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HPUC 30SEP16AM10:48

September 30, 2016

Ms. Debra A. Howland
Executive Director
New Hampshire Public Utilities Commission
21 South Fruit Street, Suite 10
Concord, NH 03301

Re: Public Service Company of New Hampshire d/b/a Eversource Energy
Auction of Electric Generation Assets
Docket No. DE 16-817

Dear Director Howland,

Please accept the following brief comments of the Office of Energy and Planning ("OEP") for filing in the above referenced docket pursuant to the procedural schedule approved by Secretarial Letter dated September 22, 2016.

OEP appreciates the opportunity to comment on the proposed auction design and process set forth in the September 12, 2016 report of JP Morgan, which has been marked as Exhibit 1 in this Docket. OEP believes that JP Morgan's proposed auction design - a two stage auction with an initial non-binding stage and a final binding bid stage - is appropriate and is likely to lead to the maximum transaction value possible.

OEP also supports the proposed process for grouping assets, which provides for maximum flexibility in Stage 1 of the auction, with the potential for some asset grouping in Stage 2 based on the bids submitted in Stage 1. OEP understands that regardless of any asset grouping, municipalities will have the option to bid on individual assets in the binding Stage 2 of the auction. OEP agrees that this approach both maximizes value and also provides appropriate flexibility to allow meaningful municipal participation.

With regard to municipal participation, OEP recognizes the particular challenges presented for municipalities, and supports the proposal in Commission Staff's September 21, 2016 letter at Paragraph 4 to provide interested municipalities with early access to data necessary for municipalities to make an informed and timely decision as to whether to authorize a binding bid in Stage 2 of the auction. OEP acknowledges that the proposed timing of the auction presents logistical challenges for the municipalities, but believes that the proposed early access to the CIM and the virtual data room is a reasonable accommodation of the needs of the municipalities without compromising the need for an expeditious auction process.

OEP notes that time is of the essence to complete the auction while interest rates remain low and capacity values remain high. With Eversource due to bid its generation into the next forward capacity market auction this coming February, it is essential that the auction proceed quickly as proposed by JP Morgan. Delay risks a reduced sale price and corresponding increases to stranded costs.

Finally, based on JP Morgan's preliminary recommendation for remediation of the mercury boilers at Schiller Station, OEP agrees that an upfront expenditure of approximately \$20 million for boiler remediation is likely to result in higher total transaction value to ratepayers by eliminating the expected discounting by bidders if the mercury boilers are not remediated. However, OEP is concerned that if remediation costs turn out to be significantly higher than estimated, ratepayers may see a net loss as remediation costs exceed bidder discounting. In addition, remediation costs that significantly exceed the estimated cost of approximately \$20 million would raise questions regarding the cause of the unexpected contamination that could implicate the prudence of Eversource's management of the site following decommissioning of the mercury boilers several decades ago.

Nevertheless, OEP supports the proposal set forth in Commission Staff's September 21, 2016 letter at Paragraph 2 to authorize the remediation contract, as OEP believes that the proposal adequately protects ratepayers from these risks by requiring Eversource to provide monthly reports and to seek Commission review and approval prior to authorizing the contractor to incur additional costs above the contracted estimate. In this way, if unexpected issues arise the Commission will be timely informed and will be in a position to make an appropriate prudency determination.

OEP strongly supports an expeditious, but deliberate and fair, auction process that will move quickly toward the completion of the divestiture of PSNH's generation assets as approved in Order No. 25,920. OEP respectfully urges the Commission to approve JP Morgan's proposed auction design and process and looks forward to a successful auction that brings the highest possible revenue from sale of the assets and results in the smallest possible stranded costs to be paid by ratepayers.

Thank you for your consideration of these comments.

Respectfully submitted,



Amanda A. Merrill
Director
Office of Energy and Planning

cc: Service List