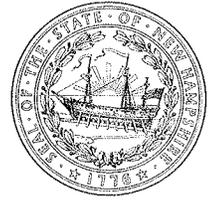




The State of New Hampshire
DEPARTMENT OF ENVIRONMENTAL SERVICES



Thomas S. Burack, Commissioner

April 10, 2013

The Honorable Russell Prescott, Chairman
Senate Energy and Natural Resources Committee
Legislative Office Building, Room 101
Concord, New Hampshire 03301

Re: House Bill 542, relative to electric renewable portfolio standards.

Dear Chairman Prescott and Members of the Committee:

The Department of Environmental Services (DES) appreciates the opportunity to comment on House Bill 542, relative to electric renewable portfolio standards (RPS). This bill would amend New Hampshire's RPS statute (RSA 362-F *Electric Renewable Portfolio Standard*) by revising alternative compliance payments (ACP) to previously established levels, and extend the program beyond 2025. DES supports these changes that promote stability and certainty in the RPS program.

In addressing the issue of state energy policy, the November 2012 *Final Report on the New Hampshire Independent Energy Study* from the Energy Efficiency and Sustainable Energy Board (pursuant to SB 323, 2010) noted the need for a "clear, coordinated and consistent policy and program landscape". Likewise, a 2011 PUC review of the RPS program¹, including several meetings to seek market information and stakeholder input, concluded that the state should:

"Maintain the existing class obligations in favor of policy consistency and predictability for the renewable energy industry, particularly given the inability of NH to significantly affect the regional REC market and the potential for increased rate impacts if the class obligations were to increase."

The market for NH Renewable Energy Credits (REC) is complex in nature and is highly influenced by the regional nature of the New England electric system "grid" and differing state RPS requirements. The current RPS statute includes obligations out to 2025. Energy supply projects require long term planning and, therefore, benefit from long term certainty in the market. Extending the RPS beyond 2025 provides some level of regulatory certainty necessary for long term renewable facility business development planning. Absent such certainty, developers' ability to secure financing supported by anticipated REC income is significantly impaired. DES feels long term market stability

¹ PUC Report dated November 1, 2011 <http://www.puc.nh.gov/Shas/previouslyustainable%20Energy/RPS/RPS%20Review%202011.pdf>

is the best solution for ensuring compliance with the RPS, as the goal of the program is to see increased development of renewable resources in the region, as opposed to alternative compliance payments. Future revisions should be based on sound market information and analysis, and carefully consider any long term implications.

Thank you for your consideration in this matter, Should you have any questions or require further information, please contact Craig Wright, Acting Director of the Air Resources Division (craig.wright@des.nh.gov, 271-1088) or Michael Fitzgerald, Administrator, Technical Services Bureau (Michael.fitzgerald@des.nh.gov, 271-6390).

Sincerely,


Thomas S. Burack
Commissioner

cc: HB 542 sponsors
Amy Ignatius, Chair, Public Utilities Commission