



**PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE  
DE 10-195**

**NH PUC Staff Responses**

**to Data Requests of Wood-Fired IPPS**

Date Received: December 28, 2011

Date of Response: January 11, 2011

Request: IPP – 2

Witness: George McCluskey

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**REQUEST**

Mr. McCluskey estimated that PSNH's purchases of RECs under the PPA would result in \$175 million in excess costs, and that PSNH might recoup \$50 million of this cost. See Testimony of George R. McCluskey at 14. Are Mr. McCluskey's estimates based on an RPS requirement that terminates in 2025, or an RPS requirement that continues beyond 2025? If the latter, what does Mr. McCluskey project the over-market cost of RECs would be if the RPS requirement terminates in 2025?

**RESPONSE:**

No, Mr. McCluskey's estimates are not based on an RPS requirement that terminates in 2025. Wood-Fired IPPs should note that the \$175 million figure does not represent the over-market cost of RECs purchased over the 20-year term of the PPA. What it represents is the total cost (i.e., market plus above-market) to PSNH of purchasing RECs that it does not expect to need during the period 2014-2023 based on an assumed migration rate of 31%. The details of this calculation are provided in Exhibit GRM-6. Because Mr. McCluskey estimates that PSNH will need all of the RECs purchased from Laidlaw after 2023 (again assuming a migration rate of 31%), the period beyond 2023 does figure into the cost estimate.

The above-market cost of the excess REC purchases is \$125 million, as stated at page 14 of his testimony, which is based on a market price of \$16.5 per REC. Using the same market price, the above-market cost of all RECs produced by the facility during the period 2014-2025 is \$239 million. See Attachment 1-2.