

**THE STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION**

DE 15-035

ELECTRIC RENEWABLE PORTFOLIO STANDARD

RSA 362-F:4, V and VI, Adjustments to Renewable Class Requirements

ORDER OF NOTICE

The Commission has determined that the market for New Hampshire renewable energy certificates (RECs) has developed such that large quantities of New Hampshire RECs, particularly Class III (existing biomass/methane) RECs, are being purchased by electricity providers in other New England states to comply with those states' Renewable Portfolio Standard (RPS) requirements. As a result, it appears that New Hampshire's electricity providers will not be able to procure sufficient RECs to satisfy the Class III portfolio requirements for 2014 and 2015. Consequently, the Commission anticipates that electricity providers will make substantial alternative compliance payments (ACPs) in lieu of purchasing Class III RECs during these years.

RSA 362-F authorizes the Commission to adjust Class III RPS requirements as necessary, and consistent with the purposes of Chapter RSA 362-F. Pursuant to RSA 362-F:4,VI, "[a]fter notice and hearing, the commission may modify the class III and IV renewable portfolio requirements under RSA 362-F:3 for calendar years beginning January 1, 2012 such that the requirements are equal to an amount between 85 percent and 95 percent of the reasonably expected potential annual output of available eligible sources after taking into account demand from similar programs in other states"

The New Hampshire Class III RPS obligation for 2014 is 3% of load serviced, rising to 8% for 2015. The supply of New Hampshire Class III RECs is extremely limited because (1) to be eligible to produce Class III RECs, sources had to be operating as of January 1, 2006, and (2) a continued demand for New Hampshire Class III RECs in Connecticut, Massachusetts and Rhode Island. One reason that New Hampshire Class III RECs are sold in these other jurisdictions is that the ACPs in those states are higher than New Hampshire's ACP for Class III RECs. For 2014, the ACP in Connecticut is \$55 per megawatt-hour (MWh) and the ACP in Massachusetts is \$66.16 per MWh compared to an ACP for New Hampshire of \$31.93 per MWh. The price of RECs is typically capped at the ACP, because an electricity provider will not pay more for RECs than the ACP. As long as New Hampshire Class III sources can sell their RECs for higher prices in other states, it continues to be highly likely that New Hampshire electricity providers will have to meet their RPS compliance obligation with ACPs.

Because of the limited supply of Class III RECs, the Commission has determined that it should consider adjustments to the Class III RPS requirements for calendar years 2014 and 2015. To that end, the Commission will hold a public comment hearing on February 12, 2015 to receive information on the reasonably expected potential annual output of available Class III eligible sources and the demand for Class III RECs in other New England states.

The petition and subsequent docket filings, other than any information for which confidential treatment is requested of or granted by the Commission, will be posted to the Commission's website at www.puc.nh.gov.

This order of notice raises, *inter alia*, issues related to whether it is appropriate for the Commission to adjust Class III RPS requirements, and, if so, what calendar years should be

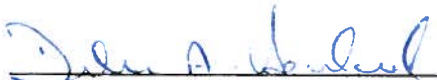
adjusted, and how the adjustments should be calculated. Each party has the right to have an attorney represent the party at the party's own expense.

Based upon the foregoing, it is hereby

ORDERED, that a Public Statement Hearing, pursuant to N.H. Code Admin. Rules Puc 201.02(b), be held before the Commission located at 21 S. Fruit St., Suite 10, Concord, New Hampshire on February 12, 2015 at 10:00 a.m.; and it is

FURTHER ORDERED, that pursuant to N.H. Code Admin. Rules Puc 203.12, the Executive Director shall notify all persons desiring to be heard at this hearing by publishing a copy of this Order of on the Commission's website, www.puc.nh.gov, and by electronic mail to the electric distribution utilities and competitive electric suppliers.

By order of the Public Utilities Commission of New Hampshire this twenty-first day of January, 2015.



Debra A. Howland
Executive Director

Individuals needing assistance or auxiliary communication aids due to sensory impairment or other disability should contact the Americans with Disabilities Act Coordinator, NHPUC, 21 S. Fruit St., Suite 10, Concord, New Hampshire 03301-2429; 603-271-2431; TDD Access: Relay N.H. 1-800-735-2964. Notification of the need for assistance should be made one week prior to the scheduled event.

SERVICE LIST - EMAIL ADDRESSES - DOCKET RELATED

Pursuant to N.H. Admin Rule Puc 203.11 (a) (1): Serve an electronic copy on each person identified on the service list.

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FILING INSTRUCTIONS:

- a) Pursuant to N.H. Admin Rule Puc 203.02 (a), with the exception of Discovery, file 7 copies, as well as an electronic copy, of all documents including cover letter with:
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21 S. FRUIT ST, SUITE 10
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- b) Serve an electronic copy with each person identified on the Commission's service list and with the Office of Consumer Advocate.
- c) Serve a written copy on each person on the service list not able to receive electronic mail.

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