



March 10, 2022

**VIA EMAIL TO**

Jared Chicoine, Commissioner  
New Hampshire Department of Energy  
21 South Fruit Street, Suite 10  
Concord, NH 03301-2429

**Re: Comments related to Adjustment to Renewable Portfolio Class III  
Requirements for Compliance Year 2021**

Dear Commissioner Chicoine:

Constellation NewEnergy, Inc. (“Constellation”), a licensed retail electric supplier actively doing business in the State of New Hampshire, respectfully submits the following comments in the above-captioned proceeding.

Constellation participated in the public hearing regarding the Adjustment to Renewable Portfolio Class III Requirements on March 3, 2022 (“Hearing”). In its verbal comments Constellation noted that throughout the year Class III RECs have been trading in the marketplace at prices above the New Hampshire Alternate Compliance payment rate of \$34.99/REC. Constellation noted that this is indicative of a market shortage and urged the Department to take action, as the NHPUC has in previous compliance years, to exercise the State’s authority under RSA 362-F to reduce the 2022 compliance year obligation to 85% “of the reasonably expected potential annual output of available eligible sources after taking into account demand from similar programs in other states.”

At the Hearing New Hampshire Electric Cooperative concurred with Constellation’s recommendation while Eversource and Liberty took the view that a reduction for 2021 to the full



extent permitted by statute would be problematic for Eversource and Liberty in so far as their current REC portfolios, including banked RECs, might exceed their requirements for 2021 compliance and create a potential stranded cost. Constellation would like to point out that even if a utility is fully hedged at the 2021 compliance level a reduction in the obligation can have an economic benefit for the company's customers. RECs in excess of the compliance requirement can either be applied toward 2022 compliance obligations or sold into the wider New England market. Even if market prices become depressed due to Eversource and Liberty liquidating their excess RECs, consumers will still be better off economically if the RECs are sold or banked than they will if the RECs are retired to meet the present 2021 obligation. Moreover, since a reduction in the 2021 obligation will have no effect on 2021 REC production, the reduction will have no meaningful impact on environmental policy. Even if RECs do become a stranded cost, the impact to utility customers and to Class III generators is no different than if the RECs are retired for compliance purposes. The impact to customers of Constellation or NHEC, however, can be reduced if the requirement is lowered to 85%.

Constellation was asked the basis for its recommendation that the requirement be reduced to the full extent permitted. It is Constellation's observation, as one of the largest REC buyers in New England, that the market for NH Class III RECs has been and remains in a clear state of shortage. As noted in the comments of The Windaction Group, there is a regional marketplace for these RECs, which qualify in both New Hampshire and neighboring states to meet state-specific RPS requirements and that the Alternate Compliance Payment rates in all of these neighboring states are higher than the current New Hampshire ACP. It is Constellation's observation that the region-wide demand relative to supply has sustained prices in excess of the NHACP throughout



the compliance year. This enables New Hampshire biomass producers to sell their output without having to discount their prices below the NH ACP. Constellation also notes that only one Class III producer testified at the hearing (Bridgewater) and that they do not oppose a reduction for compliance year 2021. Since 2021 is now in the rearview mirror a reduction can not impact Class III production to the detriment of biomass producers or the environment. Nor does a reduction appear to cause an economic downside for consumers . While not every customer will necessarily benefit, many will benefit and none will be harmed. For these reasons Constellation sees the record as supporting a clear and compelling case to reduce the 2021 Class III RPS requirement.

Respectfully Submitted,

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