

**STATE OF NEW HAMPSHIRE**

Inter-Department Communication

NHPUC 3 JAN 18 AM 9:47

**DATE:** January 3, 2018**AT (OFFICE):** NHPUC**FROM:** Rich Chagnon, Utility Analyst, Electric Division**SUBJECT:** Docket No. DE 17-184  
Public Service Company of New Hampshire d/b/a Eversource Energy  
Approval of Termination and Restructuring Agreement with Briar  
Hydro Associates**TO:** Chairman Martin P. Honigberg  
Commissioner Kathryn M. Bailey  
Commissioner Michael S. Giaimo  
Debra A. Howland, Executive Director  
Tom Frantz, Director, Electric Division  
David K. Wiesner, Staff Attorney**Summary**

On November 28, 2017, Public Service Company of New Hampshire d/b/a Eversource Energy (Eversource) filed a request that the Commission review the Termination and Restructuring Agreement (Agreement) between Eversource and Briar Hydro Associates (Briar) and issue a secretarial letter approving implementation of the Agreement.

PSNH (now Eversource) and Briar entered into two Power Purchase Agreements (PPAs), both dated as of May 11, 1994 with respect to production at Briar Hydro (Rolfe), and Penacook Upper Falls (PUF) (Rolfe and PUF are referred to collectively as the Projects, and individually as a Project).

Staff has reviewed the Eversource approval request letter, the Agreement, and each of the PPAs. Staff has determined that the Agreement preserves for Eversource customers the economic benefits of the current below-market pricing under the PPAs, and Staff recommends approval of the Agreement and the request to issue a secretarial letter approving Eversource's implementation of the Agreement.

**Background**

By Order No. 21,190 issued in Docket No. DR 94-002 dated April 19, 1994, the Commission approved five PPAs between PSNH (now Eversource) and small

hydroelectric generators, including the PPAs with Briar regarding the Rolfe and PUF developments. The PPA involving Rolfe continues through the end of 2022; the PPA involving PUF continues through the end of December 2021.

According to Eversource, in light of its ongoing generation divestiture efforts in New Hampshire, changes in the regional electricity market, and to resolve disputes involving the PPAs, Eversource and Briar have entered into the Agreement. Under the Agreement, both PPAs would be terminated, but the benefits to PSNH's customers from the remaining years of the PPAs would be preserved.

In both PPAs, pricing for the energy output of the Project for the last five years of the PPA term is set at "90% of PSNH then-current Energy & Capacity Avoided Cost." For PUF, this ninety percent (90%) of avoided cost period is for years 2017 through 2021; for Rolfe, that reduced avoided cost payment period is for years 2018 through 2022. Under the Agreement, Briar would continue to pay Eversource the economic value of the current PPAs as follows:

[E]ach calendar month, Briar will pay to Eversource ten percent (10%) of each Project's 1) monthly ISO-New England Forward Capacity revenues (net of any adjustments by ISO-New England) and 2) the product of the hourly ISO-New England Real Time Locational Marginal Price at the Oak Hill Node multiplied by the Project's actual hourly megawatt-hour output (collectively, the Payment Obligation).

According to Eversource, the Payment Obligation, as restructured through the Agreement, preserves for Eversource customers the below-market pricing benefits of the current PPAs. Under the Agreement, Briar will also provide an Irrevocable Standby Letter of Credit (LOC) naming Eversource as the primary and sole beneficiary to protect customers should Briar default on its Payment Obligation.

Eversource further explained that, upon the effectiveness of the Agreement, it would no longer serve as "lead market participant" at ISO-New England for either of the Rolfe and PUF Projects, and Briar or one of its assignees would take over all responsibilities for bidding and scheduling the operation of its Projects in the competitive marketplace. This change of responsibility is consistent with Eversource's exit from the generation business, and implements the State's goal of reliance upon competitive market forces for electricity generation supply.

The effectiveness of the Agreement is contingent upon receipt of approval from the Commission of the Agreement's terms, including the termination of the two PPAs. Eversource and Briar requested that the Commission review the Agreement and issue a secretarial letter approving the implementation of the Agreement.

**Recommendation**

Staff has determined that the Agreement between Eversource and Briar preserves for retail electric customers the economic benefits of the current below-market pricing under the two PPAs, based on the restructured Payment Obligation and the requirement that Briar provide an LOC as financial security for that Payment Obligation. Staff therefore recommends approval of the Agreement through issuance of a secretarial letter approving implementation of the Agreement.

**SERVICE LIST - EMAIL ADDRESSES - DOCKET RELATED**

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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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Docket #: 17-184-1      Printed: January 03, 2018

**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:
- DEBRA A HOWLAND  
EXECUTIVE DIRECTOR  
NHPUC  
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.