



141 Tremont St., Boston, MA 02111

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

www.nepga.org

**TESTIMONY
OF
SANDI HENNEQUIN
ON BEHALF OF
NEW ENGLAND POWER GENERATORS ASSOCIATION (NEPGA)**

2015 – House Bill 143

HOUSE SCIENCE TECHNOLOGY AND ENERGY COMMITTEE

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Good morning 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”).¹ 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 143 and does not support the simple inclusion of “hydroelectric” resources as Class I eligible resources pursuant to the state’s Renewable Portfolio Standard (RPS). Specifically, NEPGA opposes the ability of large-scale provincially-owned hydro resources to qualify for the RPS. The primary goal of an RPS is to provide a consumer subsidy to support renewable energy sources that may not be economical when compared with current commercial technologies and which may not be developed or sustained without that support. Large-scale hydro resources are viable, commercially-proven resources, not an emerging technology or commercially challenged. These resources currently compete in the New England power market and do not require a RPS-type subsidy to do so. Smaller scale local hydro resources would benefit from inclusion in the state’s RPS and are eligible in several New England states.

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

New Hampshire might be better off to consider expanding RPS access to environmentally sensitive hydroelectric resources by including smaller-scale hydro sources that provide clean, renewable attributes without some of the attendant environmental and social effects that larger hydroelectric projects may exhibit.

NEPGA's specific concerns regarding the inclusion of large-scale, provincially-owned hydro resources are many:

- ***Large-Scale, Provincially-Owned Hydro Resources Do Not Need a Subsidy.***

The primary goal of an RPS is to provide a consumer subsidy to support renewable energy sources that may not be economical when compared directly with current commercial technologies and which may not be developed or sustained without that support. Large-scale, provincially-owned hydro resources, however, already are subsidized by rate-payers in Canada. It does not require an additional RPS-type subsidy or an above-market contract to be paid by New Hampshire consumers that will be used to hold down power prices in Canada, while making it harder for New Hampshire's economy to compete. Provincially-owned hydro resources are certainly capable of competing in the New Hampshire market without a RPS-type subsidy and their development is not dependent upon New Hampshire providing a contract or other subsidy. Regardless, these facilities will be built. These resources already compete over existing transmission lines into the region; it is not clear why they now need a subsidy. In other venues, Hydro Quebec (HQ) has noted it does not seek to get into the New England RPS program.

- ***Large-Scale Provincially-Owned Hydro Resources Do Not Necessarily Meet RPS Environmental Goals.***

Including imports of large-scale, provincially-owned hydro resources into the RPS does not necessarily meet the environmental goals of the RPS. This is particularly true for large-scale imports of hydro power from HQ which are typically provided to New England today as "system power" resources. This means they are not unit-specific and not automatically tracked to any specific generation facility from which the power originated. Given the large storage capacity and strong inerties of the HQ system with other, higher-emitting jurisdictions, it is highly probable that a substantial portion of energy will have actually originated from

fossil-fuel generating facilities from such neighboring jurisdictions. The “system power” form of sale would not support accurate accounting to assure the same hydro megawatt-hours are not sold to more than one party, a critical element of the Generator Information System (GIS) administration of New England REC markets. This would clearly undermine the environmental objectives of the RPS.

- ***Large-Scale, Provincially-Owned Hydro Resources Do Not Meet RPS Policy Goals.*** It is difficult to see how the inclusion of these hydro resources in the New Hampshire RPS will affect the development or operation of hydro facilities which will be built based on the value of their energy and capacity (and portfolio requirements of their province), not a subsidy from New Hampshire consumers. In contrast, most local renewable resource depend, to a very real degree, on REC revenues for both development and continued operation. Many of these resources also pay local taxes and support local employment. Eligibility for consumer subsidies through RECs should not be extended to energy sources that do not satisfy environmental and policy criteria, or that do not face the economic challenges of other renewable technologies, such as large-scale, provincially-owned hydro.
- ***A Successful RPS Needs Regulatory Certainty.*** A successful RPS needs to provide a degree of regulatory certainty that rules and definitions for all fuel types whether they be hydro, biomass, solar or wind are not subject to sudden or continual change. This allows contractual arrangements to be made in the market to meet RPS requirements. Enticing firms to make investments and create jobs in New Hampshire with an RPS program simply will not work if the program is modified in ways that undermine the reasonable expectations of investors. Policy consistency and certainty is critical for long-term investments in any industry and especially true in one as regulated as electricity.

V. Conclusion

NEPGA urges the Committee to reject House Bill 143, specifically the simple inclusion of “hydroelectric resources” into the RPS as a Class I eligible resource. NEPGA does not oppose the inclusion of smaller-scale, regional hydro resources into New

Hampshire's RPS but strongly objects to the inclusion of large-scale, provincially-owned hydro resources. These resources already compete over existing transmission lines into the region and are subsidized by rate-payers in Canada. New planned provincially-owned large-scale hydro resources will be built without a RPS-type subsidy and their development is not dependent upon New Hampshire providing a contract or other subsidy. Moreover, these resources do not necessarily meet the RPS environmental or policy goals, and unnecessarily changing the RPS threatens the regulatory certainty needed for a successful RPS.

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