

NEW HAMPSHIRE
SUSTAINABLE ENERGY
ASSOCIATION

February 23, 2015

NHPUC FEB23'15 PM 3:49

By Hand Delivery and Electronic Mail

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

Re: DE 15-035 Electric Renewable Portfolio Standard RSA 362-F:4 (V-VI). Adjustments to Renewable Class Requirements.

Dear Ms. Howland,

The New Hampshire Sustainable Energy Association, the New Hampshire CleanTech Council, and the attached signatories respectfully object to the petition made by Electricity LLC, d/b/a ENH Power in the above mentioned docket that the Commission investigate the requirement levels for all NH Renewable Portfolio Standard (RPS) resource classes.

The Commission does not have reason nor good cause to alter the Class I or II RPS requirements. A Commission decision to proceed with the request made by ENH Power would send problematic market signals that NH is considering delaying or weakening its RPS requirements. This is inappropriate given that the RPS is a market-based program based upon broad stakeholder support and extensive economic analysis. It is a state program embedded within a regional market. Undue interference with this market (changing the rules of the game) increases risk and undermines program integrity, which discourages project development. Stakeholders have long requested policy stability and continuity, which was reinforced in the legislative study committee report of 2013 (HB 542), which recommended no further legislation at the time (November 2013), and more recently through extensive public testimony on RPS-related 2015 House legislation and the resulting House Energy Committee action recommending to not proceed with bills that would harm or alter the RPS. The Commission should act, as a regulator, in a similar manner, and not proceed with the requested ENH action.

The RPS is working. Alternative Compliance Payment (ACP) compliance is RPS compliance, and does not necessarily indicate a program failure. New resource supply does not come online in a manner that perfectly mirrors the annual state-set percentage requirement. Renewable Energy Certificate (REC) prices/ACP compliance send the market signals as to when and what types of new generation need to be built, and then provide a revenue stream through the Renewable Energy Fund to catalyze the development of new projects that will generate RECs.

In its 2011 RPS review, the PUC specifically recommended:

“Maintain the existing class obligations in favor of policy consistency and predictability for the renewable energy industry, particularly given the inability of NH to significantly affect the regional REC market and the potential for increased rate impacts if the class obligations were to increase.”

The ACP levels in each state affects the supply and demand of RECs in each state’s compliance market. From the Avoided Energy Supply Costs in New England 2013 Report by Synapse Energy:

“The rate at which the ACP is set—which is not uniform across the New England states—will, however, influence the manner in which compliance is achieved. All else equal (e.g., in the absence of bilateral contracts or asset ownership which would dictate otherwise), states with lower ACPs (CT and NH) will tend to receive more Alternative Compliance Payments than REC compliance during periods of shortage, while RECs flow to markets where the ACP and REC prices are higher.”

“The Class 1/New Renewable ACPs in Massachusetts, Rhode Island, and Maine are harmonized. For these states, the 2013 ACP is \$65.27/MWh, and escalates with the Consumer Price Index (CPI) thereafter. New Hampshire recently parted company from this group and now has an ACP of \$55/MWh in 2013 with annual escalation at ½ of CPI.”

NH has a similarly lower [than neighboring states] rate for its Class II ACP. The Commission cannot alter the ACP rates: that is a legislative prerogative. The Commission can and should maintain the existing Class I and II requirements and therefore should deny ENH Power’s request to investigate the modification of those requirements.

Sincerely,



Kate Epsen

Executive Director, NHSEA

The Jordan Institute

Conservation Law Foundation

Environment New Hampshire

Renew Northeast

ReVision Energy

New England Commercial Solar Services