

**STATE OF NEW HAMPSHIRE  
PUBLIC UTILITIES COMMISSION**

**DE 21-037**

**ELECTRIC RENEWABLE PORTFOLIO STANDARD**

**Adjustment to Renewable Portfolio Standard Class III Requirements**

**SUPPLEMENTAL COMMENTS OF THE BRIDGEWATER POWER COMPANY**

NOW COMES the Bridgewater Power Company (“BPC”), by and through its attorneys, Donahue, Tucker, & Ciandella, PLLC, and hereby submits the following comments with regard to the proposal identified in the above-referenced docket.

1. The Commission issued an Order of Notice on March 5, 2021 in this Docket, in which the Commission stated that, pursuant to RSA 362-F:4, VI, it was considering a modification to the Class III Renewable Energy Credit (“REC”) purchase requirements for compliance year 2020 from the 8.0% established under New Hampshire Renewable Portfolio Standard (“NHRPS”). The reason set forth for the Commission’s consideration was the reported lack of availability of Class III RECs in the market due to reported temporary and permanent closures of Class III certified biomass facilities, which, in turn, has reportedly caused Load Serving Entities (“LSEs”) to have to make increased alternative compliance payments (“ACPs”).

2. The Commission held a public comment hearing in the above-referenced matter on March 29, 2021. During the public comment hearing, the Commission stated that the Commission would continue accept written comments through April 2, 2020. BPC submits these supplemental comments.

3. BPC wishes to confirm and re-iterate that it supports a reduction in the purchase requirement for Class III RECs in Compliance Year 2020, based on the specific circumstances confronting LSEs, namely the lack of available supply significantly influenced by other markets. The BPC believes that such a reduction, if done appropriately, will serve the best interests of ratepayers.

4. It is BPC's understanding that the hearing was intended to ascertain the impact of regional markets on the supply of Class III RECs in New Hampshire. REC markets are regional, and any reduction in the purchase requirements changes the overall "supply and demand" dynamic in this regional market. At the outset, it was suggested that Class III generators can sell RECs into the Massachusetts REC market. That is not accurate, Massachusetts does not accept New Hampshire Class III RECs. Connecticut, however, does accept New Hampshire Class III RECs, which, in part, did impact supply in Compliance Year 2020 (although Connecticut is phasing down the value of biomass RECs). As a generator and participant in the Connecticut REC market, BPC disagrees with assertions of LSE who quoted a \$45 REC price in Connecticut. Although the ACP in Connecticut was \$55.00 for the 2020 Compliance Year, REC prices in Connecticut did not rise to or exceed \$40 per MW until the third quarter of the calendar year. The price later rose to a high of approximately \$45 and that \$45 per MW is reflective of the market dynamic that sees LSE's more willing to offer attractive pricing to procure RECs below the ACP in response to a drop in supply in the market – which is a dynamic that may be endangered if RSA 362-F:4, VI is utilized liberally without sufficient scrutiny on market participants throughout the quarters of the year.

5. In that regard, BPC expresses its continued concern regarding the RSA 362-F process being used as, effectively, a means to demand generators to accept suppressed prices for Class III RECs, failing which LSEs can avoid the Alternative Compliance Payment ("ACP")

through seeking relief from the Commission under RSA 362-F:4, VI. The ACP services a critical purpose to both protect LSEs and generators. On the one hand, the ACP sets a ceiling for the cost to ratepayers of the RPS program. On the other hand, the ACP creates a market incentive for regulated LSEs to offer competitive prices for RECs below the ACP to ensure the continued operation of beneficial generators and to incentivize continued investment in beneficial technologies. These purposes are undermined if RSA 362-F:4, VI is used to provide relief from the purchase requirements when limited REC supplies are cause, in whole or in part, by suppressed REC prices forcing generators not to operate. For this reason, BPC reiterates its belief that the Commission should investigate whether the market structure should be altered and/or further regulated to ensure equity to all participants and to ensure that the purpose of RSA chapter 362-F are served.

6. Commissioner Bailey asked the question as to why possibly some of the biomass plants did not run in 2020. Although BPC can only speak for itself, as stated in our earlier comments, generators are increasingly relying upon revenues from Class III RECs to cover variable and fixed expenses due to the low forecasted price for power and capacity. Compounding this matter is the fact that biomass generators incur all of their operating costs many months prior to REC revenue being received. This dynamic puts intense pressure on generators to secure contracts for the sale of some of their RECs earlier in the operating year to have some certainty of their revenue stream. When there are no market offers or when market offers are unjustifiably low, operators feel pressure not to operate or risk the loss when REC prices are not anticipated to allow operators to cover their operating costs.

7. Certain LSEs suggested during the hearing that LSEs do not seek to purchase RECs early in the year because of unknowns with regard to retail sales, demand, and production from

contracted generators. While BPC acknowledges that certain unknowns exist in early quarters, BPC disagrees that these unknowns drive the conduct of market participants where (1) there are no Class III generators RECs that are subject to long-term contracts which would establish an unknown purchase obligation on an LSE and (2) LSEs utilize sophisticated forecasting systems and keep detailed historic records such that some level of demand can be anticipated. Indeed, BPC approached two of the LSEs who spoke at the hearing on March 29, 2021 because BPC had available supply, and these same LSEs who are now looking for the purchase requirement reduction did not offer any price for BPC's supply. BPC was ready, willing, and able to sell that supply below the ACP.

8. On the issue of the amount of the reduction of the purchase requirement in Compliance Year 2020, BPC agrees with the concerns expressed by Public Service Company of New Hampshire d/b/a Eversource Energy and Liberty Utilities that the Commission should give specific attention to the amount of that reduction so as to avoid the circumstance where the purchase requirement is reduced to such an extent that RECs purchased by LSE's become stranded costs, which may also result in an adverse impact to ratepayers. The Commission should further reject the suggestion of certain LSE's that the PUC should reduce the Class III REC purchase obligation to "the maximum extent" allowable under RSA 362-F:4, VI. A reduction in the "maximum amount" may cause those LSE who have purchased Class III RECs at or near their Compliance Year 2020 purchase requirements to bank a significant number of RECs, which may, in turn, suppress demand and prices for RECs in Compliance Year 2021, can lead to adverse impacts on generators who may choose not to operate, and may lead to further constraints on supply.

9. BPC appreciates the Commission's thought and consideration.

Respectfully submitted,  
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Through its Attorneys  
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**Certificate of Service**

I hereby certify that I served a copy of this filing pursuant to Puc 203.11(c) to the current service list in this Docket this 2nd day of April, 2021.



Eric A. Maher, Esq.