

STATE OF NEW HAMPSHIRE
BEFORE THE
NEW HAMPSHIRE PUBLIC UTILITIES COMMISSION

In re: Electric Renewable Portfolio Standard
Adjustments to Class III Renewable Portfolio Requirements

Docket No. DE 14-104

**COMMENTS OF
BRIDGEWATER POWER COMPANY, L.P., PINETREE POWER, INC., PINETREE
POWER-TAMWORTH, INC., SPRINGFIELD POWER LLC, WHITEFIELD POWER &
LIGHT COMPANY, AND INDECK ENERGY -- ALEXANDRIA, LLC**

On April 14, 2014 the Commission issued an order of notice followed by a supplemental order of notice on April 24, 2014 commencing this docket pertaining to the renewable portfolio standard law, RSA 362-F, (“NHRPS”) purchase percentage requirements. In those orders, among other issues, the Commission indicated the docket would consider adjustments to the Class III purchase percentage requirements for calendar year 2013 and possibly 2014 and 2015. These orders also state that the Commission may modify the incremental increase in the Class I percentage purchase requirement for calendar years 2013, 2014 and 2015. On May 1, 2014 the Commission held a public comment hearing and provided interested parties until May 8, 2014 to provide written comments.

Bridgewater Power Company, L.P., Pinetree Power, Inc., Pinetree Power-Tamworth, Inc., Springfield Power LLC, Whitefield Power & Light Company, and Indeck Energy -- Alexandria, LLC (collectively, the “Wood-Fired Power Plants”) submitted comments in an earlier docket, DE 13-021, on the same subject matter. Those comments are referred to herein as the “DE 13-021 Comments” or “Comments”.

The Wood-Fired Power Plants submit the following comments:

1. The Commission should seek to address Class III percentage adjustments only in the 2013 and 2014 years. In docket DE 13-021 the Commission adjusted the Class III purchase percentage

for calendar years 2012 and 2013. See Order No. 25,484 at 17. The order adjusted the 2012 purchase percentage downward to 1.4% and the 2013 purchase percentage downward to 1.5%. The order made no adjustments to any subsequent years. The DE 13-021 Comments noted that the legislature was considering adjustments to the Class III purchase percentages for 2012, 2013 and 2014. The legislature enacted its changes to the Class III purchase percentages in SB 148, Chapter Law 272 and in HB 542, Chapter law 279. Both enactments codified the 2012 and 2013 changes made by the Commission in DE 13-021 and also made a downward adjustment in the 2014 Class III purchase percentage to 3%. Neither enactment made any adjustments to the Class III purchase percentage in 2015 and beyond. The DE 13-021 Comments did not object to adjustments for the years 2012, 2013 or 2014. Those Comments focused on the integration of the two adjustment processes for the sake of efficiency and the avoidance of potentially inconsistent results. The DE 13-021 Comments noted that the Wood-Fired Power Plants are Class I eligible facilities under the Connecticut renewable portfolio law (“CTRPS”). Those Comments also stated with respect to the Class III NHRPS that it was “reasonable to assume that these facilities are not likely to produce significant, if any, class III ... [renewable energy certificate] sales in the 2013-2014 timeframe” due to the higher alternative compliance price (“ACP”) rate and resulting higher renewable energy certificate (“REC”) rates in the Class I CTRPS compared to the Class III NHRPS. See Docket DE 13-021, Comments, Tab 12, paragraph 3, <http://www.puc.nh.gov/Regulatory/Docketbk/2013/13-021.html>

The ACP rate differential in these two programs has favored and continues to favor REC sales into the CTRPS in 2013 and 2014 by the Wood-Fired Power Plants. In those years the CTRPS ACP is set by statute at a non-escalating or fixed rate of \$55 each year. According to the

Commission's Sustainable Energy Division website, the Class III NHRPS 2013 ACP is \$31.50 and the 2014 ACP is \$31.93.

2. At the present time the Commission should not seek to address Class III percentage adjustments for the 2015 year. Instead it should defer that inquiry until early 2015. As noted in the Order of Notice in this docket the Commission must take into account the "demand from similar programs in other states" in making adjustments to the class III purchase percentage. RSA 362-F:4, VI. The DE 13-021 Comments noted that the Wood-Fired Power Plants could reasonably be expected to make REC sales into the Class I CTRPS in the years 2013-2014. Whether such sales will continue in 2015 is unclear at present due to changes made in the CTRPS in the Connecticut 2013 legislative session and changes made in the 2015 Class III NHRPS ACP.

In the 2013 legislative session, the New Hampshire General Court increased the Class III ACP to \$45 in 2015. See Chapter Laws 272 and 279, and RSA 362-F: 10, III (b). Depending on the REC value that can be obtained in the CTRPS in 2015, this Class III ACP change could incent REC sales in the Class III NHRPS in 2015. At present, however, the 2015 Class I CTRPS as it pertains to the Wood-Fired Power Plants is an uncertain market.

In 2013, the Connecticut legislature enacted Public Act 13-303 (the "CT Act") amending the CTRPS. See <http://www.cga.ct.gov/2013/ACT/PA/2013PA-00303-R00SB-01138-PA.htm> Section 5 of the CT Act states that "on or before January 1, 2014 the Commissioner of Energy and Environmental Protection shall...establish a schedule to commence on January 1, 2015, for assigning a gradually reduced renewable energy credit value to all biomass or landfill methane gas facilities that qualify as a Class I renewable energy source...." The "phase-down" of the REC value was to be developed as part of the annual integrated resource plan ("IRP"). The

Department of Energy and Environmental Protection's original schedule called for the IRP draft in early January of 2014, a sixty day comment period, and a final IRP in the March to April, 2014 timeframe.

As of this date, the Department has not issued the draft IRP or a draft of the REC phase-down schedule. The absence of that final REC value phase-down schedule creates uncertainty in 2015 REC values in the Class I CTRPS with the result of Wood-Fired Power Plant supply uncertainty in the Class III NHRPS for 2015. The uncertainty in the 2015 Connecticut REC market also impacts supply from other Class III NHRPS eligible biomass facilities. The Commission has conditionally certified the Ryegate, Vermont biomass plant as a Class III eligible unit and certified the Fitchburg, Massachusetts biomass unit as Class III eligible.

Fitchburg is also certified as Class I CTRPS eligible and Ryegate has a pending Class I CTRPS certification. As a result of the uncertainty associated with the absence of the final phase-down schedule, at present, it is unclear what amount of Wood-Fired Power Plants RECs or RECs from similar Class III certified biomass power plants will seek to be sold in the Class I CTRPS and the Class III NHRPS.

The issue of Class III REC supply potential in 2015 is not a function of the inability of biomass and landfill methane generation facilities to produce RECs adequate to fulfill the Class III 2015 demand. Rather, as noted in section 1 above, the supply of RECs into Class III is a function of ACP rates and resulting REC rates available in other New England markets, most notably the Class I CTRPS in the case of the Wood-Fired Power Plants. Generally, the 2015 NHRPS Class III demand is 8% of state-wide sales. This equates to a demand of 880,000 RECs if sales are 11 million MWhs and a demand of 960,000 RECs if sales are 12 million MWhs. Assuming that all the Wood-Fired Plants, Ryegate, and Fitchburg are eligible for and participate in the Class III

market, with a total capacity of about 134 MWs and at a 90% plant factor they collectively could produce 1,056,456 RECs. (The Alexandria biomass facility can be either Class I or Class III, and another one of the Wood-Fired Power Plants expects to be Class III eligible for the 2015 year.) This potential Class III REC supply is even greater if RECs from Class III Commission certified eligible landfill methane generation facilities, which total about 81 MWs (resulting in 638,604 RECs at a 90% plant factor), were to be sold into the Class III market. The allocation of a large part of this supply in 2015 between the CTRPS and the NHRPS depends on the effective date of any phase-down (which also applies to CTRPS Class I landfill methane generators) in the CTRPS and the amount of REC value reduction from that phase-down.

Given the foregoing and the fact that the 2015 ACP payments are not due until July 2016, the Wood-Fired Power Plants recommend that the Commission defer any inquiry into Class III adjustments for 2015 until at the earliest late March to early April of 2015. This should provide the time needed for the market uncertainty to resolve and still provide adequate time to determine whether any Class III 2015 percentage adjustment is necessary.

It bears noting that Sections 6 and 8 of the CT Act gave the Department authority to issue requests for proposals (“RFPs”) for RECs and/or RECs and energy from Class I facilities. The Department has issued two such RFPs and made awards thereunder to a wind farm to be developed in Maine, a solar unit to be developed in Connecticut and for partial output from the existing biomass station in Burlington, Vermont and PSNH’s Schiller Unit 5. These awards should not have a significant impact on Connecticut REC supply in 2013 through 2015. The wind project, solar project, and Schiller Station awards will have no impact. The wind and solar projects have an estimated on-line date of December 30, 2016 and the commencement date under the Schiller contract is January 1, 2016. The existing Vermont biomass unit is partially owned

by Burlington Electric Company (“BEC”) and Green Mountain Power (“GMP”). Given the Class I demand in the CTRPS of at least 12.5% of load, these awards will make a minor contribution to the 2015 Connecticut REC supply. The BEC award was for RECs produced from 5.4 MWs with a start date of January 1, 2015 and the GMP award was for RECs produced from 2.7 MWs with a start date of August 1, 2015. See generally,

[http://www.dpuc.state.ct.us/DEEPEnergy.nsf/c6c6d525f7cdd1168525797d0047c5bf/9a6d3ba3ca71fac85257c71007778ca/\\$FILE/Section%208%20Determination%20Final.pdf](http://www.dpuc.state.ct.us/DEEPEnergy.nsf/c6c6d525f7cdd1168525797d0047c5bf/9a6d3ba3ca71fac85257c71007778ca/$FILE/Section%208%20Determination%20Final.pdf) and

[http://www.dpuc.state.ct.us/DEEPEnergy.nsf/c6c6d525f7cdd1168525797d0047c5bf/15a3189c04ae6e2185257bf2006ee69b/\\$FILE/Section%206%20Determination%20-%20Final%20Draft%20-%2092613.pdf](http://www.dpuc.state.ct.us/DEEPEnergy.nsf/c6c6d525f7cdd1168525797d0047c5bf/15a3189c04ae6e2185257bf2006ee69b/$FILE/Section%206%20Determination%20-%20Final%20Draft%20-%2092613.pdf)

3. At the present time the Commission should not seek to address Class I percentage adjustments for the 2015 year. Instead it should defer that inquiry until early 2015. The Order of Notice in this docket states that “electricity providers have also expressed concern regarding their ability to purchase sufficient Class I (new renewable) RECS to meet RPS requirements for 2013 and possibly 2014.” Supplemental Order of Notice at 1. It also states that the public comment hearing will provide an opportunity for interested parties to make recommendations on whether the Class I requirements “should be adjusted for calendar years 2013, 2014, *and 2015.*” (Emphasis added). *Id.* at 2. One of the Wood-Fired Power Plants, Indeck Energy-Alexandria, LLC, is a Class I CTRPS eligible facility and a Class I NHRPS eligible facility. This facility has sold some RECs into the Class I NHRPS market for 2014 and 2015. For the reasons set forth in paragraph 2 above, Indeck Energy-Alexandria recommends that the Commission not act to adjust Class I 2015 percentages in this docket and defer that inquiry to late March to April of

2015. Any Class I NHRPS adjustment for 2014 should not be such that it affects RECs already sold.

WHEREFORE, the Wood-Fired Plants respectfully request that the Commission consider limiting its NHRPS Class I and Class III percentage adjustments in accordance with the foregoing comments.

Respectfully submitted,
BRIDGEWATER POWER COMPANY, L.P.,
PINETREE POWER, INC.,
PINETREE POWER-TAMWORTH, INC.,
SPRINGFIELD POWER LLC,
WHITEFIELD POWER & LIGHT COMPANY and
INDECK ENERGY – ALEXANDRIA, LLC

By Their Attorney,

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Dated: May 8, 2014

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CERTIFICATE OF SERVICE

I hereby certify that, on May 8, 2014, I caused a copy of the foregoing Comments to be filed in hand and electronically with the Commission and electronically, or by U.S. Mail, first class to the Service List in DE 14-104.



Robert A. Olson, Esq.