

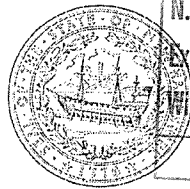
CHAIRMAN  
Thomas B. Getz

COMMISSIONERS  
Clifton C. Below  
Amy L. Ignatius

EXECUTIVE DIRECTOR  
AND SECRETARY  
Debra A. Howland

THE STATE OF NEW HAMPSHIRE

ORIGINAL



N.H.P.U.C. Case No. DE 12-358

Tel. (603) 271-2431

Exhibit No. II 3

FAX (603) 271-3878

Witness Richard H. Branch

TDD Access: Relay NH  
1-800-735-2964

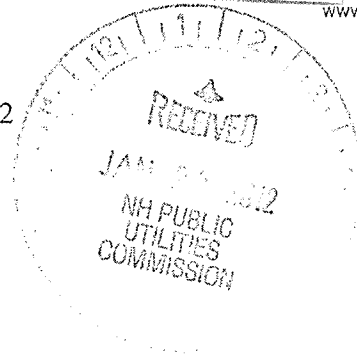
DO NOT REMOVE FROM FILE

Website:  
www.puc.nh.gov

PUBLIC UTILITIES COMMISSION

21 S. Fruit Street, Suite 10  
Concord, N.H. 03301-2429

January 24, 2012



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

Re: Docket Nos. DE 11-255 Public Service Company of New Hampshire; DE 09-225, Granite State Electric Company d/b/a National Grid; and DE 09-224, Unitil Energy Systems, Inc.  
Renewable Energy Service Option Programs  
Report on Technical Session

Dear Ms. Howland:

On January 6, 2012, Staff and the Office of Consumer Advocate (OCA) met with representatives of Public Service Company of New Hampshire (PSNH), Granite State Electric Company d/b/a National Grid (National Grid); and Unitil Energy Systems, Inc. (UES) to review each Company's twelve-month report regarding its operation of the Renewable Energy Service Option (RESO) Programs. The reports can be found in the 2009 dockets for each Company captioned above. The technical session was noticed in Docket No. DE 11-255, PSNH's petition for an increase in RESO rates.

Generally, all Companies observed relatively low participation rates in the RESO program. There was also general consensus among the Companies that it was worthwhile continuing the program for another year without modifications in order to see if participation rates improved. The Companies agreed that they would take certain steps, described below, to continue their efforts to increase participation.

National Grid's RESO program is different from UES's and PSNH's program in that National Grid refers interested customers to third-party vendors of Renewable Energy Certificates (RECs). PSNH and UES manage their programs in-house in conjunction with their compliance with the Renewable Portfolio Standard (RPS).

The December 2011 report for National Grid indicates that 123 customers had elected to participate in its RESO program. National Grid offers two levels of participation: \$0.05 per kWh, or \$0.0225 per kilowatt hour (kWh). National Grid said that the administrative costs incurred in the first year would be reduced from \$49,000 to \$6,000 in the second year of operation, with no rate impact for customers. Following discussion, National Grid agreed to ask the participating REC vendors, Community Energy and Sterling

Energy, to promote the program by providing National Grid with bill inserts at the REC vendors' expense.

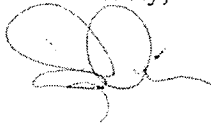
UES most recent data showed that it had 26 customers who elected the RESO rate. UES attributes this low participation level to a limited number of customers who are interested in the product. UES's rate for 100% match of a customer's kWh usage is \$0.02898 per kWh. The OCA noted that it was difficult to find information about UES's RESO program on its website, and UES agreed to make improvements to its website to attract more attention to the renewable option.

As of October 2011, a total of 169 PSNH customers were enrolled in PSNH's RESO rate. PSNH said that it had scaled back its marketing budget based on prior conversations with the OCA and Staff, and that it continued to market the product using low-cost methods such as its website and other venues. PSNH proposes to increase the rate for its 100% option to \$0.0350 per kWh based on its estimate of 2012 REC prices.

The Companies, the OCA and Staff agreed that the RESO programs should continue to be promoted in 2012 and that the Companies should focus on low cost options for marketing, such as website enhancements, promoting the program at events and in marketing for other products and services, adding information to the NH Saves website, and, in the case of National Grid, bill inserts provided by the REC vendors. In addition, Staff and the OCA suggested that all Companies consider surveying participating customers to find out what led them to participate in the program, as PSNH does. Finally, the Companies, Staff and the OCA agreed that the 12 months of operation did not provide enough experience to adequately evaluate the success of the programs. The Companies agreed to provide reports regarding the second year of the operation of the RESO program to provide further data.

I certify that a copy of this letter will be emailed to the Companies and the OCA at the same time it is filed with the Commission. Please let me know if you have any questions.

Sincerely,

A handwritten signature in black ink, appearing to read 'Suzanne G. Amidon', with a stylized flourish at the end.

Suzanne G. Amidon  
Staff Attorney

Service list