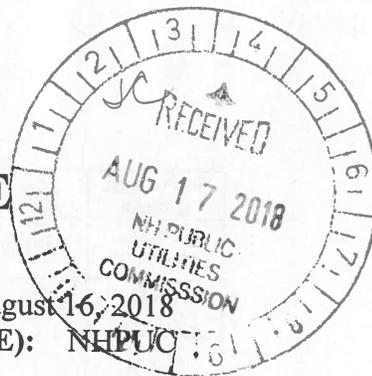


STATE OF NEW HAMPSHIRE

Inter-Department Communication



DATE: August 16, 2018

AT (OFFICE): NHPUC

FROM: Stephen R. Eckberg, Energy Analyst *SRE*

SUBJECT: DM 15-373, Direct Energy Business and DM 13-260, Direct Energy Business Marketing - 2017 RPS Compliance Rule Waiver Request and Staff Recommendation

TO: Martin P. Honigberg, Chairman
Kathryn M. Bailey, Commissioner
Michael S. Giaimo, Commissioner
Debra A. Howland, Executive Director

CC: Karen Cramton, Director, Sustainable Energy Division *KCC*
David K. Wiesner, Staff Attorney

On June 28, 2018, Direct Energy Business, LLC (DEB), Direct Energy Business Marketing, LLC (DEBM), and Direct Energy Services, LLC (DES), filed their Renewable Portfolio Standard (RPS) compliance reports for calendar year 2017 in accordance with RSA 362-F:8 and Puc 2505.03. Each of those three entities is registered with the Commission as a competitive electric power supplier (CEPS) and all are affiliates owned by Direct Energy (DE) of Houston, Texas. The RPS compliance reports included the required "My Settled Certificates Disposition" report from NEPOOL GIS (GIS).

Subsequent to the report submission, DEB and DEBM informed Commission Staff that an excess number of New Hampshire Class I Renewable Energy Certificates (RECs) (vintage 2017) had been inadvertently retired in the GIS subaccount for DEB and an insufficient number of New Hampshire Class I RECS had been inadvertently retired in the GIS subaccount for DEBM to meet its 2017 RPS obligation. DE determined that, if it were allowed to move the needed quantity of Class I RECs from DEB to DEBM, its total alternative compliance payment (ACP) amount due would be significantly reduced. On August 2, 2018, DE submitted a letter formally requesting permission to be allowed to use certain DEB RECs for DEBM's 2017 RPS compliance, as explained above.

The table below provides the details of the 3,782 New Hampshire Class I RECs currently retired by DEB that are proposed to be reallocated for use by DEBM:

SubAccount ID/State	Unit ID	Unit Name	State (Location)	Fuel Type	Year/Mon of Gen	Certificate Serial #s	Quantity	Intended Account/State
13621 DEB / NH	IMP32979	Seneca_Energy-ME & NH	NY	Landfill Gas	2017/10	1923482-1 to 3115	3115	15296 DEBM / NH
13621 DEB / NH	IMP32957	Fulton	NY	Landfill Gas	2017/6	1545202-1 to 667	667	15296 DEBM / NH
TOTAL							3,782	

In Staff's view, the DE request should be considered a request for waiver of Puc 2503.03(d), which provides that "[a] provider of electricity shall separately file its report titled 'My Settled Certificates Disposition,' issued by the GIS to the provider containing the final number of certificates settled for the prior year no later than July 31 of each year." Staff understands the purpose of this rule to be the effective demonstration that the CEPS has purchased and retired the quantity of RECs in each RPS class that it has claimed on its annual RPS Compliance Report (PUC Form E-2500). The GIS "My Settled Certificates Disposition" reports cannot be changed once the end of the calendar year REC trading period closes, per GIS operating rules.

While both DEB and DEBM timely submitted their respective "My Settled Certificates Disposition" reports, the quantities of RECs retired by class do not match the quantities of RECs the companies wish to report on their respective E-2500 Compliance Reports. The proposal for DEB and DEBM to reallocate a certain specific quantity of Class I RECs from one affiliate to the other would provide sufficient amounts of RECs for each company to meet its RPS obligations in a manner which minimizes their total ACP amounts due. However, allowing that proposed reallocation of RECs would involve changing the Class I REC amounts reported on the E-2500 Compliance Reports in a manner that would not be reflected in the filed GIS "My Settled Certificates Disposition" reports. Granting a waiver of Puc 2503.03(d) would permit the proposed Class I REC reallocation between the two affiliated electricity providers to be given effect for 2017 RPS compliance purposes without the need for revised GIS "My Settled Certificates Disposition" reports to be filed.

Staff therefore recommends that the Commission grant a waiver Puc 2503.03(d), so that the proposed reallocation of 3,782 Class I (vintage 2017) RECs between DEB and its affiliate DEBM can be effected for 2017 RPS compliance, without the filing of revised supporting GIS reports. Staff believes the recommended rule waiver is in the public interest as contemplated by Puc 201.05.

Staff further recommends that the Commission remind the multiple affiliates of Direct Energy that it remains the responsibility of each RPS compliance entity to ensure that RECs are properly settled in the appropriate compliance subaccount.

SERVICE LIST - EMAIL ADDRESSES- DOCKET RELATED

Pursuant to N.H. Admin Rule Puc 203.11 (a) (1): Serve an electronic copy on each person identified on the service list.

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Docket #: 13-260-1 Printed: August 17, 2018

FILING INSTRUCTIONS:

- a) Pursuant to N.H. Admin Rule Puc 203.02 (a), with the exception of Discovery, file 7 copies, as well as an electronic copy, of all documents including cover letter with:
- DEBRA A HOWLAND
EXEC DIRECTOR
NHPUC
21 S. FRUIT ST, SUITE 10
CONCORD NH 03301-2429
- b) Serve an electronic copy with each person identified on the Commission's service list and with the Office of Consumer Advocate.
- c) Serve a written copy on each person on the service list not able to receive electronic mail.