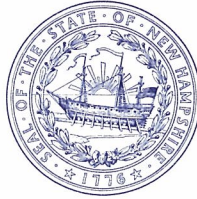


THE STATE OF NEW HAMPSHIRE

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March 8, 2011

Debra A. Howland
New Hampshire Public Utilities Commission
21 South Fruit Street, Suite 10
Concord NH 03301



Re: DE 10-226 Disclosure of Electric Service Energy Sources and
Environmental Characteristics

Dear Ms. Howland:

Enclosed please find the recommendations of Staff and the Parties regarding the disclosure of information regarding energy sources and environmental characteristics of electric service.

Given the timeline followed by the NEPOOL Generation Information System and the Commission's July 1 RPS reporting deadline, utilities and electric service providers would be able to produce a disclosure label with information for calendar year 2010 in the August/September 2011 timeframe.

Sincerely,

A handwritten signature in blue ink that reads "Amanda O. Noonan".

Amanda O. Noonan
Director, Consumer Affairs

DE 10-226
Disclosure of Electric Service Energy Sources and Environmental Characteristics
Report and Recommendations
March 8, 2011

Background:

Senate Bill 327, 2010 N.H. Laws 336:1, signed into law on July 20, 2010, amended N.H. R.S.A. Chapter 378 by establishing requirements for disclosure of electric service energy sources and environmental characteristics. Such information is to be provided to customers by providers of electricity as defined in RSA 362-F:2, XIV. RSA 378:49, I directs the Commission to open a proceeding, the purpose of which is to approve a standard format and methodology for electricity suppliers to use in providing this information to customers. The statute authorizes the Commission to approve a standard format by order or rule.

The information provided to customers would include but would not be limited to a presentation of energy sources used to generate the electricity and their respective contributions to the service's total energy mix, by percentage; the environmental characteristics of the service's energy mix, including but not limited to air pollutant emission rates; and a comparison of source and emissions data between the service's energy mix and the average energy mix of the region available from the Independent System Operator of New England.

The Commission held a pre-hearing conference on October 15, 2010. Staff submitted a proposed procedural schedule on October 20, 2010 which called for the exchanging of sample disclosure labels among Staff and the parties by October 22, 2010; a technical session/conference call to discuss content and appearance of disclosure label on October 28, 2010; a technical session/conference call to discuss whether to recommend rulemaking or some other proceeding on November 22, 2010; and a report and recommendation to Commission on December 1, 2010.

On December 1, 2010, Staff filed a report with the Commission in which Staff and the parties requested additional time to make a recommendation. Noting that discussion among Staff and the parties had identified several areas for further discussion, including among other things whether more than one standard label format would work for the electric providers; what environmental characteristics ought to be disclosed; and the frequency of notifications. Staff indicated that there was agreement at the November 22, 2010 technical session that an additional technical session would be helpful. Staff and the parties proposed meeting on January 21, 2011 to exchange additional information on the content and format of the disclosure label and requested that the final report and recommendation to the Commission be provided to the Commission no later than February 25, 2011. The Commission approved the change to the procedural schedule on December 2, 2010. The deadline was later extended to March 8, 2011.

Recommendations:

To provide flexibility and allow for a responsive and timely process for modifying the information provided on the disclosure label when appropriate, Staff and the parties recommend that the Commission approve the disclosure label format and content through a Commission order as provided for in RSA 378:49 I. While competitive electric power suppliers currently providing service in New Hampshire are aware of the disclosure label requirement, rulemaking would be appropriate to ensure that prospective

competitive electric power suppliers are also aware of the requirement. Accordingly, Staff and the parties are recommending that NH Code of Administrative Rules, Chapter Puc 2000 be amended to provide notice to suppliers of the disclosure label requirement.

These recommendations are based on currently available information and an evaluation of the reliability of that information. Staff and the parties agree that a periodic review of the information disclosed on the label is appropriate to ensure it continues to provide information that is relevant to customers and reflective of the available technology. For example, as the available technology for measuring and reporting emissions data is improved, it may be appropriate to include particulate matter and mercury on the label.

Disclosure Label

Staff and the parties agreed that there should be minimum requirements for the label. Distribution companies and competitive suppliers expressed a desire to have the flexibility to provide additional information if desired, and Staff and the parties agreed such flexibility was appropriate.

The minimum information recommended for inclusion on the label is as follows:

- Air emissions will include sulfur dioxide (SO₂), nitrogen oxides (NO_x), and carbon dioxide (CO₂). Information regarding mercury and particulates will not be included on the label at this point in time; however, information regarding mercury and particulate matter will be available as part of the supplemental information that is discussed in Attachment A. The comparison of the electric provider's emissions to the New England Regional average emission may be displayed in a tabular or graphical format. The information provided on the label regarding emissions data for the region shall be obtained from the NEPOOL Generation Information System (GIS) website's public reports section, specifically the NEPOOL System Mix report which is updated quarterly.
- Power sources will include biomass, coal, hydro, imported power, landfill gas, municipal trash, natural gas, nuclear, oil, other renewable, solar, and wind. The comparison of the electric provider's power sources to the New England Regional average emission may be displayed in a tabular or graphical format. The information provided on the label regarding power source data for the region shall be obtained from the NEPOOL GIS website's public reports section, specifically the NEPOOL System Mix report which is updated quarterly.

The electric service provider shall provide a disclosure label for each service offering available to customers.

Staff and the parties were unable to come to agreement on the question of whether all renewable energy attributes displayed on the label must tie back to RECs owned by the distribution company or competitive electric power supplier. In accordance with RSA 374-F:3, V(f)(7), reasonable efforts should be made to assure that the renewable energy source (RES) component of an RES option is not separately advertised, claimed, or sold as part of any other electricity service or transaction. There was disagreement as to how this statutory provision interacts with the requirement to disclose energy sources and environmental characteristics found in 378:49. While Staff and the majority of parties agreed that renewable energy

certificates (RECs) can only be claimed by a utility for purposes of a disclosure label if they have not been otherwise sold, claimed, or transferred to another entity, PSNH disagreed. PSNH states that it generates and purchases power from renewable sources that predate RECS. It is PSNH's position that it should be showing the renewable attributes of its energy sources regardless of whether it has purchased RECs, provided the power supplier has not reserved the RECS to their own GIS account and provided PSNH has not sold the RECs produced by its owned generation resources.

Staff and the parties agreed that certain terms should be defined on the label. Although these definitions would appear on all labels, distribution companies and competitive suppliers would not be precluded from defining additional terms on the disclosure label. The agreed to terms and definitions are:

Power Sources: The electricity you consume comes from the New England power grid, which receives power from a variety of power plants and transmits the power as needed to meet the requirements of all customers in New England. When you choose a power supplier, that supplier is responsible for generating and/or purchasing power that is added to the power grid in an amount equivalent to your electricity use. "Known Resources" include resources that are owned by, or under contract to, the supplier. "System Power" represents power purchased in the regional electricity market. Electric suppliers are required to obtain a certain amount of renewable energy in accordance with RSA 362-F, the state's renewable portfolio standard law. They may also choose to obtain amounts of renewable energy above their legal obligation, and utilities must also offer a renewable energy option to allow customers to choose to support the purchase of additional renewable energy by the utility.

Emissions:

Carbon Dioxide (CO₂) is released when fossil fuels (e.g., coal, oil and natural gas) are burned. CO₂, a greenhouse gas, is a major contributor to climate change.

Nitrogen Oxides (NO_x) form when fossil fuels and biomass are burned at high temperatures. They contribute to acid rain and ground-level ozone (or smog), and may cause respiratory illness with frequent high level exposure. NO_x also contribute to oxygen deprivation of lakes and coastal waters which is destructive to fish and other animal life.

Sulfur Dioxide (SO₂) is formed when fuels containing sulfur are burned, primarily coal and oil. Major health effects associated with SO₂ include asthma, respiratory illness and aggravation of existing cardiovascular disease. SO₂ combines with water and oxygen in the atmosphere to form acid rain, which raises the acid level of lakes and streams, and accelerates the decay of buildings and monuments.

Along with the standard definitions shown above, each utility and supplier would include the following explanatory language at the top of the label:

Electric providers are required by the New Hampshire Public Utilities Commission to provide customers with an environmental disclosure label with information to evaluate services offered by competitive suppliers and electric utilities, and to provide information about the environmental and public health impacts of electric generation. Further information can be obtained by calling your electric utility or competitive electric supplier, or by contacting the Public Utilities Commission. Additional information on disclosure labels is also available at <http://www.puc.nh.gov> or on your electric provider's website.

Staff and the parties agree that the label will be provided to all customers no less than once a year. The label may be provided to customers as a bill insert, as part of a newsletter, or as a standalone mailing. Customers with electronic billing may receive the label as a standalone paper mailing, as an electronic document sent with the e-bill, or via an electronic link on the e-bill. New customers will receive the disclosure label at the time they become a customer. Suppliers that want to update the information on the label quarterly may do so, providing the updated label on their website. Electronic copies of the disclosure labels being provided to customers shall be provided to the Commission annually.

To comply with the requirement in RSA 378:49, III that access or reference to relevant public information that is more detailed than what is provided on the label be available, Staff and the parties recommend that supplemental information be available on the Commission's website and that electric utilities and competitive suppliers would link to that information. A draft of the recommended supplemental information is attached as Attachment A.

Rulemaking

NH Code of Administrative Rules Chapter Puc 2000 establishes requirements for the competitive electric power suppliers, including information that must be provided to customers. Staff and the parties recommend that Puc 2000 be amended to include the requirement to provide new customers with a copy of the environmental disclosure label when they become a customer, and to provide existing customers with the disclosure label annually. Additionally, the rule should require that the disclosure label be readily available on the supplier's website.

Staff and the parties recommend amending section Puc 2004 Consumer Protection Requirements to include the following rule:

2004.xx Environmental Disclosure

- (a) A CEPS shall provide its customers with an environmental disclosure label as required by RSA 378:49 no less than annually.
- (b) In addition to (a) above, a CEPS shall provide all new customers with an environmental disclosure label at the start of service.
- (c) A CEPS shall provide an easily accessible environmental disclosure label on its website for each electric service it sells in the state.
- (d) The environmental disclosure label shall be updated no less than annually.

In addition to Staff, the parties joining in this recommendation are as follows: Public Service Company of New Hampshire; TransCanada Power Marketing, Ltd.; Unitil Energy Systems, Inc.; Constellation Energy Commodities Group, Inc.; Constellation NewEnergy, Inc.; Granite State Electric Company, d/b/a National Grid; N.H. Office of Energy and Planning; and Office of the Consumer Advocate. There were no other parties in this docket.

Dated: March 8, 2011

Website supplemental information:**What is Environmental Disclosure?**

Pursuant to RSA 378:49, the New Hampshire Public Utilities Commission requires all suppliers of electricity in the state to provide their customers with periodic environmental disclosure statements. These statements, also called environmental disclosure “labels,” provide information on what fuels the suppliers use to generate electricity, the air emissions resulting from that generation of electricity, and a comparison of those emissions to a regional average.

How do electricity suppliers report renewable energy?

Utilities throughout New England are required to increase the percentage of renewable energy in their generation supply mix each year pursuant to the state’s Renewable Portfolio Standard law, RSA 362-F. In order to do that, utilities and power suppliers acquire Renewable Energy Certificates (RECs) produced by eligible renewable power generators. Payments made for RECs help renewable generators compete with non-renewable fuels.

Why is Environmental Disclosure Important?

Today, customers can choose to buy their electricity from a competitive supplier. While most competitive suppliers only offer their services to larger business customers, all customers can choose to have a greater percentage of the electricity they use produced by renewable energy sources. By participating in voluntary programs offered by electric utilities and competitive electric power suppliers which provide electricity produced by a greater percentage of renewable energy sources than is required under the RPS law, customers can make a choice. Environmental disclosure allows consumers to consider the environmental impact of generating electricity when selecting electricity suppliers, or when choosing the type of electric service from their supplier, or when considering energy efficiency, conservation and renewable energy projects. The environmental disclosure label is designed to help you understand how producing electricity affects the environment and public health.

The Environmental Label Provides Information on Three Air Emissions

The disclosure label provides information on three pollutants: sulfur dioxide (SO₂), nitrogen oxides (NO_x) and carbon dioxide (CO₂).

Sulfur Dioxide (SO₂) is a heavy, colorless gas that once in the air may undergo a chemical transformation into sulfates and sulfuric acid, contributing to acid rain. Electric generation facilities that burn fossil fuels are the largest source of SO₂ emissions. SO₂ emissions are controlled and monitored by federal and state environmental regulatory programs.

Nitrogen Oxides (NO_x) are compounds of nitrogen and oxygen that once in the air may undergo a chemical transformation into nitrates and nitric acid, contributing to acid rain and ground-level ozone (photo-chemical smog). Electric generation facilities that burn fossil or biomass fuels are a major source of NO_x emissions. NO_x emissions are controlled and monitored by federal and state environmental regulatory programs.

Carbon Dioxide (CO₂) is a colorless, odorless gas that allows light from the sun’s rays to be transmitted to the Earth’s surface but blocks heat radiating from the Earth’s surface from escaping into the atmosphere, thus contributing to global climate change or warming due to the “greenhouse” effect. Electric generation facilities that burn fossil fuels are a major source of CO₂ emissions. CO₂ emissions are monitored by federal and state environmental programs.

For further information on the formation of ozone, its sources and its health effects, see:
<http://des.nh.gov/organization/divisions/air/do/asab/ozone/categories/overview.htm>

For further information on global climate change, see:
<http://des.nh.gov/organization/divisions/air/tsb/tps/climate/index.htm>

For further information on the formation and affects of acid rain, see:
<http://des.nh.gov/organization/divisions/air/tsb/tps/acidrain/categories/overview.htm>

Other Emissions of Concern

Depending on fuel source, size, and location, the generation of electricity may also result in other public health, environmental and socioeconomic impacts not disclosed above. Of particular concern is the potential release of particulate matter and mercury when certain fuels are burned. These pollutants have health impacts particularly to sensitive populations such as those with respiratory diseases, children and the elderly. For further information on these pollutants, see:

Particulates
<http://des.nh.gov/organization/divisions/air/do/asab/pm/index.htm>

Mercury
<http://des.nh.gov/organization/commissioner/pip/factsheets/ard/documents/ard-28.pdf>

How does the Environmental Label Relate to the New Hampshire's Renewable Portfolio Standard?

The New Hampshire Renewable Portfolio Standard (RPS) law, RSA 362-F, requires electric utilities and competitive electric suppliers to obtain renewable energy for a certain percentage of the power in megawatt hours (MWh) that they supply to customers. Utilities and power suppliers acquire Renewable Energy Certifications (RECs) produced by eligible renewable power generators to meet this requirement. RECs are issued by the administrator of the ISO New England Generation Information System (GIS) which is used to track the renewable attributes of electrical generation in New England. Some of the renewable energy listed on a disclosure label may be serving to meet a supplier's legal obligation under New Hampshire's Renewable Portfolio Standard.

For further information on New Hampshire's RPS, see:

<http://des.nh.gov/organization/divisions/air/tsb/tps/climate/rps.htm> and
http://www.puc.nh.gov/Sustainable%20Energy/Renewable_Portfolio_Standard_Program.htm.

What are Renewable Energy Certificates?

Utilities and power suppliers acquire Renewable Energy Certificates produced by eligible/certified renewable power generators to meet New Hampshire's RPS. Each REC represents one MWh (1,000 kWh) of power generation from renewable sources of energy and all of the attributes that go along with that unit of energy. The purchase of RECs increases the renewable characteristics of the utility's supply mix, and the sale of RECs decreases the renewable characteristics of the supply mix.

Take Action!

You can choose to purchase renewable energy in addition to RPS requirements through your utility or competitive supplier. Contact your utility for more information.

Find out about renewable energy programs and incentives available in New Hampshire at <http://www.nh.gov/oep/programs/energy/RenewableEnergyIncentives.htm>.

Learn about energy efficiency programs available in New Hampshire at www.nhsaves.com, <http://www.puc.nh.gov/Electric/coreenergyefficiencyprograms.htm>, <http://www.puc.nh.gov/Gas-Steam/energyefficiencyprograms.htm>, and <http://www.nh.gov/oep/programs/energy/resources.htm>.