

THE STATE OF NEW HAMPSHIRE

BEFORE THE

NEW HAMPSHIRE PUBLIC UTILITIES
COMMISSION

Docket No. DE 10-XXX

Renewable Energy Service Rate

DIRECT TESTIMONY OF

Richard H. Branch

December 1, 2010

1 **I. INTRODUCTION**

2 **Q. Please state your name, position and business address.**

3 A. My name is Richard H. Branch. My business address is PSNH Energy Park, 780 North
4 Commercial Street, Manchester, New Hampshire. I am an Analyst in the Business
5 Planning and Customer Support Services Department for Public Service Company of
6 New Hampshire (PSNH).

7 **Q. Have you previously testified before the Commission?**

8 A. No. A summary of my educational background and experience for Mr. Branch is
9 contained in Attachment 1.

10 **Q. What is the purpose of your testimony?**

11 A. The purpose of my testimony is to request the Commission Staff update the Renewable
12 Default Energy Rate.

13 **II. BACKGROUND**

14 **Q. Why does PSNH offer a Renewable Default Energy Service Rate?**

15 A. PSNH offers a Renewable Default Energy Service Rate because our customers expressed
16 an interest in purchasing electricity generated from renewable fuel sources. In addition,
17 offering a Renewable Default Energy Service Rate is consistent with PSNH's
18 commitment to supporting new renewable generation in New Hampshire, protecting New
19 Hampshire's natural environment and supporting New Hampshire's clean energy goals.

1 Finally, the New Hampshire legislature passed House Bill 395, which requires electric
2 utilities to offer to its customers one or more renewable energy source options. PSNH
3 worked with the legislature on House Bill 395 and made a commitment to seek the
4 Commission's approval of a Renewable Default Energy Service Rate following the
5 passage of the bill.

6 **III. PROGRAM DESCRIPTION**

7 **Q. Please briefly describe PSNH's proposed Renewable Default Energy Service Rate.**

8 A. Under PSNH's proposed Renewable Default Energy Service Rate, PSNH's default
9 energy service customers will be provided with the opportunity to support the
10 development of new renewable sources of generation in New England. PSNH will
11 purchase and retire, on the participating customers' behalf, renewable energy certificates
12 (RECs) from new renewable sources of generation in New England that match either all
13 or a portion of the customers' actual energy use. Customers taking service under the
14 Renewable Default Energy Service Rate will be billed at the Default Energy Service Rate
15 plus an additional charge (in cents per kilowatt-hour) based on the renewable option
16 chosen.

17 **Q. What type or class of RECs will PSNH purchase on behalf of its customers taking** 18 **service under the Renewable Default Energy Service Rate?**

19 A. As allowed under House Bill 395, PSNH will purchase RECs from facilities that are
20 certified as Class I or Class II generation resources under the New Hampshire Electric
21 Renewable Portfolio Standard (RSA 362-F:4-I), or are capable of earning certification
22 under RSA 362-F:4-I. Class I generation resources are defined as new renewable
23 resources (began operation after January 1, 2006). Examples of Class I generation

resources include: wind energy, geothermal energy, hydrogen derived from biomass fuels or methane gas, ocean thermal or tidal energy, and methane gas. Class II generation sources are defined as new solar technologies that began operation after January 1, 2006. In addition, PSNH will only purchase RECs associated with renewable generation resources, as defined above, that are physically located within the New England region.

IV. RATE SETTING AND COST RECOVERY MECHANISM

Q. How have the rates been established for each option under the Renewable Default Energy Service Rate?

A. PSNH utilized a regulatory process similar to the existing process utilized for PSNH's Default Energy Service Rate for the rate setting and reconciliation of revenues and expenses associated with the Renewable Default Energy Service Rate. The Forecasted Renewable Default Energy Service Rate will not exceed the applicable alternative compliance payment (ACP) for Class I resources established pursuant to the Electric Renewable Portfolio Standards (RSA 362-F:10).

Q. What costs are included in the calculation of the Renewable Default Energy Service Rate?

A. PSNH has included the forecasted incremental cost of the RECs to be purchased to meet the requirements of the customers participating in the Renewable Default Energy Service program in the calculation of the Renewable Default Energy Service Rate.

Q. What will PSNH's obligation be, in terms of MWH, for the Renewable Default Energy Service Rate from 2010?

1 A. Using projections for November and December it is estimated that PSNH's obligation
2 under the Renewable Default Energy Service Rate will be 200 MWH. Using the
3 approximate ratio of 98% Class I and 2% Class II RECs established in the original filing
4 (09-186) it is estimated that PSNH will need to obtain 196 Class I RECs and 4 Class II
5 RECs.

6 **Q. Has PSNH collected enough revenue from the Default Energy Service Rate to meet**
7 **this obligation?**

8 A. Yes. Using the estimation of 200 MWH, PSNH will have collected approximately
9 \$7,022.00. Current pricing for NH Class I RECs are in the \$14-\$18/MWH range, and
10 Class II REC are approximately \$75/MWH. This results in an obligation cost of
11 approximately \$3,272.00 and a resulting over collection of approximately \$3,750.00.

12 **Q. Was there an under/over collection of funds?**

13 A. PSNH received a relatively small amount of over collection and with the uncertainty
14 regarding November and December 2010 projections, PSNH would prefer that this over
15 collection be held in an escrow account with carrying charges and be dealt with in a
16 subsequent Renewable DES filing, either in July 2011 or January 2012. As an alternative
17 the over collection could be forwarded into the State's RPS fund once the full 2010
18 reconciliation has taken place.

1 **V. ESTIMATE OF RENEWABLE DEFAULT ENERGY SERVICE**
2 **RATE**

3 **Q. Please estimate the incremental monthly bill impact of the renewable default energy**
4 **service options for a residential customer using 500 kilowatt-hours per month and**
5 **for a small business customer using 10,000 kilowatt-hours per month for the 25%,**
6 **50% and 100% options.**

7 A. The incremental monthly bill impact of the renewable default energy service options for a
8 residential customer using 500 kilowatt-hours per month and for a small business
9 customer using 10,000 kilowatt-hours per month are summarized in Attachment 2. As
10 shown, the monthly bill impact for a residential customer using 500 kilowatt-hours per
11 month ranges from \$2.47 per month for the 25% option to \$9.86 per month for the 100%
12 option; while the monthly bill impact for a small business customer using 10,000
13 kilowatt-hours per month ranges from \$49.30 per month for the 25% option to \$197.20
14 per month for the 100% option.

15 **VI. PROPOSED TARIFF AND EFFECTIVE DATE**

16 **Q. Has PSNH included proposed tariff language for the Renewable Default Energy**
17 **Service Rate options in this filing?**

18 A. Yes. PSNH's proposed tariff language for the renewable energy service options is
19 contained in Attachment 3. PSNH plans to add language relating to the renewable
20 default energy service options to PSNH's existing Default Energy Service Rate DE rate
21 schedule. For that reason, Attachment 3 contains a black-lined version of the Default
22 Energy Service Rate DE rate schedule which denotes the proposed tariff language
23 relating to the renewable default energy service options.

1 **Q.** **What is the proposed effective date for the Renewable Default Energy Service rate?**

2 A. The proposed effective date for the Renewable Default Energy Service rate is

3 January 1, 2011.

4 **Q.** **Does this complete your Testimony?**

5 A. Yes, it does.