



FortisAlberta Inc.

Micro-Generation Determination

December 16, 2008



ALBERTA UTILITIES COMMISSION

Decision 2008-132: FortisAlberta Inc.

Micro-Generation Determination

Application No. 1594619

Proceeding ID. 128

December 16, 2008

Published by

Alberta Utilities Commission
Fifth Avenue Place, 4th Floor, 425 - 1 Street SW
Calgary, Alberta
T2P 3L8

Telephone: (403) 592-8845

Fax: (403) 592-4406

Web site: www.auc.ab.ca

Contents

| | | |
|----------|---|----------|
| 1 | INTRODUCTION & BACKGROUND..... | 1 |
| 2 | DISCUSSION OF ISSUES..... | 2 |
| 3 | COMMISSION FINDINGS..... | 2 |
| 4 | DECISION..... | 3 |

1 INTRODUCTION & BACKGROUND

1. On October 2, 2008, Great Northern Power (GNP) submitted a micro-generation project (the Micro-Generation Project) application to FortisAlberta Inc. (FortisAlberta). The Micro-Generation Project is located at the Mosquito Creek compression station. The micro-generator is an induction generator powered by waste heat recovered from gas-fired reciprocating engines that are used to drive natural gas compressors. FortisAlberta rejected GNP's application stating that because the primary fuel source is using natural gas it does not fall within the micro-generation classification. GNP argued that its system does not consume any fuel and meets the alternative energy definition stated in the *Micro-Generation Regulation* and therefore should be considered as a micro-generation project.
2. On November 5, 2008, FortisAlberta filed a Notice of Dispute (the Notice of Dispute) with the Alberta Utilities Commission (Commission or AUC) stating that GNP's Micro-Generation Project does not meet the definition of "renewable or alternative energy" under section 1(1)(l) of the *Micro-Generation Regulation* (AR27/2008). In accordance with section 2(3) of the *Micro-Generation Regulation*, the Commission is required to determine whether the Micro-Generation Project is or will be a micro-generation generating unit.
3. On November 14, 2008, the Commission issued a Notice of Application requesting Statements of Intent to Participate (SIPs) from interested parties by November 28, 2008.
4. The Commission received SIPs from the following parties:
 - Enmax Power Corporation (EPC)
 - Enmax Energy Corporation (EEC)
 - Great Northern Power
5. In their SIP submissions, both EPC and EEC indicated that they did not intend to actively participate in this proceeding, but rather, intended to observe Application No. 1594619.
6. For the purposes of this Decision, the Commission considers that the record and the notice of dispute closed on November 28, 2008.

2 DISCUSSION OF ISSUES

7. The Notice of Dispute filed by FortisAlberta requires the Commission to determine whether GNP's micro-generation fuel source meets the "renewable or alternative energy" definition as stated in the *Micro-Generation Regulation*.
8. Section 1(1)(l) of the *Micro-generation Regulation* defines "renewable or alternative energy" as follows:

"renewable or alternative energy" means electric energy generated from solar, wind, hydro, fuel cell, geothermal, biomass, or another generation source where the electric energy produced provides a greenhouse gas intensity less than or equal to 418 kg per MWh, and includes

- (i) electric energy generated from products having current EcoLogo certification, and*
- (ii) simultaneous generation of electric energy and production of thermal energy from the same fuel source, in which case the greenhouse gas intensity of the total energy produced must be less than or equal to 418 kg per MWh;*

9. In its SIP submission, GNP claimed that "its waste heat recovery system meets the definition of "alternative energy" and this is substantiated in section 1(l) of the *Micro-Generation Regulation* because the emissions from GNP's equipment is 0.0 kg/MWh"¹ therefore the EcoLogo certification is unnecessary.

3 COMMISSION FINDINGS

10. Section 1(1)(h) of the *Micro-Generation Regulation* defines a "micro-generation generating unit" to be one that:
- (i) exclusively uses sources of renewable or alternative energy,
 - (ii) is intended to meet all or a portion of the customer's electricity needs
 - (iii) is, at the time of construction or installation of the generating unit, sized to the customer's load or anticipated load or a portion of it, as evidenced by a total nominal capacity of the generating unit that does not exceed the rating of the customer's service,
 - (iv) has a total nominal capacity not exceeding 1 MW, and
 - (v) is located on the customer's site, on a site owned by, or leased to the customer that is adjacent to the customer's site.

¹ GNP's SIP at page 3

11. To qualify as a micro-generation compliant fuel source, a customer must satisfy one of the two conditions set out in the definition of “*renewable or alternative energy*”. Specifically, a customer must demonstrate either that it:
- a) generates electric energy from solar, wind, hydro, fuel cell, geothermal, biomass, or another generation source where the electric energy produced provides a greenhouse gas intensity less than or equal to 418 kg per MWh; **or**
 - b) generates electric energy from products having current EcoLogo certification **and** has simultaneous generation of electric energy and production of thermal energy from the same fuel source, in which case the greenhouse gas intensity of the total energy produced must be less than or equal to 418 kg per MWh. (emphasis added)
12. After reviewing the information filed by GNP to support its claim, the Commission notes the following:
- a) GNP did not provide EcoLogo certification for products used to generate the electric energy; and
 - b) GNP claimed that waste heat project meets the definition and should be categorized as “*alternative energy*”, but did not provide numerical calculations to verify that the “*simultaneous generation of electric energy and production of thermal energy from the same fuel source*” would produce greenhouse gas intensity less than or equal to 418 kg per MWh.
13. Based on the information provided by GNP, the Commission finds that the electric energy generated by GNP’s Micro-Generation Project does not meet the first condition of generating electric energy from solar, wind, hydro, fuel cell, geothermal, or biomass. The Micro-Generation Project also does not meet the second condition of generating electric energy from products having current EcoLogo certification and simultaneous generation of electric energy and production of thermal energy from the same fuel source, in which case the greenhouse gas intensity of the total energy must be less than or equal to 418 kg per MWh.

4 DECISION

14. The Commission finds that GNP’s Micro-Generation Project does not meet the definition of “*renewable or alternative energy*” as provided for in the *Micro-Generation Regulation* and, as such, the Micro-Generation Project is not a micro-generation generating unit as defined in the *Micro-Generation Regulation*.
15. Should GNP wish to reapply for micro-generation consideration of the Micro-Generation Project with FortisAlberta, GNP should demonstrate either that the Micro-Generation Project generates electric energy from solar, wind, hydro, fuel cell, geothermal, biomass, or another generation source where the electric energy produced provides a greenhouse gas intensity less than or equal to 418 kg per MWh **or** that the Micro-Generation Project generates electric energy from products having EcoLogo certification **and** has simultaneous generation of electric energy and production of thermal energy from the

same fuel source, in which case the greenhouse gas intensity of the total energy produced must be less than or equal to 418 kg per MWh.

Dated in Calgary, Alberta on December 16, 2008.

ALBERTA UTILITIES COMMISSION

(original signed by)

Anne Michaud
Acting Commissioner