



March 2, 2022

VIA ELECTRONIC MAIL

Jared S. Chicoine, Commissioner
New Hampshire Department of Energy
21 South Fruit Street, Suite 10
Concord, New Hampshire 03301

RE: Adjustment to Renewable Portfolio Standard Class III Requirement

Dear Commissioner Chicoine:

Thank you for the opportunity to comment on the above matter. The Windaction Group ('Windaction') has considered a Class III adjustment in the context of the greater New England market and historic performance of the Class III program. Our analysis, as explained herein, shows that a reduction to 1.7% from the 8% mandate is warranted.

Analysis: Before the Commission can order a reduction in the Class III mandate, it is appropriate that it first make a finding as to the "reasonably expected potential annual output of available eligible sources after taking into account demand from similar programs in other states." RSA 362-F:4, VI.

In estimating the supply of RECs available to meet the 2021 requirement for NH Class III, Windaction looked at the overall supply of RECs that can be expected to flow to higher-price RPS programs in the six New England states. By higher-price we mean those RPS programs which have 2021 ACP values that are greater than NH Class III (\$34.99). See Table 1 below.

Table 1

No.	RPS Program	2021 ACP
1	Rhode Island New	\$72.51
2	Vermont Tier II	\$64.50
3	Massachusetts Class I	\$60.00
4	New Hampshire Class I	\$57.99
5	Maine Class I and IA	\$50.00
6	Connecticut Class I	\$40.00
7	New Hampshire Class II	\$34.99
8	Massachusetts CES	\$30.00

NH Class III RECs are co-qualified as Connecticut Class I. Since RECs flow to those markets offering the highest price, we can anticipate RECs to settle in the RPS programs offering the better market price first

before moving to lower priced programs. The result is that RECs qualified as Rhode Island New will settle there first. To the extent they are co-qualified in other jurisdictions, the overflow RECs will move to Vermont Tier II, Massachusetts Class I, New Hampshire Class I, etc until the supply is exhausted. Since NH Class III has one of the lowest ACP values, it will be one of the last programs to be satisfied.

We currently estimate the overall 2021 supply of RECs to be 15,432,270.¹ When matching this supply to the 2021 annual requirements for each of the eight RPS programs shown in Table 1 we find that most of the RECs will settle in the six highest value programs before flowing to NH Class III. ***The remaining RECs available to satisfy NH Class III is estimated to be 175,461 RECs out of an expected requirement of 851,712 RECs***².

Recommendation: Thus the potential annual output of available Class III sources after considering demand from similar programs in other states is expected to be 175,461 RECs. Windaction recommends that the Department administratively lower the Class III mandate to match expected supply. This would mean lowering the mandate to 175,461 or 1.7% of New Hampshire's forecasted RPS load. Such a percentage would be prudent.

This analysis does not consider banked RECs. The quantity of Class III banked RECs is not publically available, however, the Department has access to these data. Should the Department determine there is a supply of banked RECs that will apply in 2021, Windaction recommends the mandate be adjusted accordingly. For example, if 25,000 banked RECs are available, the overall supply of Class III RECs would be 200,461 (175,461 + 25,000). The Department would then adjust the mandate to 1.9% of the forecasted RPS load to match the supply.

Additional Comment: Since NH permits its ACP values to be annually adjusted based on the CPI, Windaction does not anticipate any further administrative adjustments to the Class III mandate over the next few years provided current biomass and LFG capacities are retained. Given inflation, we expect the Class III ACP to track very closely to Connecticut's Class I ACP which is a flat \$40. This situation is likely to result in Class III RECs flowing into the Class III program at levels sufficient to satisfy the 8% mandate.

Thank you for your attention to this important matter. If you have any questions, please do not hesitate to contact me by phone at 603-838-6588 or e-mail at llinowes@windaction.org.

Sincerely,



Lisa Linowes
for The Windaction Group

¹ This figure is derived from confidential analysis available to Windaction. We can make this analysis available to the Department under a protective order.

² The NH PUC estimated 2021 demand at 10,646,398 MWh placing the quantity of Class III RECs needed for compliance at 851,712 Class III RECs (8% of demand).