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Debra Howland
Executive Director
New Hampshire Public Utilities Commission
21 S. Fruit Street, Concord, NH 03301-2429

NHPUC 8MAY14PM2:19

RE: Docket DE 14-104, Electric Renewable Portfolio Standard, RSA 362-F:4,V and VI
Adjustments to Renewable Portfolio Class Requirements

Dear Ms. Howland,

The Granite State Hydro Association (“GSHA”) respectfully submits the following comments regarding Docket DE 14-104, Electric Renewable Portfolio Standard, RSA 362-F:4,V and VI Adjustments to Renewable Portfolio Class Requirements.

By way of background, GSHA is a non-profit trade association for the small, independent hydroelectric power industry in New Hampshire. Its members own, operate, and manage approximately 60 New Hampshire hydroelectric facilities that have a total installed capacity of more than 50 MW. New Hampshire Class IV Renewable Energy Certificates (“RECs”) provide much needed financial support to the ongoing operation of small New Hampshire hydroelectric projects that comprise the membership of GSHA.

Even though the supply of Class IV RECs was not directly identified as being in limited supply in the Commission’s Order of Notice in this docket, GSHA would like to stress that the current RPS requirements for Class IV should remain unchanged. More than 45 projects are registered as Class IV projects on the PUC’s website. Based upon those projects, there is adequate supply to meet the forecasted demand for Class IV RECs in 2014. However, the fact that some of these projects are cross-qualified either in Massachusetts as Class II Renewable resources or in Connecticut as Class I Renewable resources means there is a competing demand for the RECs generated by the projects. Specifically, the fact that the price for Connecticut’s Class I RECs is significantly higher and the price for Massachusetts’ Class II RECs is slightly higher than the price for New Hampshire’s Class IV RECs has resulted in a portion of the overall New Hampshire supply being sold into Connecticut and Massachusetts. GSHA realizes that the alternative compliance price (“ACP”) for Class IV RECs is set by the Legislature. However, we believe that raising the Class IV ACP five percent above Massachusetts’ ACP would ensure that additional Class IV RECs would be sold into New Hampshire.

In addition to the pricing disparities discussed above, GSHA members report that they have offered to sell Class IV RECs to load serving entities (“LSEs”) in New Hampshire, but were rejected due to the offered price being only slightly lower than the ACP; that is, the effort for the LSE to purchase the RECs would apparently cost more than simply paying the ACP. GSHA respects that the REC market is comprised of willing buyers and sellers who are both free to negotiate purchases and sales of RECs. As with all markets, at times terms may not be agreed upon and a sale will not happen. GSHA wishes to stress that the PUC should consider that an LSE decision to pay the ACP is not necessarily a reflection of a lack of RECs being available. It simply may be a lack of a sale agreement being reached between the buyer and seller.

In sum, GSHA believes the Class IV REC market is operating efficiently and no change is needed at this time. GSHA believes ACP payments could be reduced through a legislative increase to the ACP so that the Class IV price would be slightly more than the Massachusetts Class II price. Short of that change, no change is needed at this time.

GSHA thanks the New Hampshire PUC for the opportunity to provide comments in this docket. Should there be any questions about our comments, please do not hesitate to contact me.

Regards,

Richard Norman HLK

Richard A. Norman
President

cc: Heidi Kroll, Registered Lobbyist