River 2 Hydro as a Class I renewable energy source effective November 20, 2012.