



Innovative Biomass-to-Renewable
Energy Solutions

30 Century Hill Drive, Suite 101
Latham, NY 12110
(518) 810-0200
www.reenergyholdings.com

May 8, 2014

Ms. Debra Howland
Executive Director
New Hampshire Public Utilities Commission
RE: DE 14-104 Electric Renewable Portfolio Standard

Dear Ms. Howland,

Thank you for the opportunity to provide input on RSA 362-F:4, V and VI Adjustments to Renewable Portfolio Requirements.

Introduction

As a general matter, we believe that it is a best practice for Renewable Portfolio Standard (RPS) programs to offer stability and predictability for market participants, including stability in requirements. For both future buyers and future sellers of renewable energy credits (RECs), it is important to have a trustworthy expectation for the size of the REC procurement obligation. Without this consistency, it is difficult for developers to finance new projects and for load serving entities to competitively price new customer electricity proposals. Given this general concern with abrupt changes to RPS standards, we understand that there are additional considerations for the Commission to balance.

About ReEnergy Holdings LLC

ReEnergy owns and operates eight biomass power facilities in Maine, Connecticut, and New York. We also operate an additional facility in North Carolina. The total installed capacity of our energy portfolio is 325 megawatts. As such, we are active participants in the Class I REC markets in New England, although not currently trading New Hampshire RECs.

ReEnergy also employs approximately 90 individuals in New Hampshire at two facilities that process construction and demolition material: ReEnergy Epping and ReEnergy Salem. These facilities accept and recycle nearly all solid materials from construction and demolition activities, processing approximately 300,000 tons of material each year.

Class III available supply is low in 2013, but later vintage supply is uncertain

Based on the recent testimony provided to the Commission by load suppliers, it appears that it is difficult to procure NH Class III RECs in the 2013 vintage. We agree that 2013 vintage prices for Class I are currently near the Alternative Compliance Payment (ACP) rate for most (but not all) New England RPS programs. Considering all NH III suppliers as listed in the NEPOOL Generator Information System (NEPOOL GIS) are at least dual-eligible with Class I in another state, we understand that the supply of NH III RECs will likely go to other states with higher current prices.

Where we diverge from some other parties in this process is in the assumptions for pricing beyond 2013. It is important to note that the current higher prices seen in other state Class I RECs for 2013 is driven by a combination of higher ACP levels and a current apparent undersupply of RECs across all New England RPS programs. We do not think it would be appropriate to make changes to Class III demand in 2014 or any later years at this point in time. Quite frankly, it is impossible for us to know if there will be a shortage of NH III RECs available in those vintages. There are many factors that influence the net REC position in the market but are difficult to predict, including: imports from existing wind resources in adjacent jurisdictions; landfill gas by pipeline imports; solar carve-out supply success rates; potential electric demand reductions due to El Nino weather conditions this summer; and borrowing rates from Q1-2015 supplies in other states. If any combination of these impacts leads to a balanced market, there will be ample opportunity for NH III demand to be filled by eligible resources that can no longer rely on other states.

Therefore we recommend that any adjustment to 2013 vintage requirements that are deemed necessary should proceed, but that all future vintages should remain as-is until such time that it can be determined there is a problem that needs a solution.

Class I demand can be met by as few as two resources

There also appears to be concern that there may not be sufficient supply of NH Class I RECs to meet demand in 2013 and 2014. A quick review of the Q3-2013 eligibility list for NH Class I in the NEPOOL-GIS shows that there are 49 facilities eligible and active in the system. Just two of those facilities (both in-state biomass facilities) could supply the entire expected class I demand of 410,000. Similarly, 2014 demand would very likely be met with those same facilities combined with a new facility in-state. This doesn't even factor in the additional 47 eligible facilities. In short, there is no evidence to support delaying the schedule of NH Class I REC demand.

Conclusion

We thank you for this opportunity to provide some additional thoughts on the condition of the New Hampshire RPS. If you have any further questions, please don't hesitate to contact us.

Sincerely,

Nathan Hebel
Manager of Energy Trading