

**AIR RESOURCES COUNCIL  
MINUTES OF MEETING #248  
10/16/2017**

**MEMBERS PRESENT:** Vice-Chairman David Collins, William Smagula, Kris Blomback, Deborah Chabot, J. Ryan Bielagus, Mark Lambert, Georgia Murray (via conference call)

**MEMBERS NOT PRESENT:** Chairman Robert Duval

**NHDES – ARD PERSONNEL:** Mike Fitzgerald, Shelley Marshall, Karla McManus, Felice Janelle, Evan Mulholland, Gary Milbury, Pat North

**OTHERS PRESENT:**

**Call to Order:**

Vice-Chairman Collins called Meeting #248 of the Air Resources Council (ARC) to order at 9:00 a.m. on Monday October 16, 2017. Vice-Chairman Collins announced that a quorum of the ARC was present.

**Approval of Minutes:**

William Smagula entered a motion to accept the minutes of meeting #247. Kris Blomback seconded the motion. All were in favor. The motion carried. The minutes of ARC meeting #247 of September 11, 2017 were approved and accepted by the ARC.

**Division Activities and Legislative Update:**

Vice-Chairman David Collins introduced Michael Fitzgerald Assistant Director of the Air Resources Division (ARD). Assistant Director Fitzgerald briefly updated members of the ARC regarding issues relative to the ARD, including:

**Council Retirement:**

Assistant Director Fitzgerald announced that ARC member Raymond Donald has retired from his position on the Air Resources Council after 21 years of service. Mr. Fitzgerald invited all members of the ARC to the State House on October 25<sup>th</sup> where Governor Sununu was going to give Raymond Donald a proclamation. Mr. Fitzgerald also announced that the Air Division had a State seal that we would also be issuing to Raymond Donald on the same day framed, with signatures from the Air Resources Council members and the Air Resources Division.

**Legislative:**

There was no legislation to report.

## **Permitting Activities:**

### **Wheelabrator Concord - Title V Permit:**

Assistant Director Fitzgerald advised that on August 7, 2017, the public comment period ended on the draft Title V Operating Permit for the Wheelabrator Concord facility. No comments were received during the comment period, although shortly after the end of the comment period, one interested party claimed that they did not receive adequate notice of the draft permit. They said they didn't recall receiving the draft permit materials in the mail. As a result, ARD put the draft permit out to public notice again, and received several requests for a public hearing. ARD has scheduled a public hearing at the DES Offices, 29 Hazen Drive, Concord, NH on Tuesday November 7, 2017 at 6:00.

### **Recognizing FlexEnergy (Portsmouth) in assisting with efforts to restore power to hospital in Puerto Rico:**

Assistant Director Fitzgerald advised that FlexEnergy, a company in the Pease TradePort that manufactures and tests micro turbine power systems, is in the process of completing some research & development testing on their micro turbine systems under a R&D approval from the ARD. Within a week of notifying the Division that this particular R&D effort had been completed, FlexEnergy contacted ARD to say that the R&D turbines were desperately needed at Doctor's hospital in Puerto Rico, which suffered extensive damage as a result of Hurricane Maria. ARD issued the R&D extension that same day and the final micro turbine testing was done. The unit is on its way or may already be in Puerto Rico at this time. This is an example of the efforts of a NH company that is deploying clean, low emissions technology to assist those fellow citizens who are in desperate circumstances.

## **Compliance Update**

Vice Chairman Collins introduced Evan Mulholland, ARD Compliance Bureau Administrator. Mr. Mulholland shared his power point presentation with the ARC members which he had presented at the NHDOT headquarters at 7 Hazen Drive on Wednesday August 16, 2017 at 10:30 A.M. The presentation regarding air emission-based fees and a discussion of potential modifications to this method of funding ARD's work was shown to Emissions Stakeholders. Please see attachment.

Slide number 12 showed a chart of how the Criteria Pollutant Emissions has had 70% reduction over the past 10 years. Vice Chairman Collins stated how phenomenal our States reduction was and asked Mr. Mulholland if other States were showing the same numbers as New Hampshire. Mr. Mulholland stated that all of the New England states do compare with New Hampshire.

Georgia Murray stated that she feels that the Health factor is imperative and should also be brought to the attention of the Emission Stakeholder Workgroup.

## **Status of Appeals**

Currently, there are no appeals before the ARC.

## **New Business**

William Smagula was pleased about the sale of Eversource's Power Plants. Attached is a news release from Eversource Energy dated October 12, 2017 detailing the sale.

**Public Commentary**

No members of the public were present.

**Adjourn**

Having no further business to discuss, Vice-Chairman David Collins suggested a motion to adjourn, moved by Deborah Chabot, seconded by Mark Lambert. All were in favor. Meeting #248 of the Air Resources Council adjourned at 10:13am.



# NHDES-ARD PERMIT FEE SYSTEM

Permit Fee Work Group



# Why Are We Here

- \$/ton fee rate has increased steadily since 2006.
- Why?

# Why Are We Here

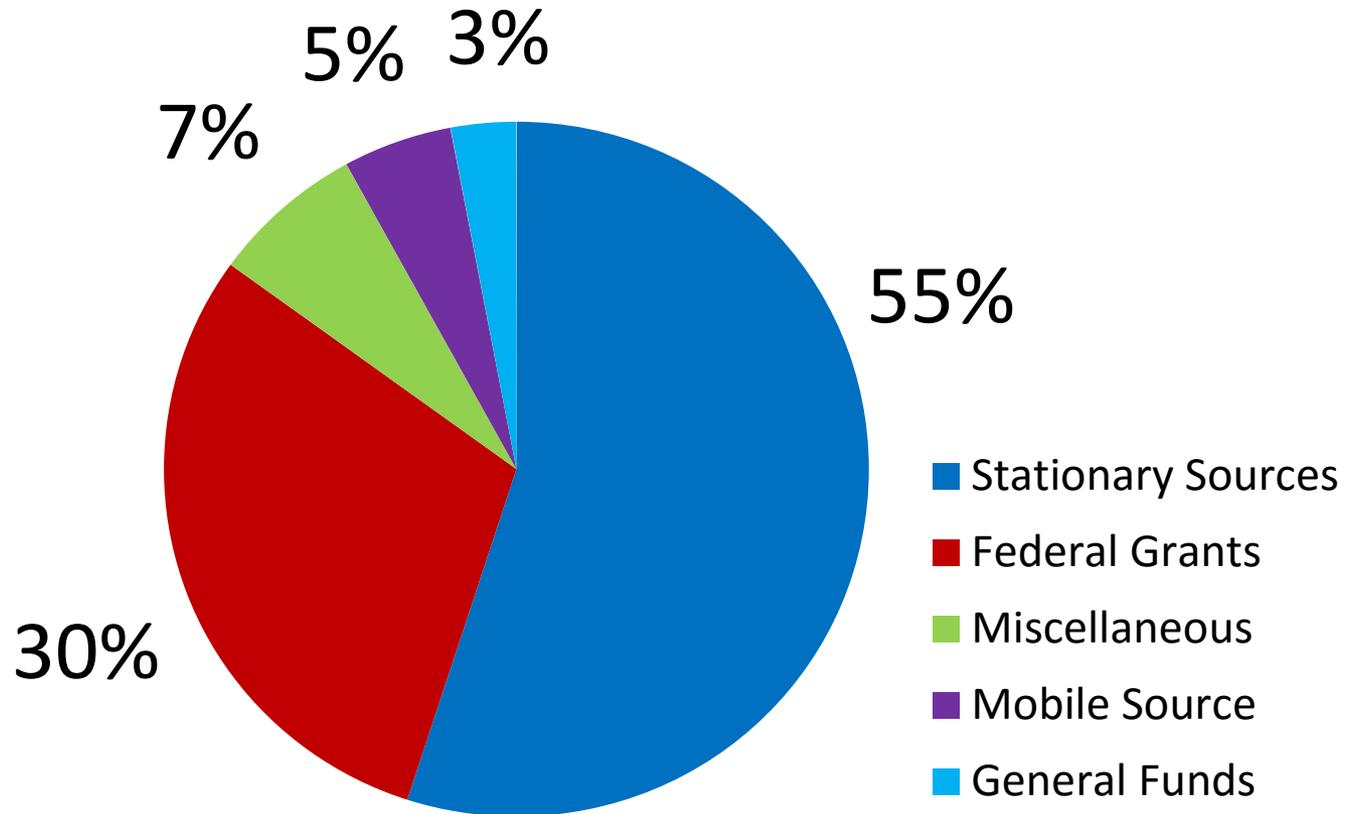
- \$/ton fee rate has increased steadily since 2006
- **Because chargeable stationary source emissions have decreased over 70% since 2006**



# Functions Supported by Permit Fees

- Stationary Source Permitting
- Air Toxics Program
- Stationary Source Planning
- Compliance Assistance
- Dispersion Modeling
- Compliance Functions
  - Inspections, Complaints, Stack Testing, CEMs (14 sources)
  - Emissions Inventory (approximately 300 sources)
  - Enforcement Actions
- Overhead

# NHDES-ARD 2016 Funding Sources





# The Basics: Emissions-Based Fee Program

- Emissions-Based Fee Program has been in effect since 1994 (23 years)
- Emissions-Based Fee Program accounts for 98% of total Permit Fees
- Authority comes from 40 CFR 70.9 (Federal Clean Air Act Amendments of 1990) and RSA 125-C:12

# The Basics

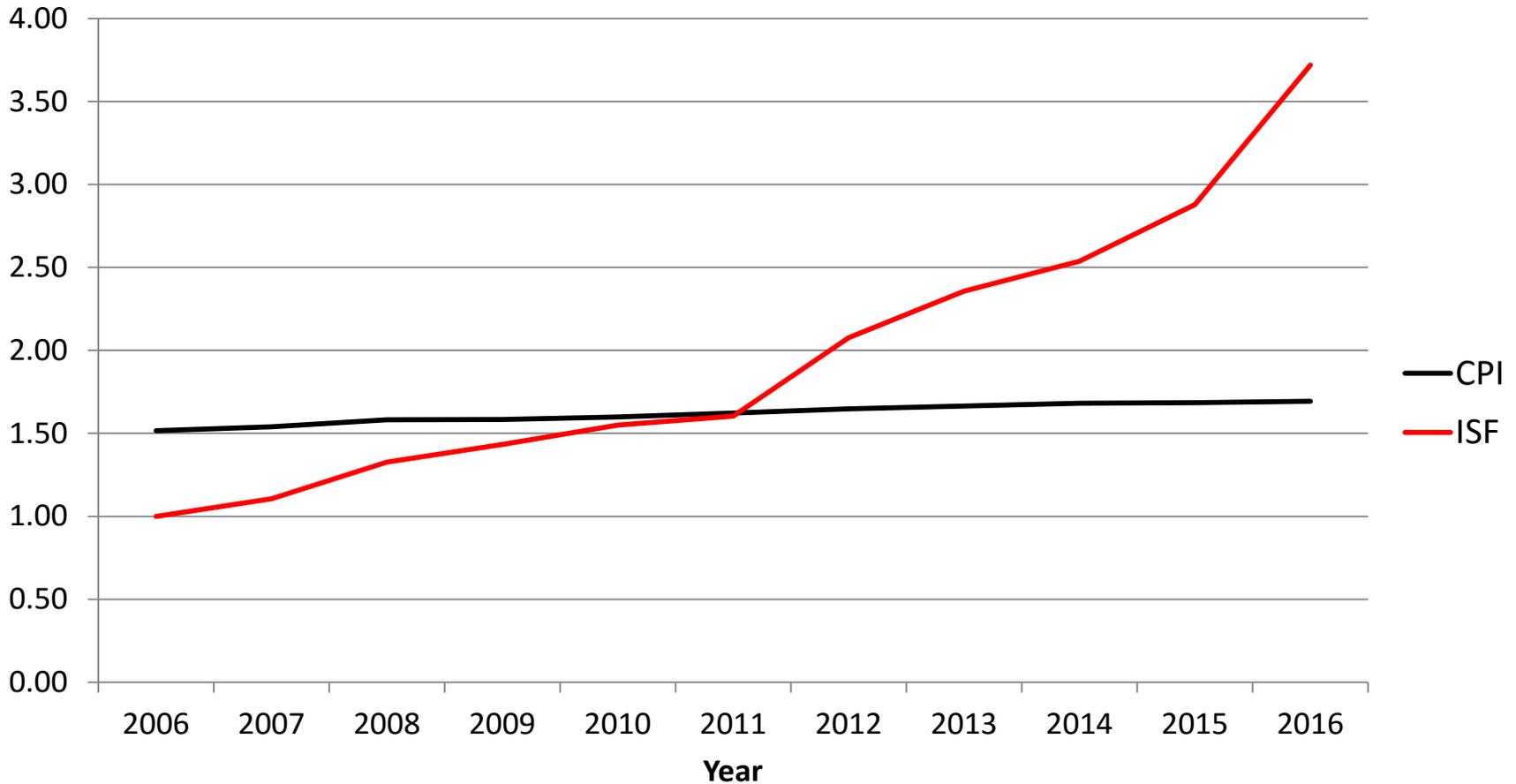
- The \$/ton fee rate is calculated by multiplying the base fee rate (currently at \$60/ton) by **two factors**
  1. **Consumer Price Index Multiplier\* (CPI)** required by 40 CFR 70.0, the CPI Multiplier adjusts the \$/ton fee rate based on inflation back to calendar year 1989, and

# The Basics

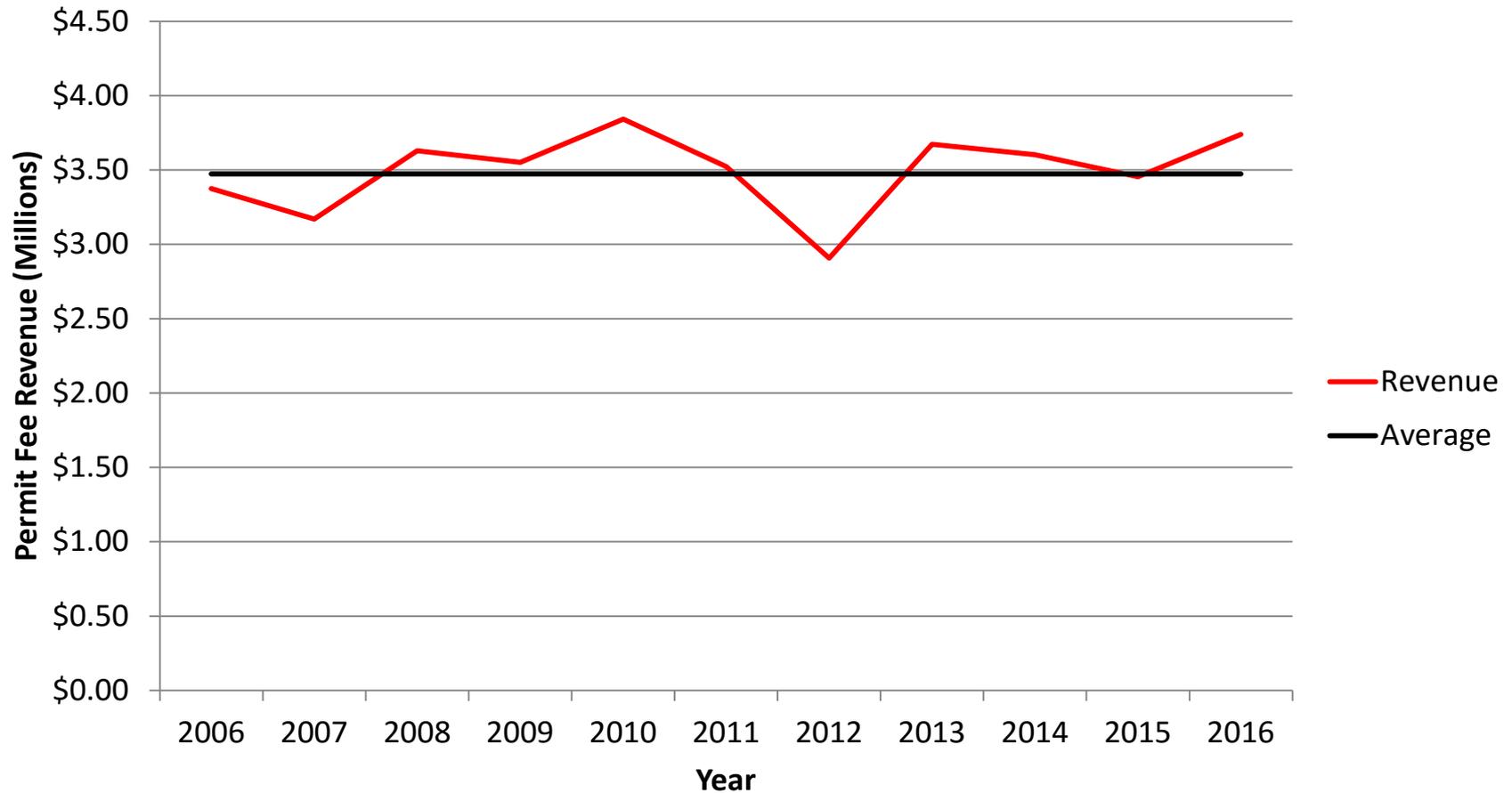
**2. Inventory Stabilization Factor (ISF)** which is the higher number of the following:

- a) The quotient of the total statewide stationary source actual emissions of:
  - 1. 40,910 per year as determined from the 2002 inventory, divided by
  - 2. the actual emissions from the previous calendar year, or
- b) One.

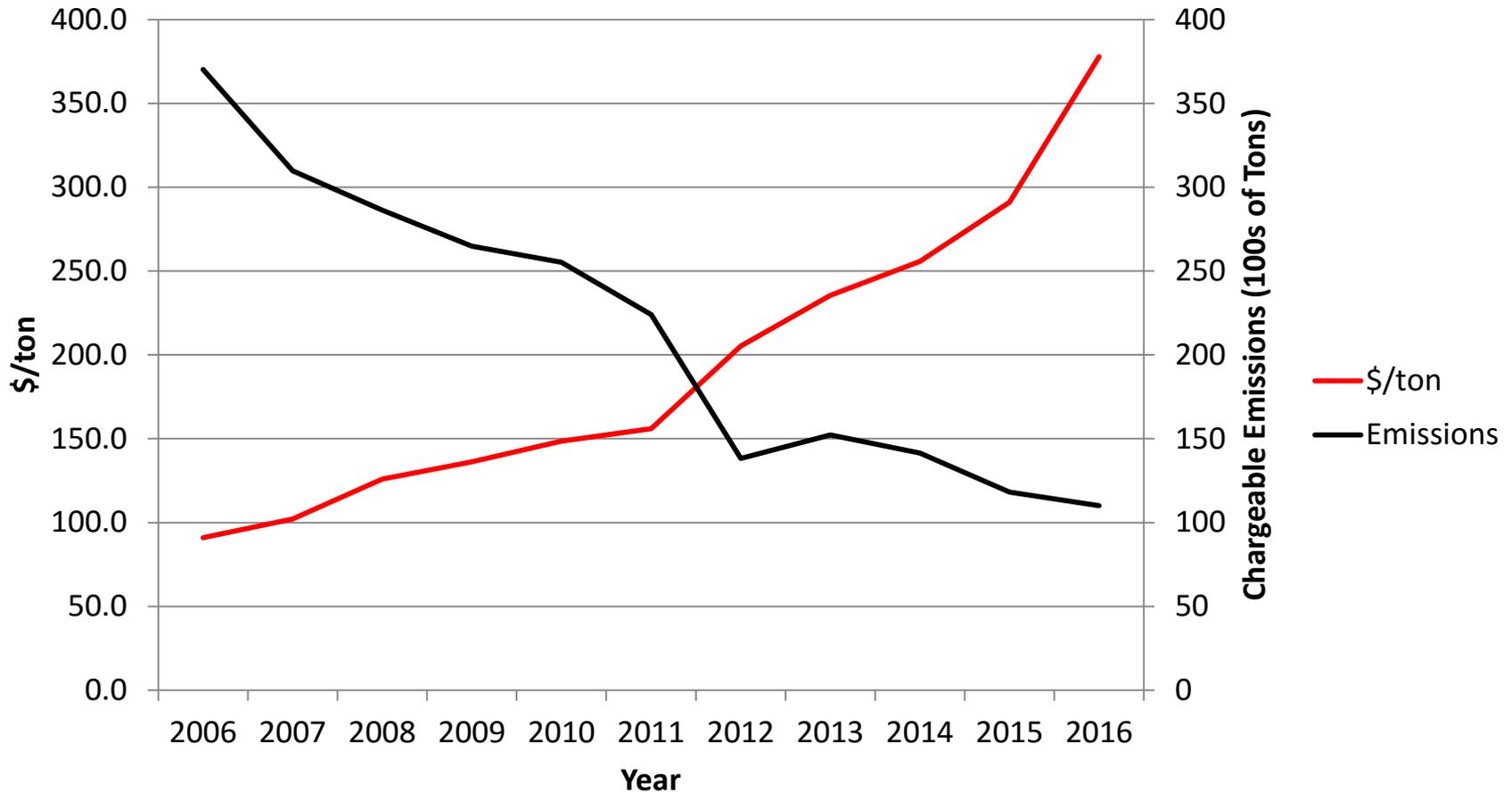
# History of CPI and ISF Over the Past 10 Years



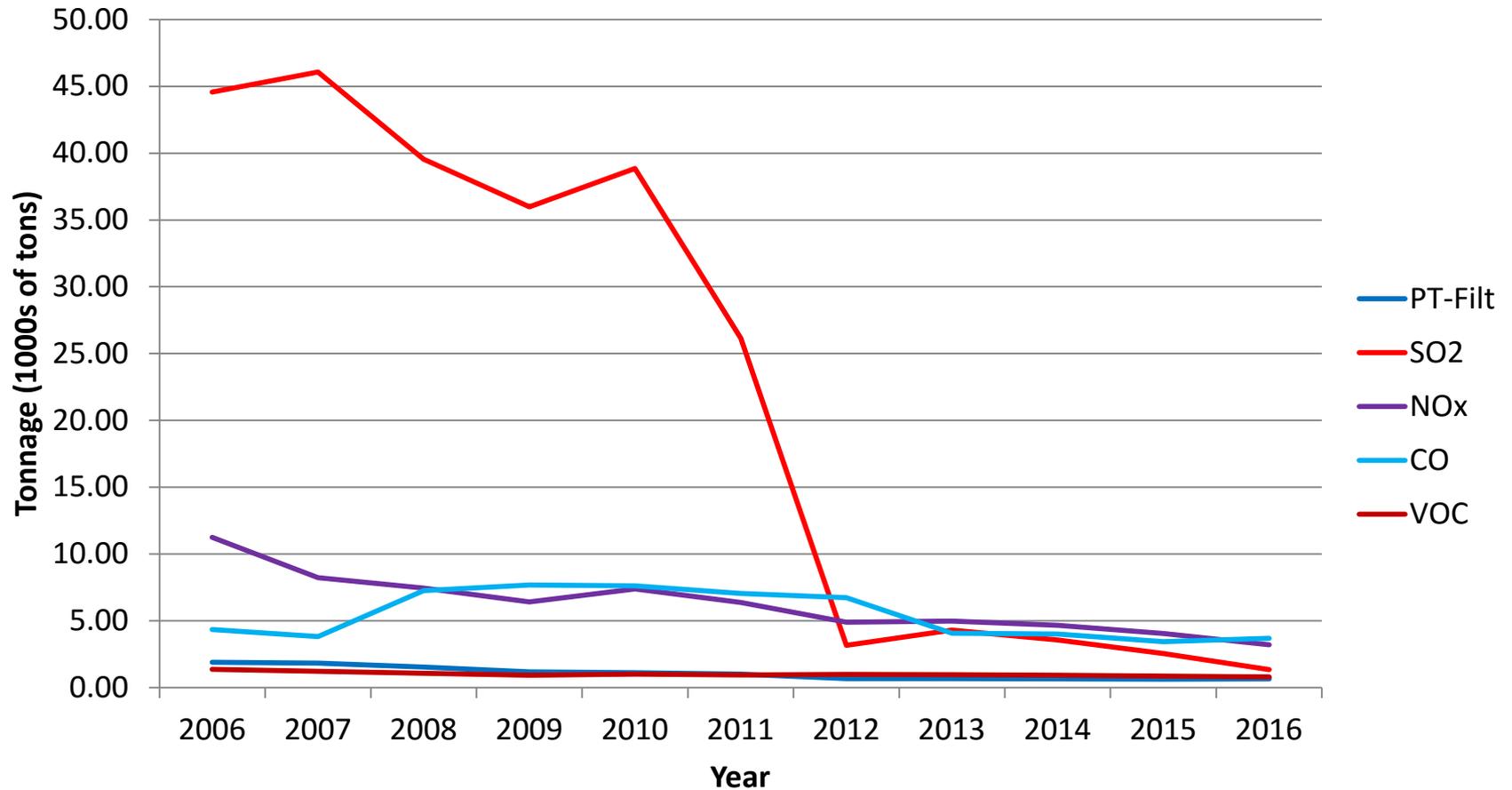
# Permit Fee Revenue Over the Past 10 Years



# Fee Rate Compared to Chargeable Emissions

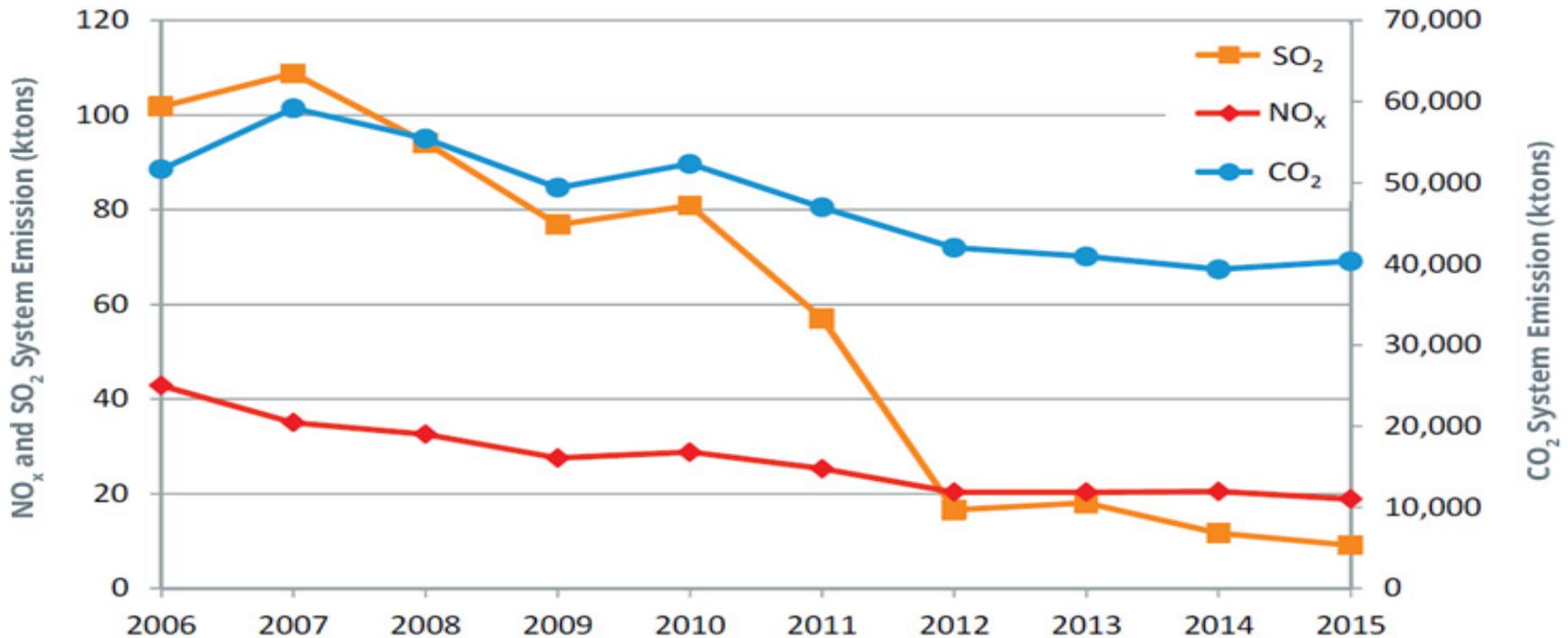


# Criteria Pollutant Emissions Over the Past 10 Years



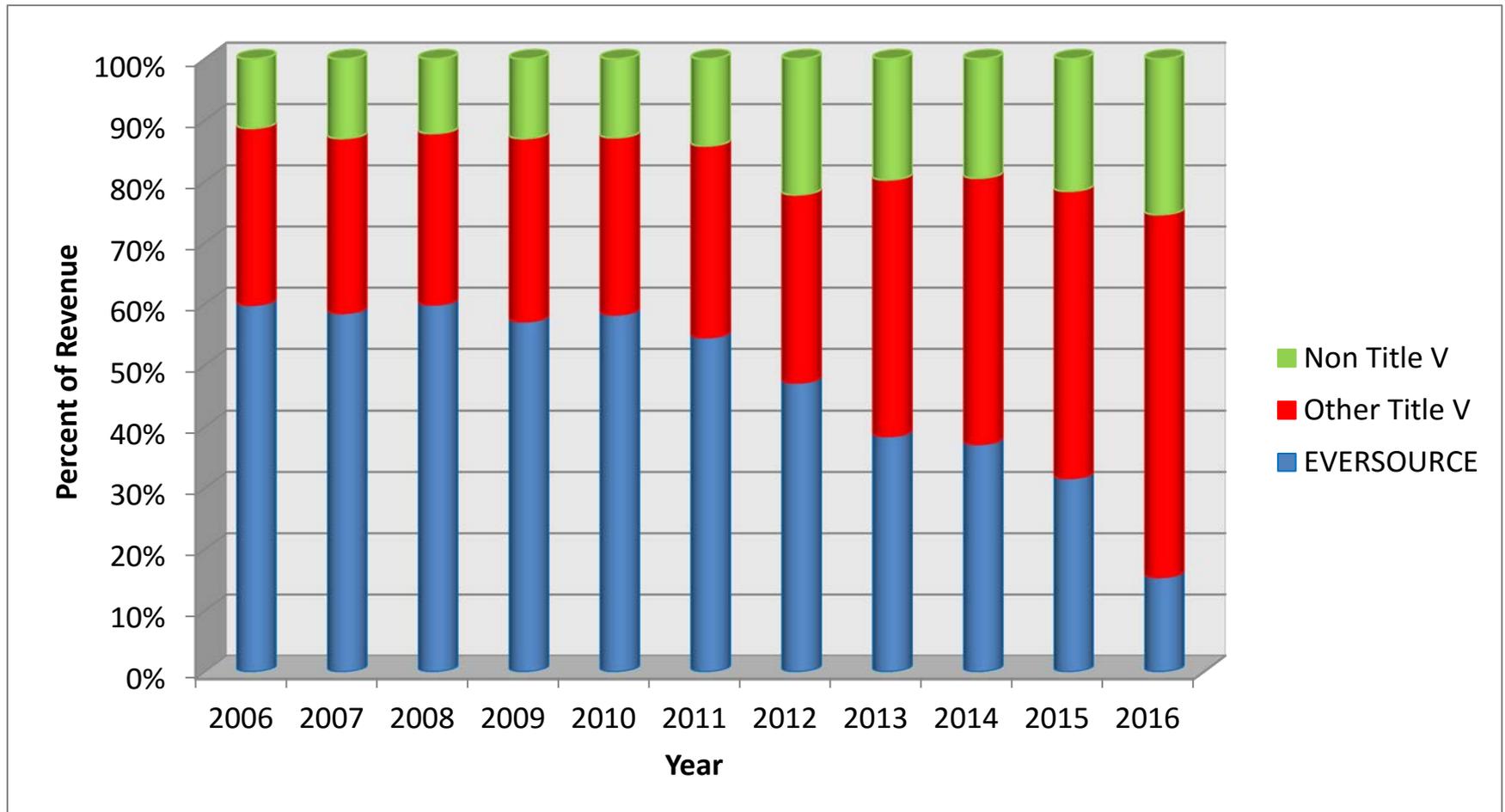
# NE Electric Generator Emissions Over the Past 10 Years

Annual System Emissions of  $\text{NO}_x$ ,  $\text{SO}_2$ , and  $\text{CO}_2$ , 2006 to 2015 (ktons)

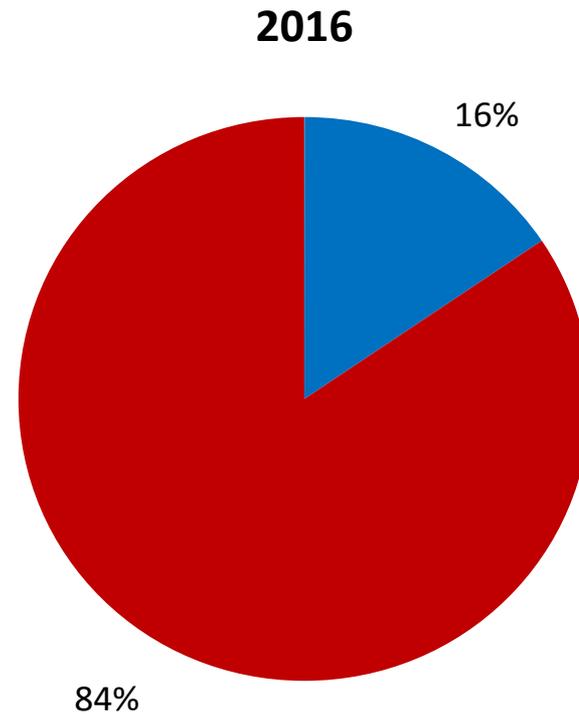
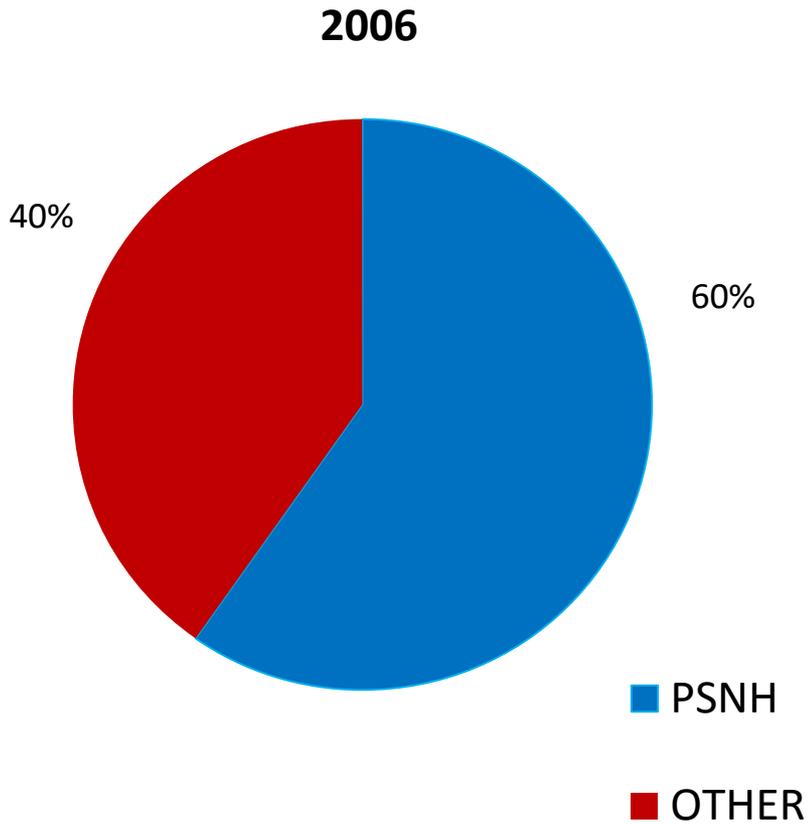


Source: ISO New England, 2015 New England Electric Generator Air Emissions Report (January 2017)

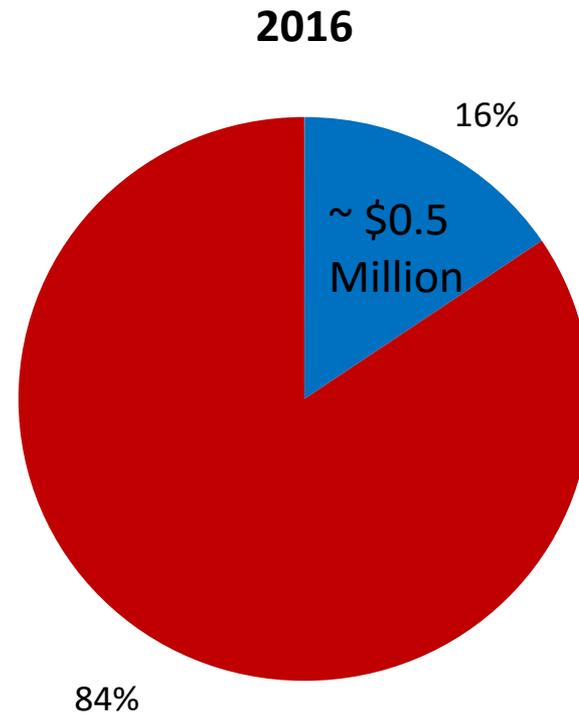
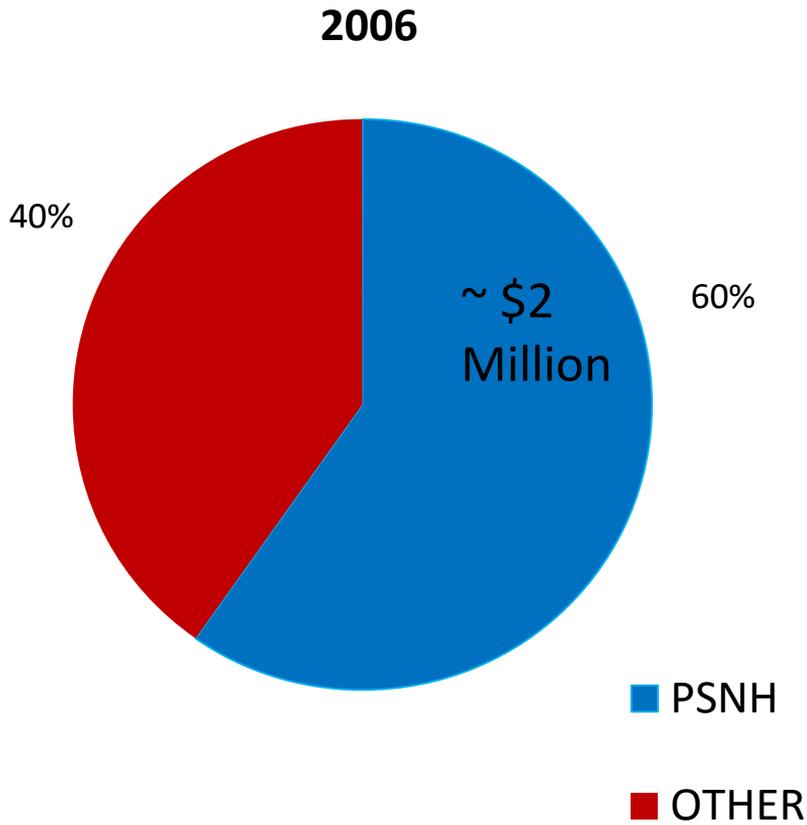
# NH Stationary Source Emissions-Based Fee Distribution



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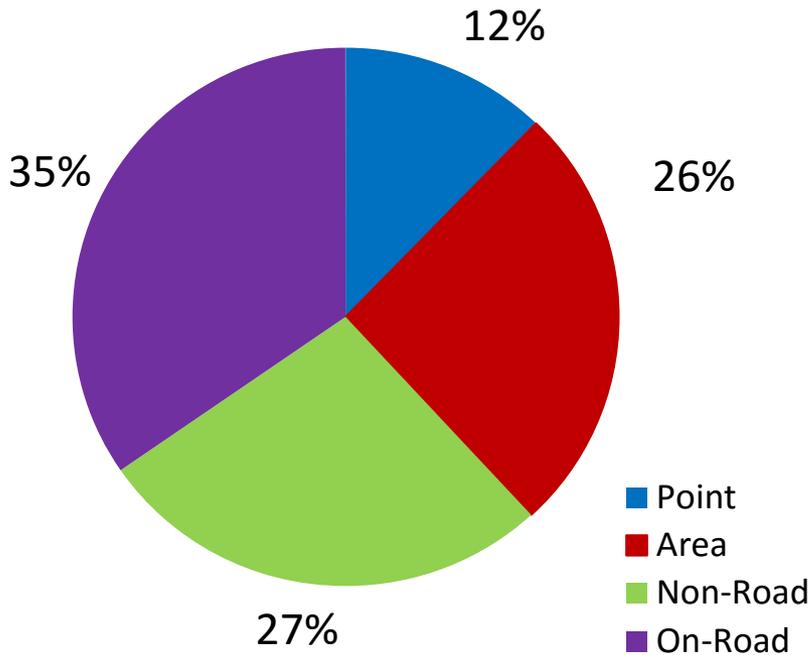


# NH Stationary Source Emissions-Based Fee Distribution

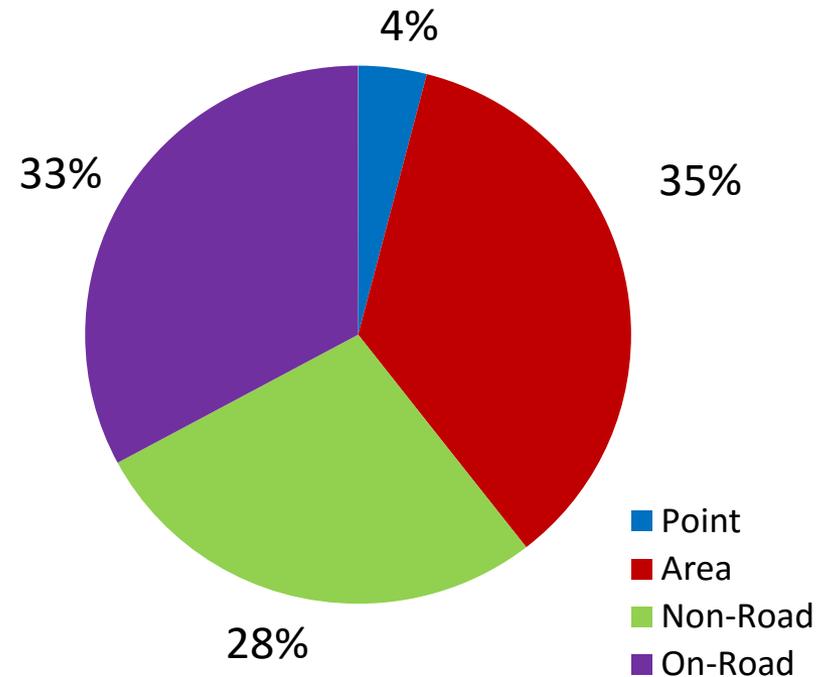


# NH Emissions Distribution

**2008 Emissions in NH  
All Criteria Pollutants  
(489,012 Tons Per Year)**



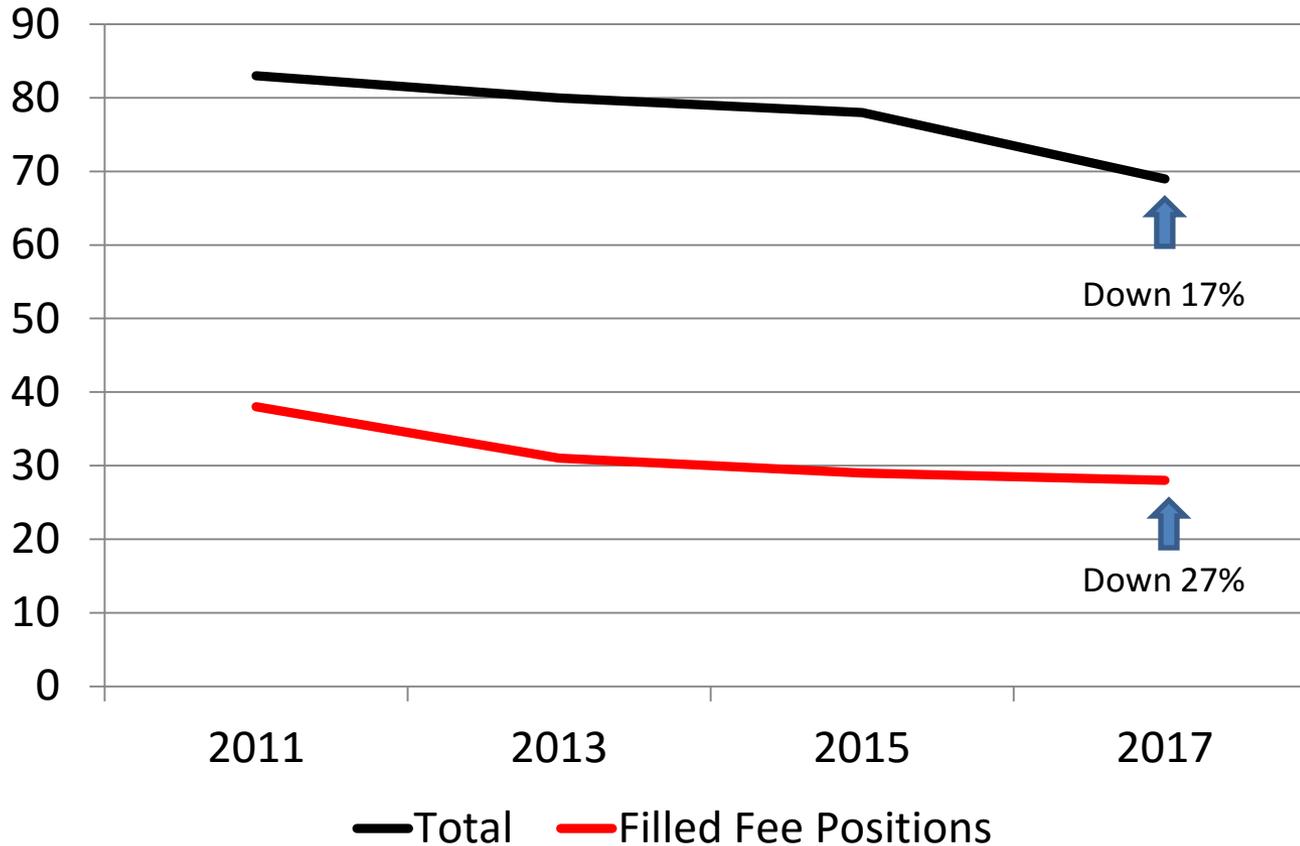
**2014 Emissions in NH  
All Criteria Pollutants  
(343,723 Tons Per Year)**



# What have we done to reduce costs?

- Strategic Personnel Management has saved approximately 1.5 million dollars over the past 5 years.
- By eliminating positions,
- leaving positions open,
- moving positions to other funding sources, and
- changing positions from full to part time, etc.

# ARD Position Counts



# More cost savings..

- Permit by Notification (crushing and sand and gravel plants) and General State Permit (standby generators) have reduced administrative costs.
- Not requiring Title V sources to pay for insignificant emissions has reduced administrative costs.
- Implementation of online reporting of emissions will save on administrative costs.

# Objective:

- Have revenue that covers the cost of running the permit program and is sustainable.
  - more equitable division of fees paid by stationary sources?
  - Expand the universe to include more sources of emissions in an equitable way?

# Possible Solutions

- Charging sources based on size and complexity of source.
- Creating a Tiered fee rate based on the toxicity of a pollutant.
- Charging fees for fugitive and/or greenhouse gas (GHG) emissions.
- Fees for permitting review at existing sources.
- Increase minimum payments.
- Increase mobile source fees.



# What We Need From You

- Your Ideas
- Your Experience
- Your Comments

## News Release

### **Eversource Announces Sale of Power Plants**

#### *Sale will complete electric deregulation in New Hampshire*

**MANCHESTER, NH. (October 12, 2017)** – As a result of the proposed sale of the company’s power plants, Eversource New Hampshire customers will realize the benefits of a comprehensive restructuring and rate stabilization agreement entered into in 2015. In a filing today with the New Hampshire Public Utilities Commission (NHPUC), Eversource outlined the details of the agreements to sell the plants to two buyers. Following NHPUC and other necessary approvals, closings on the transactions are expected by late December or early 2018. This change in power plant ownership will mark the completion of electric deregulation in New Hampshire and a shift in how the company procures energy for customers in the future.

“Our generation plants have proven valuable to New Hampshire customers for many years, especially during times of extreme cold or heat when additional sources of power have been needed to help meet demand. Now, we will join other utilities across New England in obtaining energy for our customers from the competitive regional wholesale energy market,” noted Eversource NH President Bill Quinlan. “Importantly, the announced transactions honor commitments made to employees and municipalities where facilities are located to ensure a smooth transition.”

The NHPUC in 2016 established the power plant auction process, which is being managed by J.P. Morgan. Under the proposed sales, which must be reviewed and approved by the NHPUC, Eversource’s three large fossil generation facilities and two remote combustion turbines will be purchased by Granite Shore Power LLC, a newly-formed 50-50 partnership between Atlas Holdings of Greenwich, CT and Castleton Commodities International (CCI) of Stamford, CT for a price of \$175 million. The company’s nine hydroelectric facilities will be acquired by Hull Street Energy, LLC and affiliates (“Hull Street Energy”), an electric industry-focused private equity firm based in Bethesda, MD, for \$83 million.

As part of the proposed purchase agreements, the new owners must keep the plants in service for at least 18 months, and must honor a comprehensive employee benefits package established by Eversource and the International Brotherhood of Electrical Workers (IBEW). Moreover, Eversource will provide three years of tax stabilization payments to communities to the extent a power plant is sold for less than its assessed value.

Consistent with the 2015 settlement agreement, customers will also benefit from Eversource’s agreement to forego recovery of \$25 million related to the Merrimack Station emission reduction ‘scrubber,’ and from the financing of stranded costs remaining after the sales through the use of securitization bonds. These bonds take advantage of low interest rates. In addition, Eversource has agreed to provide \$5 million from its shareholders to establish a Clean Energy Fund. Details regarding the Clean Energy Fund will be established via a collaborative process overseen by NHPUC Staff and the Office of Energy and Planning.

The decision to sell Eversource’s plants implements New Hampshire state public policy objectives and was part of a comprehensive 2015 agreement among Eversource and other parties, including State Senators Jeb Bradley and Dan Feltes; the NH Office of Energy and Planning; the NH Office of Consumer Advocate; and designated staff members of the NHPUC. Other signatories to the agreement included: IBEW, Local 1837; the Conservation Law Foundation; TransCanada Hydro Northeast Inc. and TransCanada Power Marketing, Ltd.; and the New Hampshire Sustainable Energy Association.

Fossil Assets – 1,130.1 MW total nameplate capacity:

- Merrimack Station, Bow; Coal/oil; 502.0 total megawatts (MW)
- Newington Station, Newington; Oil and/or natural gas; 416.0 MW
- Schiller Station, Portsmouth; Coal/oil/biomass; 171.7 total MW
- Lost Nation, Groveton; Oil; 18.0 MW
- White Lake, Tamworth; Jet fuel; 22.4 MW

Hydro Assets – 68.2 MW total nameplate capacity:

- Amoskeag Hydro, Manchester; 16.0 MW
- Ayers Island, Bristol; 8.4 MW
- Canaan Hydro, West Stewartstown; 1.1 MW
- Eastman Falls, Franklin; 6.4 MW
- Garvins Falls, Bow; 12.1 MW
- Gorham Hydro, Gorham; 2.2 MW
- Hooksett Hydro; Hooksett; 1.6 MW
- Jackman Hydro, Hillsborough; 3.2 MW
- Smith Hydro, Berlin; 17.2 MW

*Eversource (NYSE: ES) is New Hampshire's largest electric utility, serving more than 500,000 homes and businesses in 211 cities and towns and is proud to be recognized as the top contributor to United Way in New Hampshire. Recognized as the top U.S. utility for its energy efficiency programs by the sustainability advocacy organization Ceres, Eversource harnesses the commitment of its approximately 8,000 employees across three states to build a single, united company around the mission of safely delivering reliable energy and superior customer service. For more information, please visit our website ([www.eversource.com](http://www.eversource.com)) and follow us on Twitter ([@eversourceNH](https://twitter.com/@eversourceNH)) and Facebook ([facebook.com/EversourceNH](https://facebook.com/EversourceNH)).*

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**Hull Street Energy (Bethesda, MD)**

*Hull Street Energy is a private equity firm that acquires, optimizes and grows middle market power businesses through the application of industry-leading risk management, efficiency enhancements and commodity contract structuring. Hull Street Energy was established by a team with extensive, long-standing expertise in the power industry. They bring to the firm's investments a unique combination of deep technical and commercial knowledge of the electricity industry, and top-tier financial investment expertise. Headquartered in Bethesda, Maryland, the team leverages its decades of experience and unique knowledge of North American electricity infrastructure, including fuel inputs, renewable and fossil powered generation assets, transmission and distribution systems, and electricity demand-side businesses to build value for our investors and stakeholders. For more information please visit our website ([www.hullstreetenergy.com](http://www.hullstreetenergy.com))*

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**Atlas Holdings LLC (Greenwich, CT)**

*Headquartered in Greenwich, Connecticut, Atlas and its affiliates own eighteen platform businesses. These companies collectively employ approximately 21,000 associates and operate from more than 220 facilities across the globe. Atlas companies are engaged in a variety of industries, including power generation, aluminum processing, automotive components, building materials and construction, industrial services, paper and packaging and supply chain management. It has successfully executed complex carve-outs of business units from companies such as Alcoa, Covanta Energy, International Paper, Johnson Controls, MeadWestvaco, Neenah Paper, NCR Corporation, ThyssenKrupp, Weyerhaeuser, and Wheelabrator Group. In each transaction, Atlas successfully navigated separation complexities and created high-performance, standalone companies. Atlas owns co-generation units at several of its industrial operations, as well as Greenidge Generation, a 106MW power generation facility that Atlas converted from coal to natural gas and biomass in 2016.*

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**CCI - Castleton Commodities International LLC (Stamford, CT)**

*CCI is a global commodity merchant with an integrated set of operations consisting of the marketing and merchandising of commodities and the ownership, operations, and development of commodities-related upstream and infrastructure assets. It owns 20 power generation assets comprising approximately 2,000 MWs across the US and Europe. CCI markets a broad range of physical commodities including electric power, natural gas, natural gas liquids, refined products, crude oil, fuel oil, freight, base metals, petrochemicals, coal and financial instruments related to commodities. CCI is headquartered in Stamford, Connecticut with offices in Calgary, Canada; Geneva, Switzerland; Houston, Texas; London, United Kingdom; Shanghai, China; Singapore; and Montevideo, Uruguay.*

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