

**Exhibit IV-8: CORE Program Capacity Reductions
Based On Measures Installed Between June 16, 2006 and April 30, 2007**

	Coincident With ISO-New England Peak	
	Summer kW	Winter kW
Residential (nhsaves@home)		
ENERGY STAR Homes	22	50
Home Energy Solutions	125	298
Home Energy Assistance	73	133
ENERGY STAR Lighting	507	1,907
ENERGY STAR Appliances	165	167
Residential Utility Specific	9	190
Total Residential	901	2,745
Commercial & Industrial (nhsaves@work)		
Small Business Energy Solutions	1,187	737
Large Business Energy Solutions	2,458	1,838
New Construction	1,205	887
C & I Utility Specific	137	113
Total Commercial & Industrial	4,986	3,575
Grand Total (June 16, 2006 – April 30, 2007)	5,888	6,320
Average kW/Month	535	575
Annualized Coincident Capacity Savings	6,423	6,895

PSNH has developed the necessary reporting and Measurement and Verification (“M&V”) plans needed to evaluate the impact of efficiency measures at the time of system peak and thus the capacity reduction value that qualifies for ISO-New England payments. PSNH has successfully qualified its CORE programs capacity reductions and has been receiving payments on behalf of its customers since the start of the Transition Period in December 2006. Furthermore, PSNH is on track to bid its CORE program capacity reductions into the first Forward Capacity Auction in February 2008 and to have placed in service more than 16 MW by June 1, 2010, the start of the FCM’s first “commitment period”.

Recognizing that the New England electrical grid peaks in the summer, PSNH’s cost of the capacity reductions resulting from the CORE programs are estimated by dividing the annual program costs (including an estimated 10 percent shareholder incentive) by the Annualized Summer kW Coincident Capacity Savings from Exhibit IV-8. This calculation results in PSNH’s estimated cost of capacity reductions resulting from the CORE programs at \$12.50 / kW-month (assuming a 14 year measure life).

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C. Cost of Compliance

If the RPS requirement can not be met through ownership of qualified renewable generation sources or the purchase of Renewable Energy Certificates from a qualified renewable generation source, the provider has the option to pay the Alternative Compliance Payments (“ACP”) to the State of New Hampshire. The 2008 ACP rates for each MWh not met for a given class obligation through the acquisition of certificates are \$57.12 for Class I, \$150 for Class II, and \$28 for Classes III and IV. Beginning in 2008, the Commission will adjust these rates by January 31st of each year using the Consumer Price Index (“CPI”).

If PSNH were to fulfill its RPS requirements solely through Alternative Compliance Payments, the cost to PSNH’s customers would be about \$1.7 billion cumulatively between 2008 and 2025. Exhibit X-2 demonstrates the annual RPS compliance costs using the ACP. The CPI was assumed to be about 2.2 percent for this illustrative analysis. This analysis is an appropriate benchmark to use to assess the cost of compliance for PSNH since the purchase price of RECs from the marketplace is expected to approach the cost to customers from ACPs.

Exhibit X-2: Annual RPS Compliance Costs

(\$000s)	2008	2009	2010	2011	2012	2013	2014	2015	2025
Class I	\$0	\$2,508	\$5,243	\$10,973	\$17,321	\$24,090	\$31,569	\$39,702	\$167,736
Class II	\$0	\$0	\$551	\$1,153	\$2,274	\$3,163	\$4,974	\$5,213	\$8,259
Class III	\$8,234	\$11,066	\$14,136	\$17,482	\$18,396	\$19,189	\$20,118	\$21,084	\$33,403
Class IV	\$1,176	\$2,459	\$2,570	\$2,689	\$2,830	\$2,952	\$3,095	\$3,244	\$5,139
Total	\$9,411	\$16,033	\$22,499	\$32,297	\$40,822	\$49,395	\$59,756	\$69,242	\$214,538

D. PSNH’s Renewable Strategy

PSNH is focused on long-term renewable resources. Currently, the renewable power included in PSNH’s resource supply mix includes hydroelectric, wood, and wind resources. PSNH was able to successfully expand its portfolio by constructing a wood-fired boiler at Schiller Station. Additionally, PSNH has refurbished its Smith Hydro plant to provide a greater amount of renewable energy and is working with developers on wind projects in New Hampshire.

PSNH sees significant value in investing in additional renewable power as part of its energy portfolio. The portfolio in section VIII demonstrates PSNH’s desire to meet customers’ resource needs with a combination of energy efficiency and renewable generation. Specifically, 50 megawatts of biomass generation and between 50 and 100 megawatts of other renewable generation would not only provide a lower cost option of complying with New Hampshire’s RPS, but also provide additional generation for PSNH, thus reducing the amount of market purchases currently required.

PSNH continues to aggressively manage its generating assets to provide low-cost transition/default energy service to customers. With a large number of above market IPP contracts expiring in the next couple of years, and a vibrant REC market developing in New England, PSNH sees renewable power as a viable strategy to help keep energy prices stable.

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