DE 17-136 EERS
Benefit/Cost Working Group
Staff Comments on Proposed Assumptions for 2019 Plan
July 27, 2018

1. **2018 AESC Study [1] Updates to Current Assumptions** (i.e., energy, capacity, zone-on-zone DRIPE, gas, and other fuels) – Staff agrees to include updates as discussed, with further clarifications noted below regarding other assumptions.

2. **Oil DRIPE** (new)–Staff agrees to include zone-on-zone oil DRIPE.

3. **Pooled Transmission Facilities (PTF)** (new to AESC) – Staff suggests using only the $94/kW-year (not the $20/kW-year) for the avoided cost for Transmission as estimated as a new AESC assumption for the 2019 plan year update only because we typically use the estimate from the AESC Study. However, Staff still needs more info and justification on the estimation of the $94/kW-year and the increase from $20/kW-year to $94/kW-year.

4. **Reliability (generation)** (new to AESC)–Staff does not agree to include anything for reliability at this point, especially given the limitations of the studies used as the basis for the estimate and the infancy of this assumption in the AESC, but Staff encourages further research regarding reliability.

5. **Environmental for fossil fuel** – Staff agrees to include an adder for environmental for the fossil fuels, because no justification can be found for why it was excluded for fossil fuels; however, Staff suggests a recalculation possibly using RGGI as the basis for the percentage of embedded environmental. For example, according to page 372 of the revised 2018 AESC study, the embedded cost of RGGI is $0.006/kWh and the total CO2 cost is $0.048/kWh; therefore, the embedded environmental cost is 12.5% of the total CO2 cost. Staff suggests RGGI as the basis for the embedded cost instead of RPS (renewable portfolio standard) because RPS is mainly a renewable-focused policy (that also includes environmental benefits), whereas the revised AESC study shows the embedded (RGGI) and non-embedded CO2 costs. Staff also suggests that the methodology for calculating the $/MMBtu assumption be explained in detail, because it is not clear how it is derived.

6. **Low Income Adder** – Staff does not agree to include a low income adder for only one year since we have included a 10% adder for all programs through 2019, and a low income-specific, non-energy impact study will be completed with NH-specific data for the update for the 2020 plan.

[1] *Avoided Energy Supply Components in New England: 2018 Report*, Initial Release - March 30, 2018; Amended-June 1, 2018. http://www.synapse-energy.com/project/aesc-2018-materials