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N.H.P.U.C. Case No.	DE 13-108
Exhibit No.	10
Witness	Panel 1
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IR 13-020

Public Service Company of New Hampshire

**Report on Investigation into Market Conditions, Default Service
Rate, Generation Ownership and Impacts on the Competitive
Electricity Market**

Jointly Prepared by:

Staff of the New Hampshire Public Utilities Commission

and

The Liberty Consulting Group

June 7, 2013

PSNH’s response was that it does not see a future with significantly different fuel types used, given the parameters required of a cyclone-fired boiler. Further, PSNH asserted that it could take over a year or more to perform testing and implementation of any new fuel or blend for Merrimack.

Schiller Station

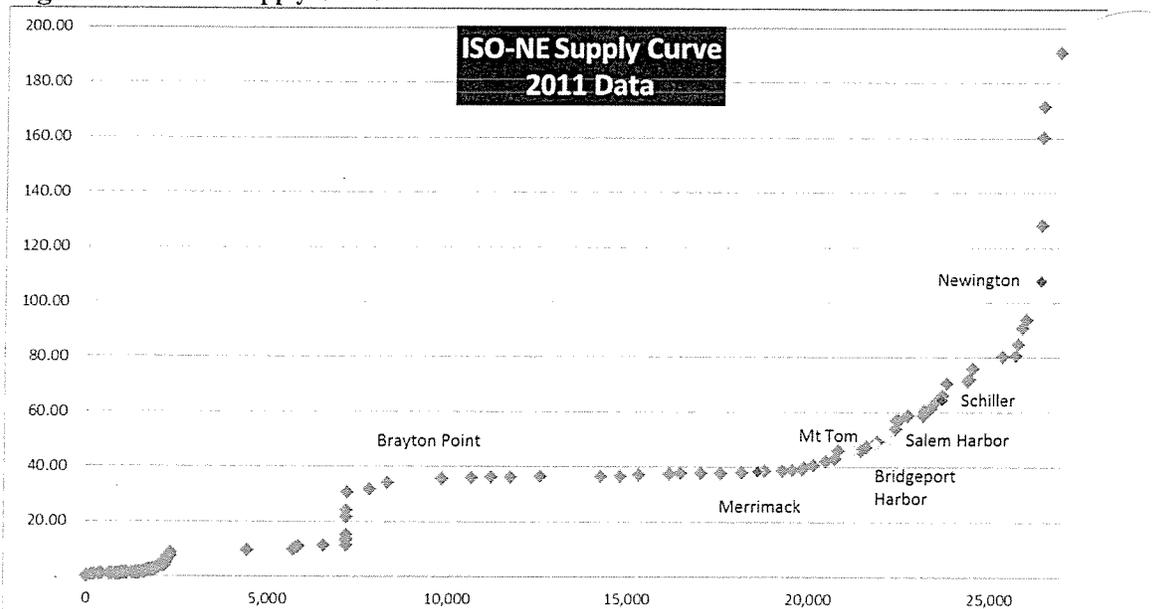
There are no active coal contracts for Schiller Station, other than 560,000 tons of coal remaining to be delivered under a 2008-2011 contract due to supply difficulties encountered at the source mine. The only future forecast coal deliveries to Schiller are for 34,000 tons of coal in 2013.

However, PSNH’s forecast of coal prices for Schiller is consistent with market forecasts through 2016. Future fuel prices are based on a philosophy of fuel flexibility to burn either oil or coal at units #4 and #6 (each 50MW) depending on market changes in fuel costs.

PSNH Asset Competitive Position

Based on regional fuel prices and individual unit heat rates (Btu/kWh), a supply curve¹⁶ was developed and is displayed in Figure 8. The supply curve calculates an estimate of dispatch cost (including fuel and variable O&M) provided by SNL for all power plants operating in ISO-NE. While ISO-NE is broken down into zones for pricing purposes, the supply curve is for the entire ISO-NE region.

Figure 8: ISO-NE Supply Curve



(Source: Based on 2011 SNL Data)

On the supply curve, each generating asset within ISO-NE is symbolized by a diamond, which plots the plant on the y-axis by dispatch cost (\$/MWh). Each unit is “stacked” from lowest to highest cost (left to right). Based on cost, the plants at the left end of the curve would be expected to be dispatched before the plants to the right of them on the curve. PSNH’s

¹⁶ Developed from SNL data for the 2011 time period.