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VIA FEDEX AND EMAIL TO

Debra A. Howland, Executive Director
New Hampshire Public Utilities Commission
21 South Fruit Street, Suite 10
Concord, NH 03301-2429
Executive.Director@puc.nh.gov

Re: Adjustment to Renewable Portfolio Class III Requirements
Docket No. DE 19-203

Dear Ms. Howland:

Constellation New Energy (“Constellation”), a licensed retail electric supplier actively doing business in the State of New Hampshire, respectfully submits the following comments in the above-captioned docket.

Constellation participated in the public hearing regarding the Adjustment to Renewable Portfolio Class III Requirements (Docket No DE 19-203) on January 13, 2019. In its verbal comments Constellation noted that beginning in the fall of 2019 NH Class III RECs have been available in the marketplace at prices at or just below the New Hampshire Alternate Compliance payment rate of \$55/REC. Constellation noted that this is indicative of a market shortage and urged the Commission to take action, as it has in previous compliance years, to exercise its authority under RSA 362-F to reduce the 2019 compliance year obligation to 85% “of the reasonably expected potential annual output of available eligible sources after taking into account demand from similar programs in other states.”



At the hearing Until and the New Hampshire Electric Cooperative concurred with Constellation's recommendation while Eversource took the view that a reduction for 2019 would not benefit Eversource customers for whom Eversource has generally hedged its RPS obligation already. Constellation would like to point out that even if a utility is fully hedged at the 2019 compliance level a reduction in the obligation can have an economic benefit for the company's customers. RECs in excess of the compliance requirement can either be applied toward 2020 compliance obligations or sold into the Connecticut market. Even if market prices become depressed due to Eversource and others liquidating their excess RECs, as Eversource suggested at the hearing, consumers will still be better off economically if the RECs are sold or banked than they will if the RECs are retired to meet the present 2019 obligation. Moreover, since a reduction in the 2019 obligation will have no effect on 2019 REC production, the reduction will have no meaningful impact on environmental policy either.

Biomass producers are split on whether to reduce the 2019 obligation with some for and some against while the NHDES argues against a reduction on the basis that higher prices will help maintain the viability of the biomass plants.

In the end, whether each of the New Hampshire biomass plants remains a viable going forward business or not will depend on a variety of things beyond the Commission's control and which are impossible to know at this time, including future supply and demand, future REC prices, and possible future legislation in New Hampshire and elsewhere. What is knowable today, however,



is that 2019 REC production is insufficient to meet compliance demand. The Commission should not attempt to base a decision in this docket, as Eversource suggests, on pending legislative measures which, if enacted, could impact the Class III REC market. Nor should the Commission base its decision on speculation of what will happen to future REC prices with or without a reduction to 2019 compliance obligations. Rather, the commission can and should base its decision on the facts before it and the law as it currently exists. The facts are largely undisputed as to the restricted production by the biomass plants in 2019 and the recent run-up in prices due to lack of supply. Equally clear is the Commission's authority to reduce the 2019 obligation and thereby save customers money without in any way impacting 2019 REC production, which is now in the rearview mirror. For these reasons Constellation strongly encourages the Commission to exercise its authority under RSA 362-F and reduce the 2019 compliance obligation.

Beyond taking action to reduce 2019 compliance obligations, Constellation urges the Commission to turn its attention to 2020 obligations as well, either in this proceeding or through the issuance of an additional notice. As DES noted in their comments, the Alternate Compliance payment rate for Class III RECs will drop in 2020 from its current \$55/REC rate to \$35/REC, significantly below the already higher ACP in Connecticut. As a practical matter, therefore, going forward the entire demand for New Hampshire Class III RECs at a price above \$35 will be the Connecticut market. This being the case, maintaining the current compliance quantity levels in New Hampshire will no longer provide meaningful economic support for in-state biomass production but will rather simply result in the collection of ACP revenues. Making a reduction to the 2020



compliance levels sooner than later, however, will enable retail suppliers to reflect the compliance cost reduction in their retail offers more quickly and will result in increased savings to consumers. We therefore urge the Commission to also consider exercising its authority under RSA 362-F to make a prospective reduction to the 2020 Class III compliance obligation as well.

Constellation appreciates the Commission's thought and consideration.

Respectfully Submitted,

A handwritten signature in black ink, appearing to read "Neal A. Roper", written over a horizontal line.

Neal A. Roper
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