I. SUMMARY

We hereby modify our December 19, 2012 Order certifying the Verso Androscoggin LLC (Verso) recovery boiler No. 1 (RB1) as a Class I new renewable resource (Certification Order) to reflect Verso’s replacement of the oil-fired auxiliary burners in RB1 with natural gas-fired auxiliary burners. We also modify the Certification Order to reflect that the variables in the formula for calculating the proportion of generation from eligible fuels should reflect the MMBtus of the steam produced rather than kilopounds (klbs) of steam. Accordingly, in this Modified Order, we set forth the revised formula for calculating RECs generated by RB1.

II. BACKGROUND

A. Petition for Certification

On June 18, 2012, Verso Androscoggin LLC (Verso), a subsidiary of Verso Paper Corporation, filed a petition to certify the renewable generation from the steam produced by Recovery Boiler 1 (RB1) located at the Androscoggin Paper Mill in Jay, Maine as a Class I new renewable resource under the refurbishment provision of the Commission’s renewable portfolio rules. Ch. 311, § 3(B)(3)(d). On December 19, 2012, we issued an Order certifying RB1 as a Class I new renewable resource.

B. Methodology for Calculating RECs Contained in Certification Order

Our Certification Order set forth a formula for the calculation of the REC output of the generation from RB1 using the proportional method, which is calculated on an hourly basis using the following formula:

\[(S_{REW} / S_T) * (G_1 + G_2 + G_3) = RECs\]

Where,

\[S_T = (S_{RB1} + S_{RB2} + S_{WFI} + S_{PB1} + S_{PB2} + S_{HRSG})\]
And,

\[ S_{\text{REW}} = \left( \frac{F_1}{F_1 + F_2} \right) \times S_{\text{RB1}} \]

And as defined by,

\[ \text{RECs} = \text{Maine Class I Renewable Energy Credits} \]
\[ S_T = \text{Total steam production in klbs} \]
\[ S_{\text{REW}} = \text{RB1 renewable steam production in klbs} \]
\[ F_1 = \text{Biomass fuel input to RB1 in total mmbtus} \]
\[ F_2 = \text{Fuel oil input to RB1 in total mmbtus} \]
\[ G_1 = \text{Metered electrical production of Generator #1 in MWh} \]
\[ G_2 = \text{Metered electrical production of Generator #2 in MWh} \]
\[ G_3 = \text{Metered electrical production of Generator #3 in MWh} \]
\[ S_{\text{RB1}} = \text{Total metered Recovery Boiler #1 steam production, in klbs} \]
\[ S_{\text{RB2}} = \text{Total metered Recovery Boiler #2 steam production, in klbs} \]
\[ S_{\text{WFI}} = \text{Total metered Waste-Fuel Incinerator (bark boiler) steam production, in klbs} \]
\[ S_{\text{HRSG}} = \text{Total metered co-gen HRSG steam production, in klbs} \]
\[ S_{\text{PB1}} = \text{Total metered Power Boiler #1 steam production, in klbs} \]
\[ S_{\text{PB2}} = \text{Total metered Power Boiler #2 steam production, in klbs} \]

C. Modification Request

On May 10, 2013, Verso filed a modification request (Modification Request) pursuant to ordering paragraph 5 of the Certification Order, which required that Verso provide timely notice to the Commission of any material change in the characteristics or operation of the Verso Androscoggin Facility, including the type of fuel used in the generation process, from that described in the submissions filed by Verso in its certification proceeding.
In its Modification Request, Verso stated that it upgraded the auxiliary fuel system in RB1 from oil to natural gas for environmental and cost-saving reasons. Verso stated that as a result of the upgrade, RB1 will no longer have the capacity to burn oil. Verso indicated that although the fuel switch is a material change to RB1, it does not constitute a material change to the way that RB1 is operated. Verso stated that the natural gas will merely supplant the marginal amounts of oil consumed by RB1 for startup, shutdown and upset conditions and will not displace the use of eligible biomass as a fuel. Verso requested that the Commission modify the REC calculation formula in the Certification Order to reflect the switch from oil to natural gas. Additionally, Verso requested that the Commission modify the formula variables used to apportion the generation by fuel type (ST, SREW, SRB1, SWFI, SHRSG, SPB1, and SPB2) to use MMBtus of the steam as the unit of measure rather than klbs. In support of this request, Verso stated that tracking steam production in MMBtus enables a more accurate calculation that reflects the actual amount of usable heat produced.

III. DECISION

Based upon our review of Verso’s Modification Request and the original Certification Order, we agree with Verso that the modification of RB1 from burning fuel oil to natural gas will not materially affect the generation of RECs from the RB1 facility, as the change will not affect RB1’s consumption of Class I eligible biomass as a fuel. Additionally, we agree with Verso that calculating the proportion of Class I eligible generation based on the MMBtus of the steam produced, rather than klbs, is an acceptable, and arguably a more accurate unit of measure for these purposes. Accordingly, we approve the requested modification of the REC calculation formula. The revised formula is as follows (with modifications in bold font):

\[
\left( \frac{S_{REW}}{S_T} \right) \times (G_1 + G_2 + G_3) = \text{RECs}
\]

Where,

\[
S_T = \left( S_{RB1} + S_{RB2} + S_{WFI} + S_{PB1} + S_{PB2} + S_{HRSG} \right)
\]

And,

\[
S_{REW} = \left( \frac{F_1}{F_1 + F_2} \right) \times S_{RB1}
\]

And as defined by,

RECs = Maine Class I Renewable Energy Credits

ST = Total MMBtus of steam

SREW = MMBtus of the renewable steam produced by RB1

F1 = Biomass fuel input to RB1 in total MMbtus
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F_2 = Natural gas input to RB1 in total MMbtus

G_1 = Metered electrical production of Generator #1 in MWh
G_2 = Metered electrical production of Generator #2 in MWh
G_3 = Metered electrical production of Generator #3 in MWh

S_{RB1} = Total MMBtus of Recovery Boiler #1 steam production
S_{RB2} = Total MMBtus of Recovery Boiler #2 steam production
S_{WFI} = Total MMBtus of Waste-Fuel Incinerator (bark boiler) steam production
S_{HRSG} = Total MMBtus of co-gen HRSG steam production
S_{PB1} = Total MMBtus of Power Boiler #1 steam production
S_{PB2} = Total MMBtus of Power Boiler #2 steam production

Accordingly, we

ORDER

That Verso shall use the Proportional Method to calculate qualifying RECs for RB1 as outlined in the revised formula set forth the body of this Order;

Dated at Hallowell, Maine, this 3rd day of June, 2013.

BY ORDER OF THE COMMISSION

______________________
Harry Lanphear
Administrative Director

COMMISSIONERS VOTING FOR: Welch
Littell
Vannoy
NOTICE OF RIGHTS TO REVIEW OR APPEAL

5 M.R.S. § 9061 requires the Public Utilities Commission to give each party to an adjudicatory proceeding written notice of the party’s rights to review or appeal of its decision made at the conclusion of the adjudicatory proceeding. The methods of review or appeal of PUC decisions at the conclusion of an adjudicatory proceeding are as follows:

1. **Reconsideration** of the Commission’s Order may be requested under Section 1004 of the Commission’s Rules of Practice and Procedure (65-407 C.M.R.110) within 20 days of the date of the Order by filing a petition with the Commission stating the grounds upon which reconsideration is sought. Any petition not granted within 20 days from the date of filing is denied.

2. **Appeal of a final decision** of the Commission may be taken to the Law Court by filing, within 21 days of the date of the Order, a Notice of Appeal with the Administrative Director of the Commission, pursuant to 35-A M.R.S. § 1320(1)-(4) and the Maine Rules of Appellate Procedure.

3. **Additional court review** of constitutional issues or issues involving the justness or reasonableness of rates may be had by the filing of an appeal with the Law Court, pursuant to 35-A M.R.S. § 1320(5).

**Note:** The attachment of this Notice to a document does not indicate the Commission’s view that the particular document may be subject to review or appeal. Similarly, the failure of the Commission to attach a copy of this Notice to a document does not indicate the Commission’s view that the document is not subject to review or appeal.