



**BRIAR HYDRO ASSOCIATES**

c/o ESSEX HYDRO ASSOCIATES, LLC  
55 UNION STREET, 4TH FLOOR  
BOSTON, MASSACHUSETTS 02108 USA

TELEPHONE: +617-367-0032  
FAX: +617-367-3796  
E-MAIL: briar@essexhydro.com

May 18, 2105

Ms. Debra A. Howland  
Executive Director and Secretary  
State of New Hampshire Public Utilities Commission  
21 S. Fruit St, Suite 10  
Concord, NH 03301-2429

NHPUC MAY18'15 PM 3:45

Re: IR 14-338

Dear Director Howland,

Enclosed are the final comments of Briar Hydro Associates regarding Docket IR 14-338.  
Thank you for the opportunity to comment on this docket.

Sincerely,

BRIAR HYDRO ASSOCIATES  
By: Essex Hydro Associates, L.L.C.  
A General Partner  
  
Andrew Locke  
President

cc: Service List, IR 14-338 (by e-mail only)



## BRIAR HYDRO ASSOCIATES

c/o ESSEX HYDRO ASSOCIATES, LLC  
55 UNION STREET, 4TH FLOOR  
BOSTON, MASSACHUSETTS 02108 USA

TELEPHONE: +617-367-0032  
FAX: +617-367-3796  
E-MAIL: briar@essexhydro.com

May 18, 2105

Ms. Debra A. Howland  
Executive Director and Secretary  
State of New Hampshire Public Utilities Commission  
21 S. Fruit St, Suite 10  
Concord, NH 03301-2429

Re: IR 14-338

Dear Director Howland,

Briar Hydro Associates (“Briar”) provides the following summary comments on docket IR 14-338. The intent of the docket is to explore different approaches for the procurement of default service. As part of the docket, Briar proposed an alternative solution to the current default service procurement process that would treat QF generation located within a utility’s franchise area as a load reducer, thereby reducing the amount of power the utility needed to purchase. Further, Briar suggested that QF generation be paid a discount of the price paid by the utility for default service, thus providing a benefit to the ratepayers. Staff has summarized this idea in its May 3, 2015 letter as remaining issue (8) *QF power and mandated use of renewable energy*.

In item (8) Staff states, “*Staff does not agree that that the default service procurement process should mandate utilities to purchase from QFs for default service power supply. Through the interaction of market forces, utilities should be free to select the most competitive bid offering available.*”

Briar respectfully disagrees with Staff’s position, particularly because no evidence has been presented to support the idea that Briar’s proposal would limit competition. Currently, suppliers of default service face the possibility of variations in load either by default service customers switching to competitive suppliers or variations in load due to unusual weather.<sup>1</sup> Given that suppliers already face the possibility of load reduction, Briar does not believe the reduction in load due to QF generation would constrain or reduce the number of bidders.

Despite Staff’s position, Briar continues to believe requiring a utility to use QF power as a load reducer would result in savings to ratepayers. For example, had Until agreed to Briar’s proposal power during the 2014-2015 winter, Until would have been able to purchase power at a discount to its default rate of 15.5 cents per kWh, thereby saving its

---

<sup>1</sup>As an example, Until’s Winter 2014/2015 Power Supply Agreement required the supplier to accept increases and decreases in load (Sections 3.2 and 3.3).

ratepayers money through a lower cost of power and avoided transmission losses.

Notwithstanding the Staff's position and in the absence of a showing by any other party to the proceeding, Briar believes the Commission should adopt an immediate change in the procurement method used by Unitil and Liberty Energy ("Liberty") to acquire default service. When Eversource is fully deregulated, it should also adopt a similar procedure. To the extent that a QF within its service area offers to sell power either to Unitil or to Liberty, the utility could adjust its load forecast to incorporate QF energy as a load reducer. In so doing, all bidders responding to the RFP already would have accounted for QF energy in their bids.

The driving factor behind this docket was the dramatic spike in power prices for the winter of 2014 and 2015. This spike was driven by the volatility in the New England power market. While Staff and the working group have produced ideas that will help on the margins to improve the default procurement process, no one should expect the volatility in the market to disappear because of these changes. As a result, New Hampshire ratepayers will continue to be exposed to the possibility of price spikes every six months. Briar believes modifying the default service procurement process to require utilities to treat available QF power as a load reducer and paying for the power at a discount to the default rate will be a step in the right direction toward mitigating the severity of price spikes and helping New Hampshire ratepayers save money.

Briar appreciates the opportunity to contribute these comments.

Sincerely,

BRIAR HYDRO ASSOCIATES  
By: Essex Hydro Associates, L.L.C.  
A General Partner  
  
Andrew Locke  
President