



The State of New Hampshire
DEPARTMENT OF ENVIRONMENTAL SERVICES



Thomas S. Burack, Commissioner

August 18, 2008

Debra A. Howland
Executive Director
Public Utilities Commission
21 S. Fruit St., Suite 10
Concord, NH 03301-2429

Re: Docket Number DE 08-053, PSNH Small Hydroelectric Facilities Applications for Class IV Certification pursuant to RSA 362-F

Dear Ms. Howland:

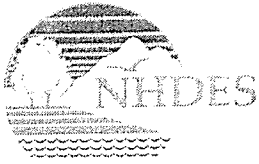
The Department of Environmental Services (DES) would like to submit the following comments relative to Class IV certification of small hydroelectric facilities pursuant to RSA 362-F (Electric Renewable Portfolio Standard). As you know, DES worked with legislators, stakeholders and the Public Utilities Commission on House Bill 873 establishing minimum renewable standards for energy portfolios which passed and was adopted as RSA 362-F. During legislative testimony (attached) to the Senate Committee on Energy, Environment, and Economic Development on HB 873, DES indicated that the Class IV facilities in HB 873 were small hydroelectric facilities that had both upstream and downstream fish ladders. These facilities were identified as warranting economic incentive through the mechanisms in HB 873. The reference in the final statute (RSA 362-F) to "approved under its FERC license or exemption" was intended to set a standard for the construction of the required fish ladders. Concern was expressed by various stakeholders that without that language, a facility could add a substandard structure, claim it to be a fish ladder and, thereby qualify as a Class IV facility. Numerous discussions with both House and Senate Committees focused on limiting Class IV facilities to those with existing fish ladders.

We hope this helps in your deliberations concerning Class IV certifications. Should you have further questions or need additional information please feel free to contact me (271-1088, robert.scott@des.nh.gov) or Joanne Morin, Climate and Energy Program Manager (271-5552, joanne.morin@des.nh.gov).

Sincerely,

Robert R. Scott
Director
Air Resources Division

cc: List Serve



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Date: April 17, 2007
Time: 1:15 p.m.
Room: State House Room 100

The Senate Committee on Energy, Environment and Economic Development held a hearing on the following:

HB 873-FN-L establishing minimum renewable standards for energy portfolios.

Members of Committee present: Senator Fuller Clark
 Senator Hassan
 Senator Cilley
 Senator Sgambati
 Senator Barnes
 Senator Odell

Senator Martha Fuller Clark, D. 24: I'd like to have the attention of everyone here before I actually have Senator Hassan open the hearing on HB 873. We have allowed two hours for this bill. You will know that the House Committee had an all-day hearing on this legislation, at which the members heard overwhelming support for the RPS bill. So far, looking at our list, that no one has signed up in opposition to this bill. So when many of you might like to speak, it's really important that we bring this hearing to a close around quarter of three, if at all possible. So I really would encourage you, if you have written testimony, to hand it in; but we'd like to be able to move this bill forward.

And so I just wanted -- and the first part of the hearing testimony will be an explanation for the Committee members from both Joanne Morin, from the Department of DES, who has provided extraordinary leadership as we have shaped and reshaped and reshaped this legislation, and also then from Ross Gittell, who will provide the information that looks at the economic impact. And then, after, but we'll let the sponsors or co-sponsors to be able to speak first, just to open the hearing, and then we will call on other individuals. So just so that you have a sense of how we're going to proceed, I wanted to lay that out at the very beginning. And now I would like Senator Hassan to open the hearing.

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We adjusted the alternative compliance payments. As you know, how you comply with this bill is either by buying RECs on the market; if RECs are not available because of a maximum price, the electric supplier can pay into an alternative compliance payment; it's basically a price cap on this, it's very common in RPS bills. And we wanted to -- we're trying to make a regional market and so we just matched our payments for new renewables to the Massachusetts market to make them more fluid and joint regional market that seems to be driving the prices as the mass market. But those are very slight adjustments.

And then, Bob Scott also spoke to the thermal study committee, and the thermal energy is energy to produce heat, if you're not familiar with that term. So, wood-pellet stoves for heating is the part that we'd like to try to get some incentive on the thermal side; in other words, producing heat with renewables. This is an electric Renewable Portfolio Standard for that study committee. So those are the main changes.

Senator Martha Fuller Clark, D. 24: Are there other questions for either Bob Scott or Joanne Morin? Senator Odell.

Senator Bob Odell, D. 8: Thank you, Madam Chair. Tell me a little bit about the fish ladders, and how important that is, and ... whether or not we've addressed the right kind of fish and things in this, I've heard we might not have, and --

(Laughter.)

Ms. Joanne Morin: I'll try. We might have to defer to stakeholders. But the idea being that we were -- the concept behind it is to incent those hydroelectric facilities that are more at risk of not being able to compete economically because they have additional requirements or that they're just very small, so that the economics are more difficult. So, and also there's a push-and-pull on hydro; you know, you know, some people think any hydro-electric is very positive renewable energy. There are some that feel that there's an environmental tradeoff in terms of impacts to streams and fishways and fish and so forth.

So what this says is that the ones that would get this RPS additional incentive would be ones that actually have both fish ladders for wild fish to migrate up and downstream. The word that was used would include things like migrating eels as well as things like salmon that spawn upstream, as opposed to eels that live upstream and go to the ocean to breed. So it's trying to do joint, as I understand it, and a stakeholder may have to -- I'm not an expert, but that's I think the layman's explanation.

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Director Robert Scott: "Dianadromous" (laughing).

Ms. Joanne Morin: Diana ..., yeah. Which would include both the eels and the salmon; in other words, both the eels that need to come down and the salmon that need to come up to spawn.

Director Robert Scott: So the language now allows free flow of fish going both ways, basically.

Ms. Joanne Morin: Both ways. So we believe these to be the most -- you know, that's a lot of investment for a small dam, and those to warrant an economic incentive.

Senator Martha Fuller Clark, D. 24: Yes, follow-up.

Senator Bob Odell, D. 8: How do we get to the five megawatts, we're talking about hydro; who's included or who's not included?

Ms. Joanne Morin: We looked at that, it includes a large -- I don't have the percentage off the top of my head; we did look at New Hampshire's facilities, we believe it includes a large percentage, you know, greater than three-quarters of the facilities in New Hampshire. There are some large facilities in New Hampshire that would not be included. And we also feel there is relatively smaller competition from the other states at that level, so that's one consideration. Kind of a little bit of a favoring New Hampshire facilities.

Is it a scientific number, five versus six or seven? No. I can't say that it is. A little bit more of a level of magnitude in terms of being a very small number that everyone was comfortable with that tried to bring in as many small hydro projects in New Hampshire.

Director Robert Scott: And, again, as I mentioned, we were trying to tailor this as much as possible to New Hampshire; that overall we're worried about -- there's a concern that perhaps Quebec Hydro plants could just -- we'd basically be sending all our money to Quebec, and we didn't think that was such a good idea, so we were setting a limit, basically.

Senator Bob Odell, D. 8: Thank you. Thank you, Madam Chair.

(Please see above-referenced NH Department of Environmental Services packet attached hereto as Attachment #2.)

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I will be very brief. We are in support of the bill as it currently stands. National Grid does support Renewable Portfolio Standard policies. The committee (sic) feels that it's a very important additional tool to add to other tools that customers have, namely, energy efficiency programs which the company has been very committed to, is very committed to working with customers to help them manage their energy bills and mitigate price volatility.

There are two aspects of the bill that are of particular importance to the company that we're supportive of the way it's currently drafted. One has to do with reference to the default service charge and recovering compliance costs with the RPS through that charge. I think the company, and other stakeholders, agreed and recognized that compliance costs are a supply-related cost. And for National Grid, who's out of the generation business and purchases all of its electricity needs on the competitive market, it recovers prudently incurred costs through that default service charge, and so this legislation recognizes that RPS compliance costs should also be recovered there.

And then the other provision that's of importance to National Grid, and we support the way it's currently drafted, is the long-term contracting language, or the multi-year contracting language which is written as being voluntary, and the company supports that. It gives companies, the customers and other stakeholders flexibility in not mandating anything that could potentially have unintended consequences.

Senator Martha Fuller Clark, D. 24: Thank you very much.

Ms. Heidi Kroll: So with that, I will wrap it up.

(Please see written testimony of National Grid hereto attached as Attachment #13.)

Senator Martha Fuller Clark, D. 24: Questions for Ms. Kroll? Thank you. Jonathan Winer. Granite State Hydro Association.

Mr. Jonathan Winer, Granite State Hydropower Association: Thank you, Madam Chair. My name is Jonathan Winer, on behalf of the --

Senator Martha Fuller Clark, D. 24: "Winer," I'm sorry.

Mr. Jonathan Winer: That's fine -- Granite State Hydropower Association. Very briefly, in light of the clock, we support the bill as drafted. What we ask