

**STATE OF NEW HAMPSHIRE
BEFORE THE
NEW HAMPSHIRE PUBLIC UTILITIES COMMISSION**

Docket No. DE 19-203

**ELECTRIC RENEWABLE PORTFOLIO STANDARD
Adjustment to Renewable Portfolio Standard Class III Requirements**

**COMMENTS OF
DG WHITEFIELD, LLC & SPRINGFIELD POWER, LLC**

On December 24, 2019, the Commission issued an Order of Notice commencing this docket because it determined that New Hampshire electricity providers may not be able to procure sufficient renewable energy certificates (“RECs”) to comply with New Hampshire’s Renewable Portfolio Standard (“RPS”) requirements under RSA 362-F. Thus, the Commission is considering making an adjustment to the Class III (Existing Biomass/Methane) requirement for the 2019 compliance year.

Specifically, the Commission has received reports as well as documentation from the New Hampshire Department of Environmental Services indicating that a number of Class III certified biomass facilities have suspended operations for extended periods during 2019. Reports of these temporary or permanent closures of multiple Class III certified biomass facilities suggest that electricity providers may not be able to procure sufficient Class III RECs to satisfy Class III requirements for compliance year 2019 as the combined capacity of the affected facilities represents approximately 30% of the total capacity of certified Class III facilities. Based on these considerations, the Commission has determined that an adjustment to the Class III RPS requirement for compliance year should be considered in accordance with RSA 362-F:4, VI, which states:

After notice and hearing, the commission may modify the class III and IV renewable portfolio standards requirements under RSA 362-F:3 for calendar

years beginning January 1, 2012 such that the requirements are equal to an amount between 85 percent and 95 percent of the reasonably expected potential annual output of available eligible sources after taking into account demand from similar programs in other states.

RSA 362-F:4, VI (underline added).

Pursuant to N.H. Admin. R. Puc 203.18, the Commission ordered that a public comment hearing be held on Monday, January 13, 2020 at 1 p.m. seeking the comment of interested stakeholders on the Class III REC requirements for compliance year 2019. The Commission seeks comment regarding the following issues: (1) information regarding the 2019 annual electric generation output of certified Class III eligible sources; (2) information regarding the corresponding availability of New Hampshire Class III RECs; (3) information regarding the demand for New Hampshire Class III RECs based on market conditions for compliance year 2019; (4) whether it is appropriate and reasonable for the Commission to adjust RPS Class III requirements for compliance year 2019; and (5) if so, how that adjustment should be calculated.

If the Commission makes no change, then the Class III REC requirement will be 8.0% of retail sales for 2019.

1. Information regarding the 2019 annual electric generation output of certified Class III eligible sources.

DG Whitefield, LLC (“Whitefield”) and Springfield Power, LLC (“Springfield”) are two of New Hampshire’s certified Class III eligible sources of biomass electricity. At the beginning of 2019, their combined expected annual output was 272,206-megawatt hours. During 2019, due to market conditions and the invalidation of RSA 362-H, Whitefield and Springfield were idled in or about mid-April 2019. Accordingly, at the end of 2019, their combined actual annual output was 53,672-megawatt hours.

2. Information regarding the corresponding availability of New Hampshire Class III RECs.

The idling of Whitefield and Springfield has resulted in a reduction in 2019 of 165,333 Class III RECs. Even though their combined expected generation was 272,206-megawatt hours, their shortfall in unproduced Class III RECs is 165,333 because Whitefield and Springfield can annually produce only 100,475 and 118,530 Class III RECs respectively.

The unproduced Class III RECs from the Whitefield and Springfield facilities alone account for 19% of the NH3 compliance target based upon 10,884,547,982 kWh estimated as the total retail sales in New Hampshire for 2018.¹

3. Information regarding the demand for New Hampshire Class III RECs based on market conditions for compliance year 2019.

Many brokers are quoting the bid/ask spread of the New Hampshire Class III RECs at the alternative compliance payment (“ACP”) value. This is highly unusual of a typical market, and it is indicative of the lack of product offering to the market. For instance, Trident Brokerage Services reflects the following pricing sheet information for New Hampshire Class III RECs as of January 3, 2020:²

NH Class III REC		
	Bid	Ask
Cal 19	\$45.00	\$55.00
Cal 20	\$45.00	\$55.00

¹ <https://www.puc.nh.gov/Sustainable%20Energy/rps-compliance.html> (last accessed January 8, 2020).

² Trident Brokerage Services Pricing Sheet dated Friday January 3, 2020.

4. Whether it is appropriate and reasonable for the Commission to adjust RPS Class III requirements for compliance year 2019.

Due to the reduction of generation output from all biomass units that generally contribute to the supply of the Class III RECs, and specifically due to the reduction of 165,333-megawatt hours of expected Class III electrical generation in 2019 and the corresponding reduction of available Class III RECs as a consequence of Whitefield and Springfield's idling, it is appropriate and reasonable for the Commission to modify the Class III RPS for 2019 because New Hampshire electricity providers will not be able to procure sufficient Class III RECs to comply with New Hampshire's RPS requirements. If the Commission does not adjust the RPS Class III requirement for 2019, then the Class III REC requirement will be at 8.0% of retail sales for 2019. At 8.0% of retail sales, the supply of available Class III RECs will fall well-short of the demand produced by the 8.0% of retail sales calculation. If the Class III REC requirement remains at 8.0% of retail sales, then electricity providers will be forced to make alternative compliance payments to the renewable energy fund under RSA 362-F:10, II, which for Class III RECs in 2019 was \$55.00.

5. If so, how that adjustment should be calculated.

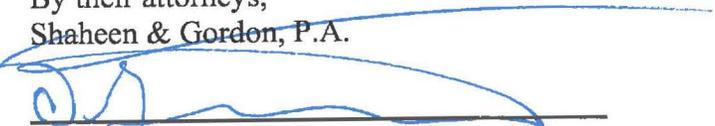
In order effect an ultimate cost savings to the consumer, the adjustment to the RPS Class III requirements for compliance year 2019 should reflect 85% of the annual output of eligible sources.

Wherefore, Whitefield and Springfield respectfully request that the RPS Class III requirements for compliance year 2019 be adjusted to 85% of the annual output of eligible sources.

Respectfully submitted,
DG WHITEFIELD, LLC and
SPRINGFIELD POWER, LLC,

By their attorneys,
Shaheen & Gordon, P.A.

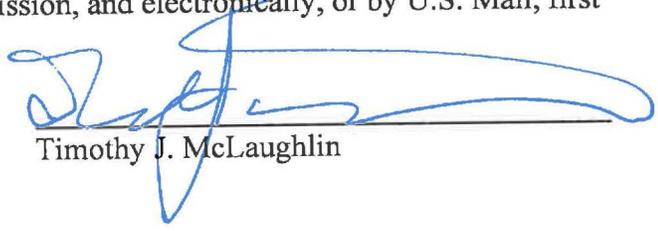
January 10, 2020



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CERTIFICATE OF SERVICE

I certify that on this date, I caused a copy of the foregoing Comments to be filed in hand and electronically with the Commission, and electronically, or by U.S. Mail, first class to the Service List in DE 19-203.



Timothy J. McLaughlin