



**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 – 3

Witness: George McCluskey

REQUEST

Mr. McCluskey concludes that PSNH has committed to purchase more RECs from Laidlaw than it is likely to need during the term of the PPA, resulting in unnecessary additional costs for PSNH customers. See Testimony of George R. McCluskey at 15. The Lempster contract was approved pursuant to RSA 362-F:9 in Docket DE 08-077 even though PSNH was required under that contract to purchase more RECs than it required. Does Mr. McCluskey perceive any differences between PSNH's purchase of RECs that it did not require from the Lempster project and PSNH's purchase of RECs that it will not require from the Laidlaw project that make the Laidlaw PPA, as filed, ineligible for approval under RSA 362-F:9?

RESPONSE:

Yes. In the Lempster proceeding, the Commission decided that PSNH could potentially sell RECs purchased from Lempster to third-parties rather than use them to meet its New Hampshire Class 1 RPS obligation. The basis for that decision appears to be the Commission's acceptance of the argument that the Lempster RECs could have more value in out-of-state markets potentially resulting in cost savings for PSNH customers. In order to realize such cost savings, the price of Class 1 RECs in Maine, Massachusetts, Rhode Island, or Connecticut would have to be greater than the price paid to Lempster, which apparently was considered likely given that the REC prices in the Lempster PPA were described by Staff in that proceeding as being "favorable" to PSNH. The same cannot be said for the REC prices in the Laidlaw PPA. Those prices are not only substantially higher than the Lempster prices, they are multiple times the current market price for NH Class 1 RECs. Consequently, there is no opportunity, based on current market prices, to benefit PSNH customers by purchasing the Laidlaw RECs and re-selling them to third-parties in other states. On the contrary, it would be economically irrational for PSNH to purchase RECs from Laidlaw at PPA prices and re-sell them to third-parties at prevailing market prices.