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September 6, 2018

By Hand Delivery and Email

Karen P. Cramton
Director, Sustainable Energy Division
New Hampshire Public Utilities Commission
21 South Fruit Street, Suite 10
Concord, NH 03301-2429

RE: 2018 Renewable Portfolio Standard Review (RSA 362-F:5)

Dear Director Cramton:

Pursuant to your July 27, 2018 letter in the above-noted matter, enclosed is an original of the Comments of Bridgewater Power Company, L.P., Pinetree Power, LLC, Pinetree Power-Tamworth, LLC, Springfield Power LLC, DG Whitefield LLC, and Indeck Energy-Alexandria, LLC. Also, a copy of these Comments will be filed electronically with you at: karen.cramton@puc.nh.gov

Please contact me with any questions.

Sincerely,

S/ Robert A. Olson

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STATE OF NEW HAMPSHIRE
BEFORE THE
NEW HAMPSHIRE PUBLIC UTILITIES COMMISSION

In re: 2018 Renewable Portfolio Standard Review (RSA 362-F:5)

**COMMENTS OF
BRIDGEWATER POWER COMPANY, L.P., PINETREE POWER, LLC, PINETREE
POWER-TAMWORTH, LLC, SPRINGFIELD POWER LLC, DG WHITEFIELD LLC,
AND INDECK ENERGY-ALEXANDRIA, LLC**

Pursuant to the July 27, 2018 notice from the Director of the Commission's Sustainable Energy Division, Bridgewater Power Company, L.P., Pinetree Power, LLC, Pinetree Power-Tamworth, LLC, Springfield Power LLC, DG Whitefield, LLC, and Indeck Energy-Alexandria, LLC (collectively, the "Biomass Generation Group") submit the following comments for consideration in the Division's RSA 362-F renewable portfolio standard law ("RPS") review.

1. The Four Electric Renewable Energy Classes Should Not Be Consolidated Into Fewer Classes Or A Single Class, And Large Hydroelectric And Nuclear Facilities Should Not Be RPS Eligible Facilities. (Consolidation of Classes, RSA 362-F:5 V).

In the June 14, 2018 RPS review public session, the Office of Strategic Initiatives ("OSI") proposed that the 4 RPS eligible facility classes be collapsed into a single class and that large hydroelectric and nuclear be admitted into that class as "renewables". These proposals should be rejected. If adopted, these changes will eliminate the effectiveness of the existing RPS in promoting a diverse set of renewables and meeting its other goals. The harm to the RPS, and to existing 25 MW or less biomass generation facilities, from these proposals is apparent from the renewable energy certificate ("REC") supply and demand imbalance that will be caused by adoption of these proposals. The OSI made no evaluation of, or proposal for, the size of the single class; however, the REC imbalance can be seen using the existing RPS total percentage for all 4 classes: 18.7% in 2018 and 25.2% by 2025. For a single class system, assuming 11

million MWhs of retail generation, these percentages equate to a demand for 2,057,000 RECs in 2018 and for 2,772,000 RECs in 2025. A single 1,000 MW hydro facility whose power is delivered into New England via a transmission line (e.g., the Mass. RFP contract awarded to the Hydro-Quebec/CMP Clean Energy Connect Project) can completely subscribe the single class and eliminate the usefulness of the RPS. If made eligible, such a facility could produce 8,760,000 RECs annually and could be expected to be the low bidder in any single class REC procurement because it is already subsidized by its Massachusetts power contract. The same result holds true for any nuclear unit of at least 1,000 MWs. The impact of this oversupply on the above-noted demand will be a collapse in REC pricing, and the elimination the REC pricing needed to support the generation diversity sought by the RPS.¹

The OSI recommendations are inconsistent with achieving the RPS policies delineated in RSA 362-F:1. These policies include: the use of local renewable fuels and resources to provide for fuel diversity, the use of renewables to “keep energy and investment dollars in the state to benefit our own economy”, improving air quality and public health, and prompting renewable generation at new and existing facilities. RSA 362:4 identifies the four classes of renewable facilities eligible to participate in the RPS: Class I-new renewables, Class II-solar, Class III-existing biomass, and Class IV-small hydroelectric. This four-class system effectuates the RPS goals.

Fuel diversity is assured by requiring the purchase of RECs in the amounts set for each class of renewables. Thus, the RPS class system insures that no single unit or type of generation, e.g., a large hydroelectric facility or nuclear unit, can supply the entirety of the RPS demand and thereby eliminate fuel diversity.

¹ The Maine Class II RPS has a 30% purchase requirement. 100 MW or less hydro units are eligible and in 2015 hydro accounted for 86.53% of Class II RECs. REC pricing is \$2 or less. See 2015 Compliance Report (filed 2017) at pgs.5, 8-9. http://www.maine.gov/mpuc/electricity/documents/FinalAnnualNewRPSReport_2017-03-31.pdf

The RPS class system promotes the investment of energy dollars in-state through the Class I and Class II requirements to purchase RECs from new renewables (including thermal units) and from solar facilities. Among other projects, these provisions spurred the development of a new biomass plant in Berlin, and solar and biomass thermal units across the state, which benefit county facilities, school districts, hospitals, businesses, and residents. The purchase of biomass fuel locally by Class III facilities and Class I thermal facilities also keeps energy dollars circulating in the state economy. In contrast, the OSI proposal encourages the export of fuel dollars to Canada to pay for imports of large hydropower, or in the case of nuclear units, to locations producing nuclear fuel, and to other adjoining states hosting nuclear facilities. The RPS policy supporting retention of existing renewables also promotes local economic benefits. Existing facilities provide significant numbers of jobs and state-wide economic activity. For example, a 2016 Plymouth State University study determined that the six Class III biomass facilities supported 900 jobs and \$254 million of annual state-wide economic activity. Allowing large hydro or nuclear in a single class system will displace local distributed renewable generation and risks the loss of the local economic benefits associated with that generation in favor of out-of-state fuel resources and foreign power resources. Finally, the RPS seeks to promote renewable generation while mitigating the environmental effects of generation. For example, under the RPS, small hydroelectric unit eligibility can be subject to fish-ladder requirements, and Class III biomass eligibility is subject to maintaining quarterly air emissions of NO_x and particulate matter at levels below those allowed under Title V Clean Air Act permits. The OSI recommendation did not propose any mitigation factors for large hydroelectric or nuclear units, and it is unlikely that any significant mitigation factors can be developed. For example, comments of the Natural Resources Council of Maine (“NRCM”) in

the Clean Energy Connect Project Massachusetts contract approval dockets state that there is nothing to prevent Hydro-Quebec from buying low-cost high carbon energy from other markets for domestic load, while selling its hydropower to jurisdictions willing to pay above-market rates for large hydro.² States that subsidize nuclear units focus on “zero carbon emissions”-not other environmental issues-and provide the subsidy outside of a renewable portfolio standard. E.g., Conn. Public Act 17-3 (June 2017); N.J. Public Law 2018, C. 16. (May 23, 2018).

2. The Inability to Limit REC Retirement To A Particular Jurisdiction Should Be Addressed (RSA 362-F:5 Other Aspects of the RPS Program).

REC generators can sell RECs into various New England State renewable portfolio standard programs. For example, Class I RPS facilities may also qualify for sales into the Massachusetts and Connecticut Class I markets. RPS Class III units may also qualify for sales into the Connecticut Class I program. Under the current ISO-NE generator information system (“GIS”), there is no mechanism enabling the REC generator, as REC seller, to limit a sale to retirement of that REC in a particular REC market. This GIS construct means that a REC generator-seller can sell RECs at a price based on a sale into one market, and the ultimate buyer can retire the RECs into a higher-priced market without having paid value to the REC seller for that use. While it may seem the issue could be addressed as a matter of contract, often the practical result is that REC buyers, particularly in the current REC oversupply situation, can refuse the initial purchase unless the REC generator-seller contractually agrees to an REC sale having no market designation. The Commission and the Legislature should support a revision to the GIS allowing the REC generator to make sales based on an identified retirement market or markets.

² NRCM 8-15-18 Comments at page 3, Mass. DPU dockets 18-64, 65 and 66, at <https://eeaonline.eea.state.ma.us/EEA/FileService/FileService.Api/file/FileRoom/9717979> Also see James Speyer testimony filed in the same dockets at <https://eeaonline.eea.state.ma.us/EEA/FileService/FileService.Api/file/FileRoom/9717995> Efforts in NH to add large hydro to the RPS have failed on two occasions. See HB 141 (2017 Session) and HB 1104 (2016 session).

3. **“Providers of Electricity” Should Publicly Report the Number of Banked RECs (RSA 362-F:5 Other Aspects of the RPS Program).**

RSA 362-F:7, I provides that unused RECs issued during the prior 2 years may be used to meet up to 30 percent of a provider's requirements for a given class obligation in the current year of compliance. This provision, known as “banking”, does provide some liquidity to the market, but also makes evaluation of REC demand in any compliance year difficult due to the amount of banking allowed and because the “providers of electricity” (as defined in the RPS) do not publicly report the number of banked RECs. Such reporting, for example, is required under the Connecticut renewable portfolio standard.³ The Connecticut compliance report lists banked RECs by class for each of the two banking years, the number of RECs to be used for compliance in the current year, and the number of RECs sought to be banked for future use. A similar reporting requirement should be incorporated into the New Hampshire RPS.

The Biomass Generation Group appreciates the Sustainability Division’s work in holding the stakeholder sessions in this RPS review and its consideration of the foregoing comments.

Respectfully submitted,

The Biomass Generation Group

By Its Attorney,

R. OLSON LAW OFFICE, PLLC.

Dated: September 6, 2018

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³ E.g., Constellation NewEnergy, Inc., 2016 Compliance Year RPS Compliance Report (Oct. 2017), Exhibit A at [http://www.dpuc.state.ct.us/DOCKCURR.NSF/8e6fc37a54110e3e852576190052b64d/e16806570c83a7d8852581b80075e8ce/\\$FILE/CNE%20CY%202016%20\(AS%20FILED\)_10.13.17.pdf](http://www.dpuc.state.ct.us/DOCKCURR.NSF/8e6fc37a54110e3e852576190052b64d/e16806570c83a7d8852581b80075e8ce/$FILE/CNE%20CY%202016%20(AS%20FILED)_10.13.17.pdf)