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STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION

March 29, 2021 - 1:41 p.m.

[Remote Hearing conducted via Webex]

RE: DE 21-037

**ELECTRIC RENEWABLE PORTFOLIO STANDARD:
Adjustment to Renewable Portfolio
Standard Class III Requirements.
(Hearing to receive public comment)**

PRESENT: Chairwoman Dianne H. Martin, Presiding
Commissioner Kathryn M. Bailey

Doreen Borden, Clerk
Corrine Lemay, PUC Remote Hearing Host

APPEARANCES: *(No appearances taken)*

Court Reporter: Steven E. Patnaude, LCR No. 52
(Transcribed from Webex recording)

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P R O C E E D I N G

1
2 CHAIRWOMAN MARTIN: Okay. Good
3 afternoon. We're here this afternoon in Docket
4 DE 21-037, which is the adjustment to Renewable
5 Portfolio Standard Class III requirements matter.
6 We're here to consider and take public comment on
7 possible adjustments to the Renewable Portfolio
8 Standard for Class III.

9 Because this is a remote hearing, I
10 need to read through some required guidelines and
11 make some findings.

12 As Chairwoman of the Public Utilities
13 Commission, I find that due to the State of
14 Emergency declared by the Governor as the result
15 of the COVID-19 pandemic, and in accordance with
16 the Governor's Emergency Order Number 12,
17 pursuant to Executive Order 2020-04, this public
18 body is authorized to meet electronically.
19 Please note that there is no physical location to
20 observe and listen contemporaneously to this
21 hearing, which was authorized pursuant to the
22 Governor's Emergency Order.

23 However, in accordance with the
24 Emergency Order, I am confirming that we are

1 utilizing Webex for this electronic hearing. All
2 members of the Commission have the ability to
3 communicate contemporaneously during this
4 hearing, and the public has access to
5 contemporaneously listen and, if necessary,
6 participate. We previously gave notice to the
7 public of the necessary information for accessing
8 the hearing in the Order of Notice. If anyone
9 has a problem during the hearing, please call
10 271-2431 -- I should have said "(603)271-2431".
11 In the event the public is unable to access the
12 hearing, the hearing will be adjourned and
13 rescheduled.

14 Okay. We need to take a roll call
15 attendance. My name is Dianne Martin. I am the
16 Chairwoman of the Public Utilities Commission.
17 And I am alone.

18 Commissioner Bailey.

19 COMMISSIONER BAILEY: Good afternoon.
20 Kathryn Bailey, Commissioner at the Public
21 Utilities Commission. And I am alone.

22 CHAIRWOMAN MARTIN: Okay. Thank you.
23 And the purpose of today's hearing is to take
24 public comment. And I will recognize Attorney

1 Eric Wind for the Commission to lay the
2 groundwork for that and to get us started. Eric.

3 MR. WIND: Thank you. And good
4 afternoon, members of the Commission and
5 stakeholders.

6 My name is Eric wind, and I am
7 appearing today on behalf of Commission Staff. I
8 am joined by Karen Cramton, Director of the
9 Sustainable Energy Division; Deandra Perruccio,
10 an analyst in the Sustainable Energy Division;
11 and David Wiesner, Director of the Legal
12 Division.

13 At the outset, Commission Staff would
14 like to make two recommendations. First, Staff
15 recommends that the record in this docket remain
16 open for written comments through the close of
17 business this Friday, April 2nd, 2021. Second,
18 Staff would like to note the time constraints
19 associated with the remainder of the 2020
20 compliance year. The final trading period is set
21 to open on April 15th and run through June 15th.
22 As such, Staff recommends that the Commission
23 make a determination on whether or not to modify
24 the 2020 Class III compliance requirement before

1 the final trading period opens on April 15th.

2 So, that brings us to the substance of
3 today's hearing. We are here to receive comments
4 from interested parties on whether or not the
5 Commission should modify the Class III Renewable
6 Portfolio Standard's requirement for the 2020
7 compliance year. The law allows the Commission,
8 after notice and hearing, to modify Class III
9 requirements such that the requirements are equal
10 to an amount between 85 percent and 95 percent of
11 the reasonably expected potential annual output
12 of available eligible sources, after taking into
13 account demand from similar programs in other
14 states. It is on that final clause, "after
15 taking into account demand from similar programs
16 in other states", the Staff is particularly
17 interested in hearing comments on today.

18 Director Cramton has some more specific
19 comments on this topic. So, I would like to turn
20 the microphone over to her for a brief moment and
21 a comment.

22 CHAIRWOMAN MARTIN: Okay. Thank you.
23 Ms. Cramton.

24 MS. CRAMTON: Wonderful. Thank you,

1 Chairwoman, and Eric, for the introduction. And
2 thank you to the interested parties for being on
3 this hearing with us today and providing us
4 feedback.

5 Just to let you know that Staff is
6 interested in getting more information today on
7 Class III Renewable Energy Certificates, and the
8 availability of those RECs for 2020 compliance,
9 along with understanding any regional market
10 dynamics for Class III.

11 So, specifically, we're interested in
12 any changes that have taken place year over year
13 in the biomass or methane gas facility generation
14 of RECs in 2020. Also interested in learning
15 more about any regional policy changes that may
16 impact Class III.

17 Again, interested in understanding
18 better the impact, if any, that the Class III ACP
19 rate will have on Class III compliance this year.
20 I'll note that last year, so 2019, the ACP rate
21 was \$55; in 2020, that ACP rate was reduced to
22 \$34.54.

23 And then, finally, we're interested in
24 understanding any regional market dynamics for

1 Class III, and the likelihood that Class III RECs
2 that are being purchased will end up being
3 settled in New Hampshire towards New Hampshire's
4 Class III RPS compliance requirements.

5 With that, I'll thank you. And we look
6 forward to everyone's comments.

7 CHAIRWOMAN MARTIN: Thank you for that.
8 And we will leave the record open at the end of
9 this hearing, as requested by Staff, to receive
10 written comments through this Friday.

11 Okay. So, I have a list. I have Mr.
12 Maher. I have Ms. Chiavara. I have Mr. Dean.
13 And I have Mr. Roper and Mr. Allegretti.

14 Is there anyone else present who wants
15 to be heard today that is not on my list, if you
16 could raise your hand?

17 *[No indication given.]*

18 CHAIRWOMAN MARTIN: Okay. It looks
19 like I have the full list then.

20 Why don't we start with Mr. Maher.

21 *[Brief pause.]*

22 MR. MAHER: That's better. Good
23 afternoon, members of the Commission.

24 My name is Eric Maher. I'm an attorney

1 at Donahue, Tucker, & Ciandella. I'm here today
2 on behalf of the Bridgewater Power Company. With
3 me is Michael O'Leary of the Bridgewater Power
4 Company.

5 We submitted comments last night,
6 written comments last night, to the service list,
7 detailing the Power Company's comments, as well
8 as certain concerns that the Company is observing
9 in the REC marketplace.

10 First, the Bridgewater Power Company
11 wants to express its gratitude, and was pleased
12 with the Commission's careful consideration last
13 year when the issue of adjusting purchase
14 requirements was before this Commission for year
15 2019. The BPC also wishes to express its
16 gratitude in advance for the Commission's careful
17 consideration with regards to 2020 compliance
18 year.

19 Different from last year, the
20 Bridgewater Power Company is not opposed to a
21 reduction of the purchase requirement for
22 compliance year 2020. The Company agrees that
23 there is a lack of supply of available RECs that
24 were available for purchase. We believe that

1 it's largely a function of several generators
2 being off line for the 2020 compliance year
3 resulting in a limited supply. Also, potentially
4 impacting and make constraining supply available
5 for New Hampshire was the ACP rate down in
6 Connecticut, which was higher than that of New
7 Hampshire, which incentivized selling RECs down
8 in Connecticut, rather than in New Hampshire.

9 So, the Bridgewater Power Company is
10 committed to working with load-serving entities,
11 as well as ensuring that the interests of the
12 ratepayers are satisfied, and does not object to
13 a reduction with regard to this year.

14 That said, the Bridgewater Power
15 Company is concerned regarding to -- with regard
16 to certain market conditions, which may create
17 constraints in the future, and would suggest that
18 the Commission study the market processes for the
19 sale of RECs in the future. With -- in
20 particular, the Company has observed that there
21 tends to be a squeeze in the early quarters of
22 the year with regard to RECs, mainly load-serving
23 entities typically offer what we would consider
24 below market rates for RECs, which puts

1 generators in the difficult position of trying to
2 identify and ascertain whether they will be able
3 to generate enough revenue to justify continued
4 and sustained operation throughout the year.

5 When they do not have guaranteed revenues in the
6 early quarters of the year, they oftentimes have
7 to shut down for large portions of the year,
8 resulting in them only going back on line in and
9 around -- it would be Q3 of the fiscal year, but
10 it would be in and around Q2 of the compliance
11 year. And, because you have so many months where
12 many generators are off line, it results in a
13 constraint.

14 And, so, in that regard, the Company is
15 concerned about establishing a precedent whereby
16 market participants can offer below-market rates
17 for RECs throughout the year, and effectively --
18 I'm not -- "manufacture" is the wrong word, but
19 create a circumstance where there is a
20 constrained supply, which, in turn, requires
21 load-serving entities to seek relief through the
22 Commission through a reduction in the purchase
23 requirements.

24 So, in that regard, one potential

1 solution that Bridgewater Power Company puts
2 forth is that, in subsequent years, when the
3 Commission is considering a reduction in the
4 purchase requirements, that it requires
5 load-serving entities to make a showing that they
6 have offered to purchase RECs at market rates,
7 i.e., in and around the ACP, throughout Q1
8 through Q4 of the generating year, which is
9 January 1st to December 31st. In that way, the
10 purpose and intent of the -- pardon me -- RSA
11 362-F is better served by ensuring that market
12 forces are allowed to properly work, and there is
13 a continued -- an economic reason for continued
14 investments in a renewable generating facility.

15 Thank you very much for your time and
16 consideration.

17 CHAIRWOMAN MARTIN: Okay. Thank you,
18 Mr. Maher.

19 Commissioner Bailey, do you have any
20 questions?

21 COMMISSIONER BAILEY: I do. Thank you.

22 Mr. Maher, how is that not harming the
23 true market, if you require utilities to offer to
24 purchase RECs for near an ACP price?

1 MR. MAHER: Well, it's not "near ACP
2 price". And I believe that, you know, this is a
3 matter for further study by the Commission. But
4 I think the issue is is that the market isn't
5 given an opportunity to properly function, if
6 load-serving entities don't offer to purchase
7 RECs at a certain price to make it, you know,
8 economically sufficient for these generators to
9 run. But they then can go and seek relief from
10 the purchase requirements from the Commission at
11 a later date. It's effectively that the
12 adjustment mechanism is acting as a safety valve,
13 which, in turn, is effectively rewarding market
14 participants in offering below-market rates for
15 RECs.

16 COMMISSIONER BAILEY: I see. Has
17 Bridgewater sold the RECs that it generated in
18 the first three quarters of this trading year?

19 MR. MAHER: I believe that it has sold
20 all of its RECs in 2020, which is why, in this
21 year, it does not oppose an adjustment. Because
22 it recognizes, in this particular year, given a
23 variety of -- for a variety of reasons, it
24 acknowledges that there was a constraint in

1 supply.

2 And it's -- the Company's concern is
3 more on a going forward basis, establishing a
4 precedent whereby the Commission is asked to
5 adjust downward, in the absence of a showing of
6 unique circumstances.

7 COMMISSIONER BAILEY: Okay. Thank you.

8 CHAIRWOMAN MARTIN: Okay. I don't have
9 any questions. But I did want to give Director
10 Cramton an opportunity to ask any questions she
11 might have. I know you were trying to make sure
12 you got certain information. Do you have any
13 questions that this commenter could answer?

14 MS. CRAMTON: Thank you, Chairwoman.
15 No, I think I'm fine. And I thank you, Mr.
16 Maher, for providing the written testimony. That
17 was helpful for me to have that in advance to
18 read. So, thank you for that.

19 MR. MAHER: My pleasure.

20 CHAIRWOMAN MARTIN: Okay. Then, moving
21 on to Ms. Chiavara.

22 MS. CHIAVARA: Thank you. Good
23 afternoon, Chair Martin and Commissioner Bailey.

24 On behalf of Public Service Company of

1 New Hampshire, doing business as Eversource
2 Energy, I'd like to thank the Commission for the
3 opportunity to speak today to provide
4 Eversource's position regarding the Class III
5 Renewable Energy Credit purchase requirement, and
6 whether the Commission should modify that
7 purchase requirement for the 2020 compliance
8 year.

9 Eversource understands that a number of
10 market factors have impacted the Class III REC
11 market. The reduction of alternative compliance
12 payments, or ACPs, from the \$55 level, and which
13 had been set for compliance years 2017 through
14 2019, to just under \$35 for compliance year 2020,
15 and then compounded by comparably higher Class
16 III REC prices in the neighboring markets of
17 Massachusetts and Connecticut.

18 From time to time during the compliance
19 year, Eversource has looked to procure its REC
20 requirements. Presently, Eversource has
21 purchased about 85,000 Class III credits, with
22 approximately 202,000 remaining. Those
23 purchases, however, were made many months ago,
24 and there have been no responses to Eversource's

1 more recent attempts for solicitation.

2 Given the present state of the New
3 Hampshire market, without an adjustment to the
4 purchasing obligation, the remainder of
5 Eversource's REC requirement will likely be
6 handled as ACPs to the Renewable Energy Fund.

7 Eversource's concerns about any
8 adjustment to the purchase compliance requirement
9 by the Commission are largely rooted in issues of
10 timing, not unlike those concerns posed by
11 Bridgewater Power Company in its comments. The
12 compliance year is already three-quarters
13 complete, and any modification of this year's
14 purchase requirement will occur even closer to
15 the compliance year's end by the time an order is
16 issued.

17 The implication for such a late
18 adjustment are not limited to the difficulty in
19 planning for the 2020 compliance year. Such an
20 adjustment also creates an uncertainty over
21 planning for REC purchases in future years as
22 well. Adjusting the current year's purchasing
23 requirement just a couple of months before the
24 end of the compliance period sets a difficult

1 precedent for planning REC purchases, which will
2 likely create a subsequent destabilizing effect
3 on the market.

4 After reviewing and hearing the
5 comments of Bridgewater, Eversource offers a
6 brief response to some of the items highlighted
7 there. Because where Eversource departs from
8 Bridgewater is the notion that the supply-side
9 market issue could be solved by creating
10 solicitation and reporting requirements for
11 load-serving entities.

12 As noted in the Commission's Order of
13 Notice, the law, RSA 362-F:4, Paragraph VI,
14 states that the Commission can adjust the
15 requirements based on the "reasonably expected
16 potential annual output of available eligible
17 sources". So, this isn't an issue of LSEs
18 needing to operate differently as Bridgewater
19 suggests, but rather whether there is sufficient
20 expected potential output.

21 In this case, there does not appear to
22 be sufficient output to serve the New Hampshire
23 market, and adjusting the requirement to account
24 for that is a reasonable and appropriate

1 solution.

2 Ultimately, Eversource can and will
3 fulfill the purchase level set by the Commission.
4 But would request that, if any adjustment is to
5 be made, that such adjustment not entirely
6 devalue the credits that have already been
7 purchased.

8 Eversource also respectfully requests,
9 along with the request of Staff, that an order be
10 issued quickly on this matter, to maximize
11 marketplace stability and allow for sufficient
12 time to plan the remaining purchasing required
13 for the compliance year.

14 Finally, given the reduction in supply
15 that is likely to be ongoing, and in some cases
16 will be permanent, Eversource encourages the
17 Commission to take action now for compliance in
18 future years in a way that factors in the
19 legislative position towards REC market --
20 towards the REC market and compliance, benefiting
21 market participants with greater advance notice
22 prior to partial or total compliance fulfillment.

23 Eversource again appreciates the
24 Commission's attention to and consideration of

1 these issues.

2 Thank you.

3 CHAIRWOMAN MARTIN: Thank you, Ms.

4 Chiavara.

5 Commissioner Bailey, do you have
6 questions?

7 COMMISSIONER BAILEY: Yes. Thank you.

8 Ms. Chiavara, does the Company have a
9 recommendation on what we should establish the
10 REC requirement to be for this year?

11 MS. CHIAVARA: Short of not wanting it
12 to be zero, we would -- we would like the credits
13 that we already purchased to remain, to continue
14 to have value. But we don't have a specific
15 number to recommend at this time.

16 COMMISSIONER BAILEY: Okay. Thank you.

17 CHAIRWOMAN MARTIN: And I'm going to
18 ask Director Cramton if she has any follow-up
19 questions that she would like to ask?

20 MS. CRAMTON: I guess just one
21 clarifying question.

22 The quantities that you cited, the
23 85,000 and the 202,000, are those RECs only --
24 well, the 85,000, are they specific New Hampshire

1 Class III RECs or could they also be settled in
2 one of the neighboring states? In other words,
3 some of our RECs, as you know, have multiple
4 classifications, so they can qualify for either
5 New Hampshire Class III or Connecticut Class I.
6 So, when you say you have 85,000 that you can
7 settle, would those be settled in New Hampshire
8 or do you also have the option of still settling
9 those in Connecticut, which means you might have
10 zero for New Hampshire compliance?

11 MS. CHIAVARA: I believe that the ones
12 we've purchased already are New Hampshire RECs.
13 I can't be certain. But, if you'd like me to
14 double-check with staff, I can do that. But I
15 believe they are New Hampshire RECs.

16 MS. CRAMTON: Okay. Thank you.

17 MS. CHIAVARA: Sure.

18 MS. CRAMTON: And thank you,
19 Chairwoman, for the opportunity.

20 CHAIRWOMAN MARTIN: Okay. Thank you,
21 Ms. Chiavara. Mr. Dean.

22 Can't hear you. You may be on mute.

23 MR. DEAN: Thank you. So, let me
24 apologize for two things. One, for not unmuting

1 quickly enough. And, two, for the dramatic
2 lighting here, we have no power or internet. So,
3 I'm working off a cellphone hotspot and natural
4 lighting. Anyways, appreciate the opportunity to
5 provide comments for New Hampshire Electric
6 Cooperative today.

7 It seems like some of the key factors
8 that are usually discussed at these hearings, and
9 I've participated in a number of them over the
10 years, are really not things we're arguing about
11 today. I mean, it sounds like everyone agrees,
12 because there are fewer Class III RECs being
13 produced by biomass entities in the state, and
14 because there are higher prices in Connecticut,
15 there is a shortage or a scarcity of these RECs
16 available for the retail entities to meet their
17 REC obligations.

18 And, so, I'll just try to quickly
19 address, without going through the details of our
20 written comments that have already been provided.
21 A couple of points, and I think specifically
22 referencing what Bridgewater has suggested, the
23 idea that there be some future requirement that
24 retail suppliers be able to come forward and

1 prove these offers that it's made near the
2 alternative compliance payment or some market
3 level earlier in the year than currently happens.

4 And, from an entity that is out there
5 trying to meet its obligations, and do that in a
6 way that is cost-effective for its member
7 ratepayers, that proposal, in addition to maybe
8 the lack of statutory authority for that kind of
9 requirement, poses some practical constraints.
10 And those are largely built around what the
11 retail supplier doesn't know in Quarter 1 or
12 Quarter 2, or maybe even Quarter 3.

13 That the Co-op, for example, has --
14 some of its RECs are from longer term contracts.
15 And we don't know, in Quarter 1, how many RECs a
16 facility we may have a contract with will produce
17 for the year. We don't know what our obligation
18 will be, because we don't know what our total
19 sales will be for the year. Obviously, to some
20 degree we'll know, because we have forecasts of
21 sales, but you don't know that. We don't really
22 know what's taking place in the marketplace.
23 We're buyers. We have communications with
24 brokers throughout the year. Co-op is always

1 looking to try to figure out whether it can
2 secure some portion of that portfolio of RECs
3 requirement at prices that are going to be
4 advantageous for its members. So, we're
5 monitoring that all the time. And I think
6 there's reference in our written comments about
7 essentially the derth of market information
8 available to a buyer this last year, as far as
9 transactions going on. And we don't know what
10 the plans are by the producers, where they're
11 going to sell their RECs.

12 So, there's a lot that we don't know
13 early in the year. And, at some point, while
14 it's great to have carryovers from previous
15 years, RECs that we've purchased hopefully at a
16 good price, maybe in connection with a purchase
17 power agreement as well in the past that have
18 those available, so we're not trying to fulfill
19 our entire requirement right at the end.

20 Inevitably, the way the system is set
21 up, where RECs are being produced in one period,
22 and you don't know until the end of that year
23 what some of variables that I talked about are,
24 you're going to have decisions that are made

1 towards the end of the compliance period.

2 So, as a practical matter, I think the
3 imposition of some sort of test of offers that
4 you've made to purchase RECs earlier in the year,
5 I just don't think that is going to be a
6 practical solution.

7 The one thing I would want to highlight
8 that was in the written statement is sort of the
9 real-world impact here. So, for the Co-op, for
10 example, it's basically a question of how much
11 its members are going to pay for Class III RECs
12 compliance associated with 2020. And we used, by
13 way of an example, the one-half percent rate that
14 was for sales, that requirement that was set back
15 in 2014, '15, and '16. If that's where an
16 adjustment went this year, that would result in
17 savings of \$1.7 million for the Co-op that would
18 flow through its power supply rates to members
19 who purchase power from the Co-op, which is a
20 meaningful number.

21 I think the question of how low an
22 adjustment would be, since everyone seems to
23 agree an adjustment is needed, again, as just
24 buyers in the market, I don't think we give the

1 information that you're really looking for,
2 because it's mainly a math problem, right?
3 You've got to get a reasonable estimate of what
4 will be available, based upon the information
5 that I think the Staff will have more access to,
6 certainly, than just the buyers. And then, you
7 look at that area in the statute, you know, that
8 bandwidth you have to make an adjustment.

9 And, so, I don't have a specific
10 recommendation, other than, I think as we've
11 testified in previous years, we'd like that
12 adjustment to be as low as you can go and still
13 be meeting the criteria in the statute.

14 CHAIRWOMAN MARTIN: Thank you,
15 Mr. Dean.

16 Commissioner Bailey, do you have
17 questions?

18 COMMISSIONER BAILEY: No thank you.
19 Thank you for your comments, Mr. Dean, in
20 advance.

21 MR. DEAN: You're welcome.

22 CHAIRWOMAN MARTIN: And, Ms. Cramton,
23 any follow-up questions for Mr. Dean?

24 MS. CRAMTON: If I may, just one

1 clarifying question.

2 In your written testimony, you
3 indicated that you had a certain number of RECs
4 banked from previous years. And then it appeared
5 that, just based on the simple math, that you had
6 no RECs purchased for this year. Is that a fair
7 assumption or do you have some Class III RECs
8 that you could use for compliance this year? Or,
9 I should say not "this year", for 2020 compliance
10 purposes?

11 MR. DEAN: Well, first, I'll be happy
12 to supplement this with real information, as
13 opposed to what I've gleaned from my
14 communication with folks at the Co-op.

15 But I believe that the Co-op would
16 still be using -- we have available to us, I
17 think -- I don't think we have any that were
18 purchased this year, 2020. I think they're all
19 holdovers at this point.

20 But I will get back to you after the
21 hearing with the confirmation of that
22 information.

23 MS. CRAMTON: Thank you.

24 CHAIRWOMAN MARTIN: Okay. Thank you.

1 And Attorney Roper and Mr. Allegretti.

2 Just a second. Steve, did you need
3 something?

4 MR. PATNAUDE: That was my wave to say
5 "I think he's on mute."

6 CHAIRWOMAN MARTIN: Okay. All right.
7 Thank you.

8 MR. PATNAUDE: I'm here for as long as
9 I can be.

10 CHAIRWOMAN MARTIN: Yes. Thank you for
11 joining us. Everyone is having power issues
12 today.

13 Okay. Attorney Roper.

14 MR. ALLEGRETTI: Thank you, Madam
15 Chair. I'll jump. My name is Dan Allegretti.
16 I'm with Sigma Consultants. And I'm here today
17 on behalf of my client, Constellation Energy.
18 I've asked their in-house attorney, Neal Roper,
19 to attend as well. At this point (*indecipherable*
20 *audio*) --

21 CHAIRWOMAN MARTIN: Mr. Allegretti, I'm
22 just going to -- I'm going to stop you for a
23 minute. Because you're cutting -- can you hear
24 me?

1 MR. ALLEGRETTI: Cutting in and out?

2 CHAIRWOMAN MARTIN: Yes. You are
3 cutting in and out. And I just want to make sure
4 that Mr. Patnaude can actually get you.

5 MR. ALLEGRETTI: Okay.

6 CHAIRWOMAN MARTIN: Yes. We're having
7 trouble hearing you. Steve, can you hear him?

8 MR. PATNAUDE: Well, I'm hearing him as
9 well as you're hearing him.

10 CHAIRWOMAN MARTIN: Okay.

11 MR. PATNAUDE: I was going to follow up
12 with an email to him to help me. But there are
13 going to be pieces that were missing.

14 CHAIRWOMAN MARTIN: Okay. Mr.
15 Allegretti, do you have other options for
16 connectivity? Commissioner Bailey, I saw your
17 hand.

18 MR. ALLEGRETTI: I have a cellphone.

19 CHAIRWOMAN MARTIN: Go ahead,
20 Commissioner.

21 COMMISSIONER BAILEY: Well, he could
22 either try telephoning in on the telephone or
23 maybe turning his video off while he's speaking.
24 That's not ideal, but --

1 CHAIRWOMAN MARTIN: Yes. Corrine, are
2 you on? Could you coordinate with Mr.
3 Allegretti, he can call in by phone? Because it
4 looks like we're losing him coming in by video at
5 the moment.

6 MR. ALLEGRETTI: I just dropped the
7 video link.

8 MS. LEMAY: Yes, I will.

9 MR. ALLEGRETTI: Is that better?

10 CHAIRWOMAN MARTIN: It sounds better.
11 Why don't we try that first. And then, if need
12 be, we'll go to the phone.

13 MR. ALLEGRETTI: Thanks, Madam Chair.
14 Please interrupt me if you're unable to hear me
15 or if I continue to break up.

16 CHAIRWOMAN MARTIN: Okay. Thank you.

17 MR. ALLEGRETTI: Let me begin again.
18 My name is Dan Allegretti. I am a consultant
19 with Sigma Consultants. I'm here on behalf of my
20 client, Constellation Energy. Constellation is
21 one of the largest load-serving entities in the
22 competitive market within the New England region,
23 and is therefore one of the largest buyers of
24 renewable energy certificates.

1 I have for many years worked closely
2 with Constellation's renewable trading desk,
3 which purchases certificates in conjunction with
4 their load across the New England region. And I
5 have testified in years past in these proceedings
6 on an annual basis.

7 Let me begin by saying I fully agree
8 with the comments of my longtime friend and
9 colleague, Mr. Dean. I think he very much hit it
10 on the head when he said "the issue for
11 discussion here today is not so much a matter of
12 what to do about 2020." There seems to be a
13 general consensus that a reduction is
14 appropriate, given the supply and demand in the
15 marketplace. But it is worth talking at least a
16 bit about some of the broader issues that were
17 raised by Bridgewater.

18 Based on my conversations with the
19 Constellation trading desk, it appears that most
20 of the New Hampshire Class III RECs do also
21 qualify in other jurisdictions, in particular as
22 Class I RECs in both Massachusetts and in
23 Connecticut. Looking at the marketplace, where
24 we have a \$34.54 alternative compliance payment

1 in New Hampshire, and a significantly higher ACP,
2 around \$50 in Massachusetts and \$55 in
3 Connecticut, the current market is selling RECs
4 that qualify in all three categories at somewhere
5 between the 34.54 and the \$50, somewhere in the
6 \$47 for 2020. And so, this is resulting in a
7 situation where most suppliers have no interest
8 in selling New Hampshire Class III RECs to meet
9 load-serving obligations in New Hampshire.

10 The economically rational behavior in
11 this situation is to sell those RECs into the
12 Massachusetts and Connecticut market at a higher
13 price. And that higher market price is
14 indicative that there is sufficient market demand
15 to support purchase of the entire supply of New
16 Hampshire Class III RECs that still qualify in
17 these jurisdictions, without the need for those
18 RECs to be settled in New Hampshire.

19 As a result, I think the Commission,
20 without a reduction, can expect to see a
21 significant amount of money paid in the form of
22 ACPs in compliance with 2020 requirements, rather
23 than seeing the competitive suppliers actually
24 settle Class III RECs. So, we would strongly

1 encourage reducing the requirement for the year
2 2020.

3 With regard to Mr. Maher's suggestion
4 that the buyers in the marketplace be under some
5 obligation to show that they have made through
6 the year certain good faith offers to purchase, I
7 think that's unnecessary, and I think it's a bit
8 one-sided. Certainly, it is possible in any
9 marketplace for buyers and sellers to engage in
10 behavior that may be anti-competitive, that may
11 result in some type of price manipulation. And
12 should that happen, it would certainly be
13 appropriate, for parties aware of such action, to
14 bring evidence before the Commission, to bring it
15 to the Commission's attention, and allow the
16 Commission to consider taking appropriate action.

17 But, here, to simply impose an
18 obligation on one side of the market, the
19 purchasers, and none on the sellers in the
20 marketplace, seems to be an unnecessary
21 regulatory burden.

22 In my view, these proceedings have
23 worked well in years past. They have afforded an
24 opportunity for both buyers and sellers to

1 present to the Commission whatever information,
2 what evidence they have that supports what's
3 happening in the market, and it gives a
4 description of what both the supply and the
5 demand, as well as the market behavior is in this
6 regional REC market.

7 And so, we would encourage you to keep
8 with the process that you've been using. In our
9 view, it's worked well. And we would encourage
10 you to cut the 2020 requirement based on a lack
11 of supply in the New Hampshire market, and based
12 on the nature of this regional market that has
13 created an out-of-state demand that is more than
14 adequate to support, for the year 2020, the
15 sellers of these RECs within the State of New
16 Hampshire.

17 With that, I'm happy to take any
18 questions. Thank you. Did I come through okay?

19 CHAIRWOMAN MARTIN: Loud and clear.

20 Thank you.

21 MR. ALLEGRETTI: Wonderful. Thank you.

22 CHAIRWOMAN MARTIN: You're welcome.

23 Thank you.

24 Commissioner Bailey, do you have

1 questions?

2 COMMISSIONER BAILEY: I have a
3 question. And, Mr. Allegretti, you can answer
4 it, if you think you know the answer.

5 But I'm just curious. Why do you think
6 some of the Class III suppliers in New Hampshire
7 didn't generate this year?

8 MR. ALLEGRETTI: I don't know, to be
9 honest. We're on the buy side, and I'm just not
10 aware of why.

11 COMMISSIONER BAILEY: Okay. Thanks.

12 CHAIRWOMAN MARTIN: Okay. And last
13 person that we have, I want to ask Director
14 Cramton if she would like to ask any other
15 information of this commenter?

16 MS. CRAMTON: Thank you.

17 I think Commissioner Bailey asked
18 someone previously "do you know what that magic
19 number should be that we should be setting the
20 obligation at?" So, I guess I'm allowed to ask
21 that, since she didn't.

22 MR. ALLEGRETTI: I would say, you know,
23 given that the current market is somewhere around
24 \$47, and the current ACP is somewhere around \$34

1 or \$35, I see no reason why you couldn't go to
2 the maximum reduction allowable. I think -- I
3 think there's a pretty wide amount of room there
4 in the marketplace to continue to support the
5 RECs for 2020, particularly given where we are in
6 the year. So, we would encourage you to go to
7 the max on 2020.

8 MS. CRAMTON: Okay.

9 CHAIRWOMAN MARTIN: Okay. Thank you,
10 Mr. Allegretti.

11 I have gone through my list. Has
12 anyone else joined who wants to make public
13 comment?

14 *[No indication given.]*

15 CHAIRWOMAN MARTIN: All right.

16 MR. WARSHAW: Yes. This is John
17 Warshaw, from Liberty Utilities.

18 CHAIRWOMAN MARTIN: Okay. Welcome,
19 Mr. Warshaw. Go ahead.

20 MR. WARSHAW: Yes. Hi. I wanted to
21 speak regarding this quantity of RPS obligation
22 for Class III.

23 Liberty Utilities goes out with
24 competitive solicitations to purchase, you know,

1 these RECs. And, last year, we were successful
2 in being able to purchase what we thought would
3 be our entire obligation for 2020. And I
4 actually have purchased sufficient RECs to meet
5 the obligation.

6 My concern would be that, if these
7 RECs -- if the obligation gets reduced
8 significantly, and Liberty has to bank those
9 RECs, if, in the future, the obligation also is
10 dropped significantly from where it is -- where
11 it is proposed to be, I am concerned that we
12 could have RECs that we have purchased, we're not
13 able to resell them, and that those costs could
14 be stranded and not able -- and possibly not be
15 able to be used to meet the RPS obligation, but
16 still becoming a cost to our customers.

17 And that's the -- that's my complete
18 comments. Willing to take any questions.

19 CHAIRWOMAN MARTIN: Okay. Thank you,
20 Mr. Warshaw.

21 Commissioner Bailey.

22 COMMISSIONER BAILEY: Thank you.

23 Mr. Warshaw, is there a rule or a
24 reason why you can't resell them?

1 MR. WARSHAW: They came in earlier, in
2 a previous quarter, and were retired. I did
3 not -- you know, I wasn't considering banking
4 them for potentially reselling. I have never --
5 Liberty, to my knowledge, has never resold a REC
6 that it's purchased. If we've been long, we've
7 always been able to bank them. We stay
8 relatively close to what our obligation is. So,
9 if we do bank, it's been, you know, a small
10 quantity to bank.

11 This would be a very large quantity
12 that we'll have banked. And I do know that the
13 rules are we could use it over the next couple of
14 years, but I just don't want, you know, that to
15 end up being a significant amount of RECs that
16 turn out to be unusable for our Class III
17 obligation.

18 COMMISSIONER BAILEY: And you bought
19 all these RECs that you have in the bank in 2020?

20 MR. WARSHAW: Yes. Well, I contracted
21 for them in 2020. The last transaction was at
22 the beginning of January. That was the Q3 --
23 beginning of the Q3 2020 trading period.

24 COMMISSIONER BAILEY: Okay. Thanks.

1 Maybe now Ms. Cramton has some follow-ups.

2 CHAIRWOMAN MARTIN: Go ahead, Director,
3 if you do.

4 MS. CRAMTON: Great. Thank you. No,
5 Commissioner Bailey. That was a good question,
6 and thank you for the clarification from
7 Mr. Warshaw. But I'm good.

8 CHAIRWOMAN MARTIN: Okay. Anybody else
9 who would like to be heard?

10 *[No indication given.]*

11 CHAIRWOMAN MARTIN: Thank you, Mr.
12 Warshaw.

13 With that, I think we've gone through
14 the list and taken all of the public comment. I
15 want to thank everybody for taking the time to
16 come today. It is very helpful to us in making
17 this decision.

18 And we will adjourn for the day. Have
19 a good day.

20 ***(Whereupon the hearing was adjourned***
21 ***at 2:22 p.m.)***

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