

6/13/07

Debra A Howland  
Executive Director and Secretary  
New Hampshire Public Utilities Commission  
21 S. Fruit St. Suite 10  
Concord NH 03301-2429



RE: Petition to Intervene DE 07-064  
Southern New Hampshire University  
Mr. William McGarry, Vice President Financial Affairs  
Office of Sustainability  
2500 North River Road  
Manchester NH 03106

Dear Ms. Howland:

The Office of Sustainability of Southern New Hampshire University (SNHU) requests status as a full intervenor in DE 07-064.

The Office of Sustainability was established to promote the understanding and development of sustainability on campus and in society in general. A major part of this mission involves the efficient production and use of energy. Toward that end, SNHU is exploring various technologies, such as heat pumps and cogeneration, as part of its strategy to improve primary energy efficiency. In addition, SNHU has successfully completed the first direct long-term, wind hedge agreement with a wind developer in another state. This agreement provides income stability for the developer and reduces the volatility of SNHU electricity and gas costs for 15 years. SNHU is now carbon neutral for electricity and gas.

Many of the evolving technologies can dramatically reduce primary energy consumption and the associated carbon emissions. However, some technologies that reduce electricity consumption are inhibited by utility resistance, because the utility is penalized for loss of sales. This is particularly important for a distribution-only company, which has no short-term marginal costs that can be deferred.

Significant barriers exist in both rates and procedures that tend to limit the ability of SNHU to use cogeneration. An example of this is the exclusion from and

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the potential recapture of system benefit grants that the university might receive from the utility for energy efficiency measures, as specified in the "PSNH Terms and Conditions" of the NHSaves@work Rebate Program. Likewise, another example is Rate B, which provides a significant disincentive by requiring payment for generation that is installed and paid for by SNHU, without any consideration for any benefit that the generation might have for either the utility or society at large. This rate applies to most generators, whatever their operating characteristics might be, putting in doubt that any serious cost allocation study was ever done. We should note that these issues are not limited to PSNH.

The current rates and procedures were designed at a time when societal interests and utility company interests converged. Society viewed consolidation into larger systems as beneficial. The incentive structure for utilities was designed to promote growth and scale and to inhibit the use of smaller generators. Larger scale provided economic improvements for society at large.

Today, economies of scale are no longer paramount. Efficiency and performance optimization are becoming critical to society.

Therefore, now that societal and utility interests are diverging, we need to change the incentive mechanisms to support these new paradigms. In particular, we need to reduce the utility's risk from loss of sales, while still providing price signals to discipline both the user and the utility. We have some practical suggestions to accomplish this end.

Thank you for your consideration.

A handwritten signature in black ink, appearing to read "Pentti J. Aalto".

Pentti J. Aalto  
Office of Sustainability

Please forward all correspondence to me at:

720 Bachelder Road  
Pembroke NH 03275  
603-458-2559 (phone) 603-485-8046 (fax)  
[pjaesd@comcast.net](mailto:pjaesd@comcast.net)