

Public Comment Hearing - RE: Adjustment to Renewable Portfolio Standard Class III Requirement
March 3, 2022

Wiesner, David K

OK, well welcome this afternoon. I'm David Wiesner. I'm the legal director here at the Department of Energy.

This is the public comment hearing where the Department will take public comment regarding the appropriate level for the RPS Class 3 REC requirement for the compliance year 2021. This has become an almost annual event, although this is the first time it's occurring at the Department of Energy due to the restructuring, which occurred last July.

There are statutory parameters for consideration on an annual basis of the RPS Class 3 requirement and it's essentially tied to our assessment of the market availability of Class 3 RECs.

And as we all know it's a challenging market. It's a multi-state market and not particularly transparent. We have done and will do some of our own analysis, but we always want to reach out to other stakeholders and receive public comment about their experience in the market and their assessment of the availability of RECs and their recommendations as to what the RPS levels should be.

So that's the purpose of today's session, there might be some question and answer, but essentially, it's an opportunity for stakeholders with various perspectives to weigh in with their comments. And with that I'd like to introduce our commissioner, Jared Chicoine who will be officially presiding over this hearing this afternoon.

Chicoine, Jared

Thank you Dave. Good afternoon, everyone. Thank you for joining us today.

Looking forward to hearing your comments about what you're seeing in the market and your comments will help inform our decision-making process.

Just as a warning I may jump in, I think Dave mentioned this, with questions occasionally, just wanted to let you know that.

And we're just really looking forward to hearing what all of you have to share this afternoon. Just as a reminder if you could just hit mute on your end if you're not speaking, that'll help with any feedback issues and so that we can hear everyone clearly. So, with that I will just go ahead and kick it off with whomever would like to go first.

Wiesner, David K

Anyone brave enough to take the first crack at this?

Eli Emerson (for NHEC) (Guest)

Dave, I don't mind going first.

The Co-op already filed written comments so I'm really just summarizing that.

Does that sound OK?

Wiesner, David K

OK.

Public Comment Hearing - RE: Adjustment to Renewable Portfolio Standard Class III Requirement
March 3, 2022

Eli Emerson (for NHEC) (Guest)

I am Eli Emerson from the law firm of Primmer Piper Eggleston and Kramer, and I am participating today on behalf of New Hampshire Electric Cooperative.

As I mentioned we did file written comments earlier this morning. I note that we did get a few kickbacks from email so if you didn't receive them feel free to reach out to me, my email address is eemerson@primmer.com to get a copy of the comments. And again, I'll just do a short summary of what those written comments say:

The Co-op supports reducing the obligation for Class 3 RECs to 0.5% of annual sales. Now given the regional nature of the REC markets and certain developments in those markets, there's currently a scarcity of Class 3 RECs. Prices in REC markets outside of New Hampshire and the scarcity have led to limited to no REC transactions in New Hampshire over the past year or two.

Under current obligations the Co-op rate payers would have to pay a significant ACP payment. The Legislature gave the Department the ability to lower the obligation to lessen impacts on ratepayers in these types of situations and the Co-op recommends that the Department exercise this ability and lower the Class 3 REC obligation.

That's it, that's all I have.

Chicoine, Jared
OK, thank you.

John Warshaw

John Warshaw from Liberty Utilities. I'm the manager of electric supply.

So, I just wanted to restate that about a year ago we were in a similar hearing. Not exactly this one and at that time, we had told the commissioners that Liberty had purchased virtually enough class 3 RECs to meet its 2020 obligation of 8%.

The obligation was moved down to 2%. We now have a significant number of RECs that are in a bank that we will be able to use for 2021 obligation and 2022 obligation. The problem is that we're only allowed to use 30% of the bank to meet that obligation, the rest we would have to either purchase in the market or make an ACP. At this point, Liberty has not purchased any 2021 RECs and we probably don't have any plans to purchase any 22 RECs with the level of uncertainty that's here.

We bought quite a few RECs when the obligation was 8% and we assumed that we would be able to recover that cost. We now have a significant number of RECs that will not be able to be used to meet our RPS obligation, but we will still be looking to recover that cost from our customers. So, we are almost facing a point where our customers are going to have to pay twice for the RECs, one to meet the obligation, and two to reimburse us for the RECs that we did purchase in good faith at the time of July of 2020 when the REC obligation was still 8%.

My suggestion is that if the Commission and Department is looking to do this, they should do this sort of a hearing prior to the start of an obligation year, so that all parties would know exactly what the obligation is that they are entering into as opposed to what happened to Liberty, where we assumed it was 8% and we purchased enough to meet our 8% and practically 9 months later that obligation

Public Comment Hearing - RE: Adjustment to Renewable Portfolio Standard Class III Requirement
March 3, 2022

changed and we are now in a situation of having a significant number of RECs that may not be able to meet the obligation.

If you have any questions, I'm happy to take them.

Chicoine, Jared
Thank you John.

Wiesner, David K
If no one else steps up, maybe Eversource can go next.

Chiavara, Jessica A
I was just about to offer, OK sure thing.

Good afternoon, I am Jessica Chiavara. I'm council here on behalf of Public Service Company in New Hampshire doing business as Eversource Energy.

I'd like to thank the Department for the opportunity to provide input today as to whether and to what degree the Department should adjust the Class 3 REC compliance obligation for the 2021 compliance year.

Last compliance years adjustment by the Public Utilities Commission, while responsive to market conditions, had ripple effects that have carried into this year and could possibly extend beyond that, depending on the action taken by the Department for the 2021 compliance year. Eversource sees this as an opportunity for the Department to balance uncertainties in the Class 3 market to create a more balanced and workable purchasing and compliance process for REC producers and purchasers alike not just for this compliance year, but on a moving forward basis as well.

The company understands that the Class 3 REC market in New Hampshire presents challenges that may likely warrant invoking the ability of the Department to reduce the compliance obligation, but the company also asks the Department to take into consideration a not insignificant quantity of banked RECs in the possession of load serving entities this year, including Eversource due to the sharp reduction in compliance obligation from 8 to 2% for compliance year 2020 that was not made until April 20th 2021. Nearly 5 months after the end of the compliance year and only 2 months before the RPS compliance reports by the load serving entity entities were due.

Since Eversource had been proceeding with its policy to periodically purchase class 3 RECs through competitive bidding, delayed reduction to the purchase requirement has left the company with just under 13,000 banked RECs to be used in the next 2 compliance years. However, there is an additional restriction already mentioned by Liberty Utilities on using banked RECS created by RSA 362- F:7, I, that only permits up to 30% of the compliance obligation to be fulfilled by banked RECs in a given year.

With that restriction, to use all of Eversource's banked RECs for compliance year 2021 the Class 3 compliance obligation could be reduced to no less than 1.2%. If these banked RECs are not applied in compliance years 2021 and 2022 they cannot be used at all, and would become a stranded cost for which the company would have to seek recovery.

Public Comment Hearing - RE: Adjustment to Renewable Portfolio Standard Class III Requirement
March 3, 2022

Having a banked REC inventory given the restrictions on their use creates risk for a load serving entity of ending up with stranded costs from compliance obligations. This risk is compounded by the uncertainty created by the possibility of such late changes to the purchasing requirement, leaving minimal options for load serving entities to meet their compliance obligation without risking a resulting surplusage of RECs that must be banked.

In fact, the only way to mitigate this risk was to freeze participation in the Class 3 market until there was regulatory certainty for compliance year 2021.

Because of this as of today, Eversource has not begun purchasing Class 3 RECs for the 2021 compliance year.

This necessary reaction to late regulatory changes is putting a degree of strain on producers as well, creating reliability issues for both sides of the market. This is reflected in the comments of Bridgewater Power Company filed to docket DE 21-037 on March first of this year.

This cycle of uncertainty and risk can be mitigated in future compliance years by making adjustments to the compliance obligations significantly earlier. The company understands that the adjustment is made in reaction to the market but waiting to act creates uncertainty and uncertainty encourages market actors to wait.

A better balance can be struck between being reactive to the market and enabling both sides of the market to participate without the uncertainty and risk created by after the fact adjustments.

The sooner in the compliance year that the adjustment to the Class 3 compliance obligation is made the sooner load serving entities can reasonably participate in market purchases, which will likely also bolster local Class 3 REC producers, which face significant challenges of their own.

While complete market certainty is a fiction, regulatory certainty over this part of the market is within the Department 's control and creating certainty around the compliance obligation as early as possible during the compliance year will make for the most workable Class 3 REC market for New Hampshire.

Thanks again for the Department 's time and consideration of this matter today. That's all I have.

Chicoine, Jared
Thank you Jessica.

Any other utilities?

Wiesner, David K
Is there anyone from Unitil that wants to speak?

DAllegretti
My understanding is that they had a hearing at the Commission today and were not going to be available.

Wiesner, David K
OK, that is true, it's going on at the moment. I didn't know whether they would have someone else who could speak to it, but that's fine.

Dan, do you want to go next?

DAllegretti
Happy to do so.

Thank you, Dave and Commissioner Chicoine, for the opportunity to give some testimony today. My name is Dan Allegretti. I am a consultant with Sigma Consultants, and I am here today on behalf of my client Constellation Energy. Constellation is a licensed retail electric supplier. They're an industry leader and one of the largest load serving entities in the New England region. They currently serve the commercial and industrial, the business to business market in the state of New Hampshire.

Constellation has participated in years past in hearings on this issue before the New Hampshire Public Utilities Commission and we're happy to do so again this year.

I would note the comments of the New Hampshire Electric Co-op indicating that there is a market that is currently in short supply. That is certainly consistent with the observation of Constellation's REC trading desk. It is also supported by the comments that were filed by Wind Action. They filed an analysis in this proceeding that indicates REC supply and demand for New Hampshire Class 3 RECs across the region given the various RPS requirements and, again, it's consistent with our observations in the marketplace, which is that RECs that are available are generally trading above the current New Hampshire alternate compliance payment rate of approximately \$35.00. We therefore believe that because the market is in short supply that a downward adjustment of the RPS requirement is appropriate and is warranted, and I would say a word or two about the comments from Liberty and Eversource.

We're certainly sympathetic with the challenges of attempting to hedge unknown load serving obligation in an uncertain regulatory climate. But we don't believe that maintaining a higher RPS requirement for compliance year 2021 is an appropriate solution here.

We understand that some banked RECs may not be able to be retired in meeting compliance but retiring them to meet compliance doesn't really create any benefit for consumers within the state of New Hampshire. 2021 is now in the rearview mirror and keeping a higher compliance requirement will not do anything to promote the production of additional RECs during the year 2021. Nor will it create any environmental benefit associated with that.

We're now looking at a year that is behind us, and therefore the issue really comes down to whether or not we have a market that is in shortage and whether a reduction would be appropriate. Certainly, for customers of Constellation that are not on a fixed price that are taking variable rate service there's an opportunity for savings and we think that allowing that savings to occur would be appropriate. We can certainly see where there would be a savings to Co-op customers. These savings will be lost by forgoing reduction in order to solve the excess bank direct problem for the other utilities.

Whether those costs should be recovered or not is I think not an issue that's before the Department today. That's an issue for the Commission and certainly an issue on which we take no position, but I think reducing the obligation certainly makes economic sense. It makes good policy sense, and it would be consistent with the decisions that the Public Utility Commission has made in this matter in years prior and therefore we would certainly urge the Commission to exercise the full authority to reduce the

obligation to 2%. With that I'm happy to answer any questions that the Commissioner and staff may have thank you.

Chicoine, Jared
Thank you.

Wiesner, David K
Dan, what's the basis for 2% versus some other number?

DAllegretti
My recollection is that that's the maximum authority certainly to the extent that we see a market that's in shortage. It's trading above the ACP. We think there's ample opportunity for any RECs that are unsold to be traded in the marketplace because of the higher ACP in other jurisdictions, particularly in Connecticut to the extent that utilities are long and has surplus RECs that they are interested in selling that would be eligible to meet Connecticut requirements.

Our REC trading desk would be happy to talk to them and interested in purchasing so we think there's sufficient shortage in the marketplace to absorb the full reduction.

Wiesner, David K
Eric do you want to go next for Bridgewater?

Eric Maher (Guest)
Certainly, thank you Dave,

So, Bridgewater Power Company, again, Eric Meyer here on behalf of the Bridgewater Power Company.

Bridgewater Power Company doesn't oppose a reduction in the purchase obligations for compliance year 2021. As our comments reflect, the concern is really on an ongoing basis about this having precedential effect and being used as established market signals that if insufficient RECs are not purchased in a compliance year that there will be some form of adjustment and I believe that what we would strongly suggest and I believe that the Department will do so, is to carefully study the activities of market participants and subsequent years to ascertain whether the failure to acquire sufficient RECs for compliance purposes is due to market activities or due to circumstances outside the load serving entities control.

One of the concerns that Bridgewater Power Company does have is that starting in compliance year 2022 as is reflected in an October notice from the Connecticut Department of Energy and Environmental Protection, that there is going to be a significant reduction in the amount of generation that will be qualified for Connecticut class one RECs. I believe that this will be impacting Bridgewater Power Company as well as upon information and belief all other biomass generating facilities in the state of New Hampshire for compliance year 2022. The reduction is significant, whereas previously 100% of generation qualified for the class one Connecticut RECs, now only 50% will be as of compliance year 2022 and that number will gradually phase down more and more by increments of 50%.

And so over time while presently for compliance year 2021 the ACP in Connecticut created a financial incentive for generators to sell into that marketplace, starting in compliance year 2022 generators will be increasingly reliant upon selling and settling RECs in New Hampshire.

Public Comment Hearing - RE: Adjustment to Renewable Portfolio Standard Class III Requirement
March 3, 2022

A further concern on the part of the Bridgewater Power Company is this issue of banked RECs and the impact of a reduction on the purchase requirement on those load serving entities that have already purchased this substantial number of RECs, including Liberty and Eversource.

The concern is that by allowing for an increase in the number of banked RECs for compliance year 2022 that is going to put continued downward negative market pressure on generators, which may impact availability and force shutdowns of these which in turn is going to have ripple of effect of limiting the amount of qualified generation that will be available for purchase for RECs in compliance year 2022.

So for that reason if the Department were inclined to reduce the purchase obligation simultaneous, and I understand that this may require action of the Commission, but simultaneous with that allow for load serving entities that have already acquired a substantial number of RECs to be able to recover the costs of those purchases as a stranded cost as opposed to allowing for those to be banked which again would have a significant negative pressure on the market for compliance year 2022 and beyond.

Wiesner, David K

So a couple of things Eric.

The Connecticut biomass phase out if I can call it that, is that targeted at wood fired power plants? Does that also cover methane landfill gas? Which of course, is the other part of our class 3 category.

Eric Maher (Guest)

I don't believe it applies to methane gas. I believe it's just wood fired biomass facilities.

Wiesner, David K

OK.

Eric Maher (Guest)

That's subject to check, though and I can. We will probably submit some supplemental comments and I can provide that clarification to supplemental comment.

Wiesner, David K

OK, I mean that would be helpful. Thank you and, I guess I want to understand a little bit better your proposal about banked RECs and it would be the PUC that will decide recovery of stranded costs as opposed to the Department. Although we'd be active in any such proceeding as we always are. But I if I understand it, you're saying the utility should have an expectation that they can recover the full costs of their RPS compliance even for RECs purchased which, because of changes in the Class 3 requirement, were banked but can't be used and that would provide some greater comfort for the utilities in making those purchases.

Eric Maher (Guest)

I think it's twofold I think one is providing some comfort measure of recovery for the utilities so that those that purchased their RECs throughout the year, which is a benefit to the generators because it provides foreseeability and allows for generators to be available and recover variable and fixed costs throughout the year, allowing those load serving entities a mechanism to recover.

The concern, however, is that for those that have already purchased at or near their 8% compliance obligations, if the compliance obligation were reduced to say 2% or somewhere below, that would

Public Comment Hearing - RE: Adjustment to Renewable Portfolio Standard Class III Requirement
March 3, 2022

increase the number of banked RECs that could then be utilized in subsequent years. The problem is that that reduces the number that would be purchased from generators in those years, meaning that there is going to be the additional financial burdens upon the generators because the market is going to be less competitive as a result of the banked RECs due to an after the fact adjustment to the purchase requirement.

Wiesner, David K
Thanks that's helpful.

Eric Maher (Guest)
Thank you.

Wiesner, David K
And I think I asked this earlier, are there any other suppliers or any other REC producers on the call that want to offer comment at this point?

And it looks like the answer is no, so, Lisa Linowes of Wind Action, do you want to speak to the written comments that you submitted the other day?

+16*****88 Linowes, Lisa Wind Action

Yes, please. Thank you very much. For the record my name is Lisa Linowes. I'm with the Wind Action Group. We are neither LSE or generator, our interest is in tracking the RPS and our purpose today is to just be informational. To your question earlier, if I may answer, the Connecticut phase down is biomass only and it affects 50% of production this year in 2020, so effectively July one and then next year will be the full year. So, landfill gas will be going to Connecticut likely, and BioMass Class 3 RECs will only find its way into New Hampshire market.

I wanted to just mention that we looked at the entirety of the New England market as Constellation had mentioned. After we looked at all the RECs it appears that 175,000 Class 3 RECs are still remaining and available for sale. This would represent about 1.7% of the forecasted load for New Hampshire over 2021 which will be about 10.6 million.

The fact that sales have been flat or have not been happening is not indicative of RECs not being available as we heard earlier. There are lots of reasons why people may not be buying or selling and one of our concerns that's being raised by the lateness of this regulatory effort, is that buyers may be holding out for the state to act, thereby lowering their mandate and then you know, easing up on that, so that is one of the concerns we have about that. This 175,000 is not taking into account banked RECs. Our concern is that if you lower the mandate significantly below 1.7% that's going to have an effect where those existing RECs will have no place to go.

They'll end up perhaps floating into Connecticut and then depressing the REC value in Connecticut. So, in accordance with this statute, we think that the Commission should make an effort to understand or validate this 175 and I think the only way to really do that is to inquire of the generators as to available RECs and also the banked RECs. I mean hearing from the LSEs, the utilities, it sounds like they're willing to share how much they have banked. I believe that the state has access to the amount that's banked as well. So, to the extent that there are banked RECs that are available to sell, that should be incorporated to that 1.7% and increased accordingly, so that we make sure that the value of those RECs are retained

Public Comment Hearing - RE: Adjustment to Renewable Portfolio Standard Class III Requirement
March 3, 2022

and to the benefit of the generators. I think everyone wins in that case so I encourage the Department to make inquiries and we're also willing to share our analysis. I'm not in a position to do that publicly, but under a protective order we will be happy to share where the 175,000 came from thank you.

Wiesner, David K

And I just had a clarifying question in your written comments Lisa.

You estimate the overall 2021 supply of RECs to be 15,432,270. I take it that's RECs for all classes.

Lenowes, Lisa Wind Action

Correct.

Yes, what we do is we look at all the RECs as what we consider the high price RECs. We looked at all the states that have ACPs that are in order of high value ACPs down to lower value and the RECs are going to flow to the states to those programs with the highest ACP. Now New Hampshire Class 3 is not eligible in Rhode Island. It's not as a class one or Rhode Island new. It's not eligible as a Mass class one. It is eligible as a Connecticut class one.

To that extent it's competing with other RECs so as the RECs move from state to state or program to program and satisfy those mandates, we end up subtracting out what is satisfied in Rhode Island, what is satisfied in Massachusetts, and then we come to Connecticut and once we've done that, the remaining RECs end up being about 175,000. But that 15,000,000, correct, is all the available estimated available RECs on higher priced programs again based on ACP.

Wiesner, David K

OK, thank you for that clarification appreciate that.

+16*****88

Yeah.

Wiesner, David K

Mister Breslin did you want to offer a comment?

ray Breslin (Guest)

Well, Ray Breslin from Londonderry and I'm just here to kind of observe.

Most of this is over my head. But you know here in Londonderry we're trying to pay attention to the usage of electricity how we can do things better and so once again, I don't have much comment about your proceeding because most of it is beyond my understanding, but I appreciate you allowing me to speak.

This energy thing we're all dealing with is extremely important, it's changing pretty much by the minute and we've really got to pay attention all of us and see how we can do things better. I think sometimes we need to think outside of the box.

Yeah, how can we do things better not what we did last year not what we did 10 years ago but what

we're going to look forward to doing in the future as far as energy. We're talking about clean energy and doing things better.

I wonder what we're doing with hydropower. I'm afraid the state of New Hampshire has kind of lost control of that. The fact that it was sold off to our friends in Canada and then we sold off to somebody in Maryland and then sold off perhaps to somebody in Texas. We were kind of losing control of our most important clean energy hydropower with it. So that powered the Industrial Revolution that water still flowing we ought to have better control over that.

What's more clean than hydropower? Everything costs money and how do we support that? How can we do it better. We get a lot of pushback about dams and taking dams bound and the fish swimming up the river all well and good but how about storage, water storage. New Hampshire is known as the mother of rivers. All that water still flowing and how much control do we have over it. Perhaps we should be looking at storing some of that water at least for peaking power. We got a real problem when Eversource comes to us in this town of Londonderry, New Hampshire and tells us you better get ready because we're going to be looking at rolling blackouts. We've got a problem.

We've got a problem with peaking power, where's our peaking power? The fact that Eversource sold off their power production, they still have something to say about this and if the power producers do not have sufficient peaking power that we have to be looking at rolling blackouts, we've got a problem.

How can we fix that would be my question?

Thank you for allowing me to speak.

Wiesner, David K

And I can pick up on one point that you made and ask a question of the group.

I think we've heard more this year than we may have in other years, a number of people suggesting that we ought to be doing this process earlier than in the second or 3rd month of the year following the compliance year.

And so does anyone have an idea of what the optimal time would be to do this, because the challenge, of course, is we need to make a decision based on an assessment of what's available in the market. It would be hard to do that in the first few months of the compliance year.

Even if we look at what's going on in other states. We don't really have good insight into what the various REC eligible sources are producing or what the market may look like or what changes may be occurring in other states that drive RECs in one direction or another.

So, if anyone is willing to wade into that swamp right now, we can begin the discussion.

I will also say that we are going to provide an opportunity for folks to submit either a first round or additional written comments by say Thursday of next week, so if you want to address that in written comments, I think that would be helpful to our thinking. But if anybody wants to take a shot at it right now, happy to listen.

DAllegretti

I'll bite.

Public Comment Hearing - RE: Adjustment to Renewable Portfolio Standard Class III Requirement
March 3, 2022

Wiesner, David K

Go ahead Dan.

DAllegretti

Dave, I think you put your finger on the challenge here, which is that on the one hand doing it much sooner would obviously provide a lot more certainty to the transacting parties and we'd be able to lock in the numbers and we know what the demand is and be able to transact with a great deal of clarity.

The problem is, it makes the job of the Department a whole lot more difficult because now instead of taking a backcasting look at what the supply actually has been in the marketplace, what was produced during the year and where it's trading, you now have to delve into the world of projections and people are going to come in and say, well this is what we think the future looks like. Those kinds of projections are going to be very difficult to adjudicate, very difficult to have some certainty around and so there's a tension here between making it easier for the transacting parties versus making it more difficult for the Department.

I do think that you could look at moving it up somewhat sooner than where you are now. As we get towards the end of the year, we'll have a better idea of what production has been during the year and so, if you looked at somewhere in the October November time frame, we'd have a good sense at least of what's been produced and what's being offered in the market at that point. If you try to do it early in the year in the compliance year, I think you just don't know what production is going to look like, what kinds of outages there are going to be, what other states might do with their legislation. There's a lot more moving parts earlier in the year. So, there's a tradeoff here and there's no magic sweet spot, but you certainly could think about doing something toward the end of the calendar year as opposed to after the full calendar year is complete, but I wouldn't try to move it up too much. Otherwise, I think you make your task nearly impossible. So those are the tradeoffs as I see it and I think that's the considerations that you ought to think about.

Lenowes, Lisa

+16*****88

Dave this is Lisa if I could comment as well. I think that is a good time frame. But I just wanted to throw out as I have in the written comments, since the ACP in New Hampshire is tied to CPI and given the current economic conditions we're dealing with today with inflation, our ACP for Class 3 is almost certainly going to be within the middle of the bid ask right now that we're seeing on RECS for Class 3. It's going to be up there and, that will be for 2022. The other point being that the next year the biomass is going to come here, so I think this discussion is not going to happen next year or for the next few years. I think that we're going to have to see how everything settles out with Class 3 only being eligible within New Hampshire. But that's going to change things pretty significantly.

Michael Sheehan

Dave this is Mike from Liberty, Mike Sheehan, I agree with what Dan said generally and I think moving this review to late in the calendar year would make an improvement.

John starts buying RECs usually in the summer, but if he only has to wait till late fall that still gives him the next 6 to 8 months to buy the RECs. After these last minute decisions we have to make now based on what you do, the October-ish proceeding would help.

Public Comment Hearing - RE: Adjustment to Renewable Portfolio Standard Class III Requirement
March 3, 2022

Wiesner, David K

So a decision in the 4th quarter of the compliance year would be helpful, more time to buy RECs..

Michael Sheehan

I'm looking to John to nod, but that's what I think.

He's nodding so that's good.

Wiesner, David K

And at least some experience with the current market and perhaps some ability to project what might be produced through the end of the market.

Although I can imagine that energy prices may be higher at the end of the year because you're getting into the winter and that may affect some of the decision making of the wood fired plants in particular.

There's so many moving pieces and timing issues here that it is a real challenge.

Michael Sheehan

The other thing to remember is that you are part of making the market. Whether you set it at 8 or 2 it does influence the market as well.

Wiesner, David K

Understood. And there are many timing issues, implicit in the design of the REC market. I mean, the very fact that RECs are not minted and saleable until months after the plant has run as Bridgewater has pointed out, there's already a timing issue, there. Even if the compliance obligation were more certain.

Anyone else want to speak to the timing question?

Wiesner, David K

OK, Jessica first and then Eric.

Chiavara, Jessica A

OK I was just going to jump on the Liberty Constellation Bandwagon, a bit and say that Eversource is of the mind that the earlier, the better and certainly at the end of the second quarter you'd have sort of a 5050 split between known and projected obligations there, but even using the end of Q3 information would certainly be an improvement from the timing that we're using now for sure, so certainly the sooner the better, but yeah, end of Q2 or end of Q3 I think would be helpful.

Wiesner, David K

Thanks. Eric, do you want to weigh in?

Eric Maher (Guest)

Yeah, just very briefly and I think a lot of good points have been raised during this public comment hearing and so it would probably supplement our comments to identify what our position is on this a little bit more firmly.

Initially, I know from the generator standpoint certainty earlier in the year is better, so I think, even looking at it in terms of earlier at the beginning of the compliance year based upon what market expectations will be with the opportunity of course, that if there are changes significantly in the market as the year progresses that there could be a further adjustment.

Understanding what the compliance obligations will be earlier is critical for a generator particularly because there is that lag in the early part of the calendar year between when generation starts but when RECs are initially sold puts a fair degree of discomfort amongst the generators as to whether to run or not to run and whether or not there will be sufficient RECs sold to cover the fixed and variable costs. And of course, there are other market dynamics that may change that. With the increases in the price of power that are expected, what is occurring at the market may change and all the different market impacts may change but I know from the generator standpoint earlier is better and again the Department always has the opportunity to adjust it again if the market exceeds or falls below expectations.

Wiesner, David K

Alright that is all helpful input, we will have to take that into account.

Commissioner Chicoine I don't know if you have any questions?

Chicoine, Jared

I do not.

Wiesner, David K

OK and as I said, I think we should provide an opportunity for written comments. Some folks did not file written comments in advance, which is just fine. Others may want to comment on what they've heard from other stakeholders this afternoon. So, I think we'll provide a limited opportunity for that and let's say next Thursday. If that's OK with our commissioner. And I would suggest that people just circulate that to the email list.

We can try to post a version of the distribution list on our brand-new DOE web page that addresses this proceeding.

And we were just using the email address for last year 's docket, which is I think why there were some bounce backs as Eli noted and that's an unfortunate consequence of people moving and leaving and email addresses changing. I'm not sure we will ever have a current one, but we can at the very least post that list and people can use that to circulate their comments and make sure we get them and we will post all those written comments as we have with the ones that we've received so far.

So, if that's it, I thank you all for your input this afternoon. I thought we might go a little bit longer, but that's just fine. We've gotten some good insight into the market and to your thinking into your recommendations and the various tradeoffs that are relevant to this decision. We have an important decision to make for this 2021 compliance year and will do that as soon as we can.

And we'll think about the timing for next year, taking to heart the certainty concerns and the market considerations that have been discussed this afternoon.

So, unless someone else wants to have the last word. I'm happy to thank you all and wish you good afternoon.