NEW HAMPSHIRE CODE OF ADMINISTRATIVE RULES

CHAPTER Puc *xxx*: AVOIDED COSTS FOR MANDATORY PURCHASES UNDER PURPA AND LEEPA

SUMMARY - This rule establishes the requirements for PURPA jurisdictional utilities in New Hampshire to purchase the output from qualifying facilities.

PART 1 PURPOSE

The purpose of this CHAPTER is to set the avoided costs that qualifying facilities are entitled to receive for the purchase of their output from New Hampshire jurisdictional utilities pursuant to the requirements of PURPA.

PART 2 DEFINITIONS

2.01 **Avoided Cost.** Avoided cost shall have the meaning set forth in regulations promulgated by the Federal Energy Regulatory Commission (FERC) in 18 CFR Part 292 as established by the methodology set forth in this chapter.

2.02 **Electric Utility**. "Electric Utility" means an electric distribution company operating within New Hampshire and which is required by PURPA to purchase the output from a QF at the option of the QF owner.

2.03 **ISO-NE.** "Independent System Operator for New England" (ISO-NE) means the administrator or operator for New England's bulk power system or any successor system as named by the FERC.

2.04 **PURPA. "PURPA" means** The Public Utility Regulatory Policies Act of 1978, as amended, 16 U.S.C. § 824a-3 (2006).

2.05 **Qualifying Facility.** "QF" shall have the meaning set forth in 16 U.S. Code 796 (17) and by FERC in 18 CFR Part 292.

2.06 **Real-Time Locational Marginal Price**. "Real-time locational marginal price" means the wholesale price for electric energy received or furnished at the applicable nodal location, as determined by ISO-NE for settlement in the New England real-time energy market.

PART 3 PURCHASE OBLIGATION

3.01. **Purchase Requirement**. An Electric Utility that is required to purchase the output from a QF pursuant to PURPA shall pay to the QF the avoided cost price as established in this

CHAPTER, unless such utility and QF agree to a rate for any purchase, or terms or conditions relating to any purchase, which differ from the rate or terms or conditions which would otherwise be required by this chapter and such agreement is approved by the Commission.

3.02. **Energy Purchase Price**. An Electric Utility shall purchase the energy from a QF at the ISO-NE Real-Time Locational Marginal Price ("LMP") clearing price for the node at which the generator is located. The purchase price under this subsection shall be reduced for any incremental administrative costs charged to the purchasing Electric Utility as a result of the requirements of this CHAPTER.

3.03. **Capacity Purchase Price**. An Electric Utility shall compensate a QF for capacity based on the net revenues received by the utility from the ISO-NE administered Forward Capacity Market ("FCM"). The payment to each QF will reflect any adjustments, positive or negative, as determined by the currently effective FCM settlement rules. An Electric Utility shall have no obligation to take actions to optimize the FCM revenues associated with a QF. A QF may elect to sell only energy to the utility and shall not have an obligation to sell capacity to the utility nor to participate in the FCM.

PART 4 ADMINISTRATION

QFs shall pay the Electric Utility's administrative costs pursuant to a rate schedule filed with and approved by the Commission. Each Electric Utility shall file a proposed rate schedule within 30 days of the effective date of this Chapter and shall update such rate schedule annually by July 1 of each year.

PART 5 LINE LOSS ADJUSTMENTS

The energy purchase price calculated pursuant to Puc 3.02, above, shall be adjusted to reflect the impact, either positive or negative, that a QF has on the distribution system losses of the Electric Utility. The impact will be considered negligible unless and until a QF has completed a project-specific line loss study that is satisfactory to the Electric Utility. The QF shall be responsible for all costs associated with the line loss study.

PART 6 WHEELING CHARGES

QFs shall pay the Electric Utility's wheeling charges, including distribution wheeling charges, for generation transmitted through the Electric Utility and sold into the ISO-NE markets or to others as may be approved by the appropriate regulatory agency.

PART 7 LEAD MARKET PARTICIPANT OBLIGATION

An Electric Utility shall have no obligation to serve as the ISO-NE Lead Market Participant for any QF as part of its mandatory purchase obligations pursuant to PURPA. Each Electric Utility that is willing to provide this service to requesting QFs shall file a proposed rate schedule within 30 days of the effective date of this Chapter and shall update such rate schedule annually by July 1 of each year.

PART 8 LIMITATIONS ON PURCHASE OBLIGATION

A QF selling power to an Electric Utility under the terms of this section shall be required to sell 100 percent of the available energy from the project to the Electric Utility.

PART 9 NET ENERGY BILLING

The provisions of Puc 900 shall control net energy billing arrangements.