

Annual RPS Compliance Report for 2008

The New Hampshire Electric Renewable Portfolio Standard (RPS) rules at Puc 2507.02 provide that the Commission must, on September 1 of each year, publish on its website a report showing the Class I, II, III and IV alternative compliance payments (ACPs) received in the calendar year. The rules list the following items:

1. Class II alternative compliance payments received in the calendar year.

For the 2008 compliance year, electricity providers were required to obtain renewable energy certificates (RECs) only from Class III and Class IV sources. As a result, the Commission did not receive any Class II ACPs for the 2008 compliance year.

2. Class I, III and IV alternative compliance payments received in the calendar year.

Because electricity providers are not required to obtain Class I RECs until 2009, the Commission did not receive any Class I ACPs for the 2008 compliance year.

For the 2008 compliance year, the four New Hampshire electric distribution utilities and six competitive electric power suppliers were required to obtain RECs equal to 3.5 percent of electricity supplied to retail customers from Class III sources and 0.5 percent from Class IV sources or make ACPs into the renewable energy fund. Total Class III and Class IV obligations were roughly 370,000 RECs and 53,000 RECs, respectively. If the electricity providers met 100 percent of these obligations by making ACPs, then the Commission would have received a total of approximately \$12.1 million (the sum of about \$10.6 million in Class III ACPs and \$1.5 million in Class IV ACPs). However, since the electricity providers purchased or obtained RECs to meet a substantial portion of their obligations, the Commission only received approximately \$4.3 million in Class III ACPs and about \$200,000 in Class IV ACPs, totaling approximately \$4.5 million.

3. An estimate of the Class II amounts in the alternative compliance fund available to support new solar energy technology initiatives.

Although the Commission did not receive Class II ACPs for the 2008 compliance year, RSA 362-F allows the Commission to utilize Class III and IV ACPs to fund new solar energy technology initiatives. As a result, the funds collected for Class III and Class IV compliance are supporting the Commission's recently developed small residential renewable electric generation system incentive program that includes solar photovoltaic systems. A portion of the Class III and Class IV ACPs, totaling \$4.5 million, are available to support this program. Pursuant to New Hampshire Laws of 2009, Chapter 86, there are currently no restrictions on the amount of Class III and IV ACPs received that can be used towards this new program. However, these funds will also be used for the Commission's

residential solar water heating and commercial-scale renewable electric and thermal generation system incentive programs that are currently under development, the budget for which has yet to be determined. In addition, these funds may also be used to support renewable energy initiatives selected through a competitive request for proposals process.

Although the total amount of applications that will be submitted to the Commission has yet to be determined, as of September 1, 2009, the Commission has received 97 applications requesting approximately \$550,000 in rebates towards the cost of small solar photovoltaic and wind power generation systems.

4. An estimate of Class I, III and IV amounts in the alternative compliance fund available to support other thermal and electrical renewable energy initiatives.

As stated above, the Commission did not receive Class I ACPs for the 2008 compliance year. The Class III and Class IV ACPs will support the Commission's solar water heating and commercial renewable electric and thermal generation system incentive programs that are currently under development. Again, a portion of the Class III and Class IV ACPs are available to support these developing programs. Although there is no set limit on the amount of funds that can support these programs, these funds will also support the small residential renewable electric generation system incentive program and, if the Commission issues a request for proposals, any qualified proposed initiatives.