



141 Tremont St., Boston, MA 02111

(t) 617-902-2354 (f) 617-902-2349

[www.nepga.org](http://www.nepga.org)

**TESTIMONY**

**OF**

**SANDI HENNEQUIN**

**ON BEHALF OF**

**NEW ENGLAND POWER GENERATORS ASSOCIATION (NEPGA)**

**2015 – House Bill 252**

**HOUSE SCIENCE TECHNOLOGY AND ENERGY COMMITTEE**

**February 3, 2015**

Good afternoon and thank you for the opportunity to testify. My name is Sandi Hennequin and I am the Vice President of the New England Power Generators Association, Inc. ("NEPGA").<sup>1</sup> NEPGA is the largest trade association representing competitive electric generating companies in New England. NEPGA's member companies own approximately 25,000 megawatts (MW) of generating capacity throughout New England, and over 2,700 MW of generation in New Hampshire, or nearly two-thirds of the electric generating capacity in the state. Our mission is to promote sound energy policies which will further economic development, jobs and balanced environmental policy.

NEPGA's five New Hampshire companies provide power for New Hampshire from a diverse portfolio of plants, including natural gas, hydro, nuclear, biomass and wind. Overall, the companies pay nearly \$46 million annually in state and local taxes, while providing over 800 well-paying and skilled New Hampshire jobs. Our companies are good corporate neighbors, contributing to the civic and charitable endeavors of their host communities, donating over hundreds of thousands of dollars annually to charitable endeavors throughout the state.

## **I. NEPGA's Position**

NEPGA opposes House Bill 252 and believes the legislatively-mandated process currently underway at the Public Utilities Commission (PUC) to examine the divestiture issues should be allowed to continue. As you recall, last year NEPGA supported the passage of House Bill 1602 which required the PUC to open a proceeding to determine if it is in the economic interest of Public Service of New Hampshire (PSNH) ratepayers for PSNH to continue to own its generation assets, with a status report due back to the Legislature by March 31, 2015. The goal of this effort is to examine the economic interest question, while maximizing economic value for and minimizing risks for PSNH's retail customers, reducing stranded costs and promoting the settlement of outstanding issues involving stranded costs. HB 1602 did not mandate divestiture, instead it sets up the current ongoing process for examining issues related to divestiture.

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<sup>1</sup> The views in this testimony reflect those of NEPGA and not necessarily the position of each individual member.

The PUC opened this docket as Docket DE 14-238 in September 2014 and NEPGA's intervention to participate was accepted in October 2014. Last month the PUC issued an Order in this proceeding to continue the docket while settlement discussions occur regarding issues surrounding generation asset divestiture and the recovery of costs by PSNH for its scrubber investment at Merrimac Station. Given that the economic determination docket has not been completed, and the Settlement discussions are underway, NEPGA supports allowing these processes to continue and reveal some preliminary outcomes before taking any actions such as contemplated by this legislation. NEPGA is also an active party in the settlement discussions and has shared our policy recommendations on these outstanding issues with the state team guiding the settlement efforts.

NEPGA also has concerns with the proposed trigger in HB 252 for allowing generation asset divestiture to occur. As drafted, the legislation states:

“Unless and until there are adequate supplies of electric generation within New England to ensure a reliable source of electricity, such that default service prices for electricity provided by all electric utilities regulated by the public utilities commission do not vary more than 10 percent on a seasonal basis, no existing generation assets owned by such electric utilities may be divested.”

The legislation goes on to propose that this would be demonstrated by two consecutive years where default service prices for electricity provided by all electric utilities regulated by the PUC have not varied by more than 10 percent on a seasonal basis.

Such a trigger is unnecessary and arbitrary. The divestiture – or the transfer of asset ownership from ratepayers to private owners – is a completely separate issue from the important issue of reliability. Guaranteeing reliability of electric supply in New England is the responsibility of the region's grid operator, the Independent System Operator New England (ISO-NE) and not within the purview of individual state public utility

commissions. Stating that default service prices should not vary by more than 10 percent, or any percentage, is arbitrary and has no correlation with providing reliability of supply, or the larger question of whether PSNH should divest its generation assets. NEPGA has significant concerns with the trigger proposed by this legislation and does not support halting the important policy discussions underway in settlement discussions and at the PUC in Docket 14-238.

## **V. Conclusion**

NEPGA appreciates the concern of policy-makers regarding electric cost increases and the burden that any increase places upon consumers. Appreciating this concern, halting the important policy discussions underway in settlement and at the PUC is not the way to address electric costs. Instead allowing the PUC to make the economic determination if PSNH should continue to own its generation assets is a wiser policy course. Further tying these important policy conversation to a “trigger” such as proposed in HB 252 does not further the goals stated by this Legislature in passing HB 1602 last year to not only examine the economic interest question, but also to maximize economic value for and minimize risks for PSNH’s retail customers, while reducing stranded costs and promoting the settlement of outstanding issues involving stranded costs. For these reasons NEPGA urges the Committee to vote HB 252 as “Inexpedient to Legislate.”

Thank you for this opportunity to testify before you today. I would be happy to answer any questions from the Committee.