



Concord Steam
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Steam and Power Generation

Via Hand Delivery and Electronic Mail

February 16, 2015
Debra Howland
Executive Director and Secretary
New Hampshire Public Utilities Commission
21 South Fruit Street, Suite 10
Concord, NH 03301-2429

Re: DE 15-035 Electric Renewable Portfolio Standard RSA 362-F:4. V and VI.
Adjustments to Renewable Class Requirements.

Dear Ms. Howland,
Enclosed for filing with the Commission in the above-referenced docket on behalf of Concord Steam Corporation are an original and six (6) copies of:

1. Comments of CSC pursuant to the Commission's January 21, 2015 Order of Notice; and

Thank you for your assistance with this filing. If you have any questions, please do not hesitate to contact me.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Mark E. Saltsman', is written over a light blue horizontal line.

Mark E. Saltsman
Vice President

STATE OF NEW HAMPSHIRE
NEW HAMPSHIRE PUBLIC UTILITIES COMMISSION

DE 15-035

RSA 362-F:4, V and VI, Adjustments to Renewable Class Requirements

COMMENTS OF Concord Steam Corporation

Concord Steam Corporation (Concord Steam) is pleased to provide comments to the Commission regarding the adjustments to Class III Renewable Portfolio Requirements as discussed in the Notice and Supplemental Notice opening Docket No. DE 15-035:

Concord Steam provides District Heating service to the downtown Concord, New Hampshire area, serving over 180 buildings in the greater downtown area and also providing power to the Independent System Operator (ISO) electrical grid through the local utility's power lines.

Concord Steam has been developing an upgrade/repowering of its wood-fired combined heat and power plant in Concord. The project has nearly completed all of the necessary permits and approvals and has financing lined up. A New Hampshire power supplier has committed to purchase 100% of the plant's electrical output, including the associated Class I electrical REC's. Furthermore Concord Steam is intending on providing a portion of the RPS Class I thermal REC requirements to the aforementioned power purchaser (10,000 MWh) to meet their requirements as well a providing an additional 60,000 MWh of thermal REC's into the market place to meet the RPS requirements of other power providers.

Concord Steam will meet the requirements set forth by RSA 362-F:4 I (l) (5), in which the upgrade and repowering of its existing combined heat and power facility will meet the capital test as set forth by the statue Specifically "a existing source of thermal energy that used biomass as its primary fuel source in its normal operation prior to January 1, 2013, then the unit shall be a combined heat and power unit that provides district heating, and at least 80 percent of the resulting tax basis of the unit's plant and equipment, but not its property and intangible assets, shall be derived from capital investments directly related to the upgrade or replacement and made on or after January 1, 2013" (RSA 362-F:4 I (l) (5)).

Concord Steam expects that a portion of the district heating energy that it supplies will meet the requirements to qualify as Class I thermal REC's in 2016. To date we are not able to quantify the exact amount that will be available in 2016, only that at least a portion of the years steam production for it's district heating system will qualify. Furthermore, Concord Steam fully expects that it will be able to provide all 70,000 MWh's of Class I thermal REC's into the market place by 2017.

NH PUC has the authority given to it by legislative direction authority to adjust the RPS percentages for Class III and IV delaying or accelerating the incremental increases for Class I and Class II and by altering the alternative compliance payments (ACP's) by class. Concord Steam believes that there are reasonable adjustments that should be made to the Class III electrical REC's requirements that will aid in lowering the cost of electricity for the New Hampshire ratepayers without detriment to the intent of the RPS which is to "provide fuel diversity to the state and New England generation supply through use of local renewable fuels and resources that serve to displace and thereby lower regional dependence on fossil fuels. This has the potential to lower and stabilize future energy costs by reducing exposure to rising and volatile fossil fuel prices. The use of renewable energy technologies and fuels can also help to keep energy and investment dollars in the state to benefit our own economy. In addition, employing low emission forms of such technologies can reduce the amount of greenhouse gases, nitrogen oxides, and particulate matter emissions transported into New Hampshire and also generated in the state, thereby improving air quality and public health, and mitigating against the risks of climate change. . It is therefore in the public interest to stimulate investment in low emission renewable energy generation technologies in New England and, in particular, New Hampshire, **whether at new or existing facilities.**" (RSA 362-F:1 emphasis added)

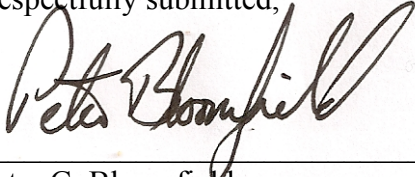
Class III REC's have been under-sourced in NH as a result of stronger marketplaces elsewhere in the New England ISO region and have therefore it has been advantageous to the existing bio-mass plants to sell their Class III REC's out of the NH market place. As the Commission is aware, there are currently legislative actions taking place within the states that make up the New England marketplace for REC's that will make the NH Class III market place a more viable market in the very near future. We will need to have Class III existing as is to fulfill that need as well as meet the intent of RSA 362-F:1

Therefore, while Concord Steam agrees that there is a reasonable expectation that the Class III market should see near term adjustments it does not believe that there is sufficient reason to eliminate the Class III category nor move Class III into one of the other classes. In fact, recent adjustments were made to all classes via legislative action that were made July 27, 2013 to 362-F:3. Additionally, NH PUC has only recently issued rules (PUC Chapter 2500 adopted December 5, 2014) that provide the rules necessary for the complex issue of qualifying and measuring thermal renewable energy credits. Because neither of these actions taken by the legislature or the Commission have had time to mature to the point of realizing the true impact/benefits for ratepayers as currently structured, we believe any action to change the structure or the quantities of Class I, II or IV is premature.

Concord Steam contends any action that is taken to restructure or adjust the quantities as currently set forth for Class I electrical or thermal REC's will create further instability in the market place and create difficulties in securing contracts for power/REC purchases as well as create hardships in investment opportunities for facilities such as ours and to others projects under consideration. We believe that stability in the market

place is of upmost importance for accomplishing the goals of RSA 362-F:1. Therefore, we respectfully request that the Commission limit it's scope in this proceeding to making the adjustments necessary to Class III REC's only.

Respectfully submitted,

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

Peter G. Bloomfield
President
CONCORD STEAM CORPORATION
Dated: July 23, 2009