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By Hand Delivery and Electronic Mail

February 20, 2013

Debra A. Howland
Executive Director
New Hampshire Public Utilities Commission
21 South Fruit Street, Suite 10
Concord, NH 03301-2429

**Re: Docket No. DE 13-021; Electric Renewable Portfolio Standards
Adjustments to Class I and Class III Renewable Portfolio**

Dear Ms. Howland:

Granite State Electric Company d/b/a Liberty Utilities is pleased to provide comments to the Commission regarding the adjustments to Class I and Class III Renewable Portfolio Requirements as discussed in the Notice and Supplemental Notice opening Docket No. DE 13-021.

In the Notice issued by the Commission, the Commission asked for comments on the adjustment of Class III renewable portfolio requirements. Providers of electricity in New Hampshire were unable to purchase sufficient Class III Certificates to satisfy 2011 Class III Requirements and instead were required to make an Alternative Compliance Payment to the state. It is expected that this situation will repeat itself for 2012, 2013 and beyond.

The cause of this situation is that the resources approved as Class III resources in New Hampshire have the opportunity to sell their Certificates into other markets at a significantly higher price. While the language of RSA 362-F allows for the adjustment of the Class III requirement to a level “between 85 and 95 percent” of “available eligible resources”, the problem is that there are virtually no available Class III resources willing to sell Certificates below the Class III Alternative Compliance Rate. Raising the Class III Alternative Compliance Rate would simply increase the cost to New Hampshire’s electric customers. Since the market conditions in New England are not expected to change significantly in the next couple of years, Liberty Utilities recommends reducing the Class III requirement to zero until such time as when market conditions in New England change and it can be demonstrated that Class III resources are willing to sell Certificates to New Hampshire’s providers of electricity at a price below the Class III Alternative Compliance Rate.

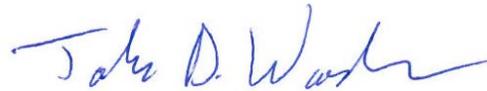
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In the Supplemental Notice issued by the Commission, the Commission asked for comments “as to whether it is reasonable to delay the implementation of the new useful thermal REC requirement for one year”. Liberty Utilities supports delaying the starting date of the Class I useful thermal energy requirement until at least 2014, to allow both sufficient time to develop implementing rules and for such resources to receive approval and begin operation as a Class I useful thermal energy resource. Liberty Utilities further believes that the language of RSA 362-F:4,V gives the Commission the ability to “delay by up to one year” any incremental increase in Class I or II requirements. By delaying the first 0.2% annual increase in Class I useful thermal energy requirements, as specified in RSA 362-F:3, from 2013 to 2014, the subsequent incremental increases in Class I useful thermal energy requirements would not change. In other words, the 2014 requirement would be 0.2% (an incremental increase of 0.2% from 2013) and the 2015 requirement would be 0.4% (an incremental increase of 0.2% from 2014) and so on until 2025. This will allow for the orderly development of useful thermal energy resources, as intended by the statute.

Thank you for your consideration of our comments and we look forward to participating in any future discussion regarding this issue.

Very truly yours,

A handwritten signature in blue ink that reads "John D. Warshaw". The signature is written in a cursive, flowing style.

John Warshaw

cc: Service list