Tamarack Energy, Inc.
340 Granite St., 3rd Floor
Manchester, NH 03102
Tel: 603.391.3306
Fax: 603.624.8307
info@TamarackEnergy.com
www.TamarackEnergy.com

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June 16, 2006

Energy Planning Advisory Board
c/o Kim Smith
NH Public Utilities Commission
21 South Fruit Street, Suite 10
Concord, NH 03301

Dear Energy Planning Advisory Board Members:

Thank you for the opportunity to provide comments on the key issues for Legislative and Executive action for the stat's energy policy. We greatly appreciate that you are undertaking a stakeholder process to seek input, and look forward to working with you to assist in any way we can in developing and implementing the state's energy policy.

Background

Tamarack Energy serves as a developer, advisor, and investor in cost-effective, sustainable and reliable energy solutions. Our team includes experienced project developers, energy economists, financial analysts, and program managers who have participated in the development of over 2,000 MW of power projects, including more than 500 MW of renewable energy. Our projects use a wide range of clean energy technologies, including solar, wind, biomass, combined heat and power (CHP), geothermal and hydropower. We work with clients on all aspects of projects, from site assessment and selection, to technical configuration, to financial structuring, through project development. We have projects in several other states, including Massachusetts, Connecticut, New York, Pennsylvania, California and Arizona, and we are very interested in developing renewable energy projects in New Hampshire.

The Challenge

As identified in the 2002 NH Energy Plan (NHEP), it is the policy of the state to provide "reliable and diverse" energy sources to meet our energy needs. NHEP §8.1, citing NH RSA 378:37. The plan set forth principles for the state's energy policy, and a general recommendation that "we should consider energy policies and programs that take advantage of new technologies, promote energy efficiency, encourage the development of cleaner, affordable alternative energy sources, utilize our plentiful renewable energy resources, and reduce our dependence on foreign oil." NHEP §1.1.

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The 2002 NHEP reported that in 2000 renewable energy sources (largely hydro and biomass) made up only about 13.4% of the state's generation (NHEP Table 8.1). The NHEP "base case" forecasted a decrease in renewable generation by 2005 to 11.5%, as a result of the end of long-term contracts and rate orders with hydros and biomass plants. This trend was forecasted to continue unless the state makes policy changes to promote the development of clean, renewable, domestic energy resources.

The NHEP also identified several policies related to renewable energy that the state should pursue and made several concrete recommendations. They include the establishment of a Renewable Portfolio Standard (Recommendation 1.3.2.1), purchasing renewable energy for use by state government facilities (1.3.3.1), and the use of biodiesel fuel in the state fleet (1.3.3.2). The EPAB recently released its annual report on its progress on these goals, which indicated none of these goals has been met, and reiterated strong recommendations to strive toward achieving them.

The Benefits of Renewable Energy

Clean renewable energy resources use innovative technology that is ready for use today to meet our energy needs. It allows us to avoid generating electricity from fossil fuel plants that have higher, as well as volatile, fuel costs and hard to quantify environmental and public health risks. Renewable energy sources are also important for our national energy security and for fostering greater energy independence for New Hampshire and for the country.

New renewable energy development can mean economic development for the state. New projects generate jobs and bring in property and business tax revenues. They can also have other benefits, such as preservation of open space, wildlife habitat, and places for recreation, and important benefits for local economies, especially in the case of biomass plants.

Removing barriers to the use of renewable energy technologies helps to balance out a competitive disadvantage that occurs in the marketplace. Through policies like a Renewable Portfolio Standard, policymakers level the playing field and allow clean energy sources to be part of our competitive energy markets. An RPS is a market-based mechanism that puts the risk of building new clean energy on shareholders, not on ratepayers, while providing a market for the beneficial attributes of domestically produced clean renewable energy.

We believe that the benefits of increasing New Hampshire's renewable energy generation include economic development, fuel diversity, energy price stability, and environmental benefits. An RPS helps recognize that electricity generated from renewable sources has added benefits to society over more traditional fossil fuel-based electricity generation that simply provide electricity. Electricity from renewable sources means more investment capital and jobs for New Hampshire, fuel independence, less volatile and more predictable energy prices, and environmental and public health benefits. RPS legislation is one important way that New

Hampshire can recognize the positive attributes renewable energy can provide, and be part of creating a new energy future.

New Hampshire has long recognized the importance of a diverse energy supply, and unlike many other states, has supported the goal of encouraging fuel diversity. It is now time for the state to actively move forward with policies that implement these goals, so that New Hampshire can be a renewable energy leader in the region.

Renewable Portfolio Standards

Today at least twenty-one states have some form of Renewable Portfolio Standard. (See attached map from www.dsireusa.org). These RPS policies range from a goal of 20% renewable energy by 2010 in California, to 18% by 2020 in Pennsylvania, to 25% by 2013 in New York.

In New England, four states have an RPS, and Vermont has a renewable energy goal of 10% by 2012. Maine's goal is 30% by 2000, but its RPS has been criticized because it can be met with existing resources. Massachusetts is aiming for 4% by 2009, but has been criticized for being too restrictive, only allowing a few new resources to qualify. Similar to Rhode Island, which has taken more of a middle ground approach with a mix of existing and new resources, New Hampshire can learn much from the states that have gone before us.

Our business focus to date has been in states where there is an RPS or some other initiative to remove barriers to renewable energy development. The market barriers that currently exist for renewable projects require that at least in the short term, states level the playing field if they want to see the benefits of renewable energy in their generating portfolios.

The 2002 NHEP recognized the benefits of an RPS: "an RPS is the most efficient way to assure that existing renewable generation has the ability to compete, and that new renewable generation can be built. Allowing renewable generators the opportunity to compete against one another, with a guaranteed market for some fixed level of renewable generation, protects ratepayers while promoting environmental stewardship and energy security." NHEP §8.5.3.

As you know, during the last legislative session Senate Bill 314 was considered and received the attention of many stakeholders interested in advancing the state's energy policy. We believe that the groundwork laid by that bill, along with the new Energy Policy Commission created by House Bill 1146, provides the state with a strong foundation to craft and implement an RPS that will benefit the state and the region. We look forward to continuing to work with the diverse stakeholder group to assist policy makers in developing an RPS that works for New Hampshire, and provides useful market-based incentives for the development of renewable energy.

Other Renewable Energy Programs

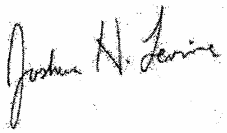
Other states have successfully increased the generation and use of renewable energy through mechanisms in addition to an RPS. For example, in Connecticut and Massachusetts policymakers have created state funds to support renewable energy development. These competitive funding mechanisms provide important resources for renewable energy developers at a small cost for ratepayers, who realize the many benefits of renewable energy. The Massachusetts Technology Collaborative administers the Renewable Energy Trust, a fund that supports clean energy generation, innovative businesses, research, green buildings, and policy development. (See www.mtpc.org). Since its creation in 2000, the Trust has funded over 100 megawatts of clean energy in the region, and supported over 350 diverse projects from green buildings to municipal- and small-scale solar and wind installations. The Trust has spurred private investment, technological innovation, and job creation in the Massachusetts economy.

In Connecticut, the Clean Energy Fund promotes the development and commercialization of clean energy technologies, and stimulates markets for electricity from renewable energy sources. (See www.ctcleanenergy.com). The Fund provides rebates and incentives for clean energy, from small scale residential solar systems, to utility-scale projects. Under the "Project 100" program, the Fund provides financial incentives for developers of clean energy in the state who are also eligible for long-term market-based contracts with the state's electric distribution companies.

It is important to note that both Massachusetts and Connecticut have RPS policies in place, and still have chosen to go beyond to provide incentives for renewable energy that leverage private investment, create high technology jobs, and provide stable clean energy from domestic resources. These states understand that renewable energy must be an important part of New England's energy future, and that without a level playing field they often cannot compete. We believe that New Hampshire can benefit from the experiences of these programs to develop policies and programs that bring the same benefits of renewable energy development and generation to the state.

Tamarack Energy is pleased to provide this information to the Board. We look forward to serving as a resource as you determine the most appropriate energy policies for New Hampshire.

Sincerely,



Joshua H. Levine
Project Developer

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