

July 25, 2014

Dear Director Hatfield and Members of the Energy Advisory Council:

Thank you for the opportunity to provide supplemental comments on New Hampshire's draft State Energy Strategy. I appreciate the hard work by the Council and Navigant in guiding this effort.

My comments contained herein focus on two main issues.

1) My primary concern with the plan is that the recommendations appear dominated by ideas popular among central planners and the regulatory sector with no meaningful discussion or data to aid legislators and New Hampshire's public in understanding the right direction for the State.

Smart grids, smart meters, green banks, distributed generation, feed-in tariffs, and LEV/ZEV standards are all laudable ideas. Models around the country show the economic opportunities for embracing each, but are the models proving accurate in the real world? I also question whether widespread implementation of these ideas are appropriate for New Hampshire, a state with only 1.3 million people and a very small player in the much larger New England energy market?

Before New Hampshire takes policy steps to embrace these ideas, I urge you to explore the realities of each and expand the draft report to include the context and outcomes of what other states have implemented.

For example:

a) The Commonwealth of Massachusetts has undertaken aggressive programs to encourage distributed generation particularly for solar. It would be helpful for the report to include several sentences on cost. Distributed solar in Massachusetts is on-track to cost ratepayers hundreds of millions of dollars per year. If the program reaches the desired levels (1600 MW), substantial added costs may also be incurred regionally to address high levels of variable resources that drop off in the afternoon when the sun is lower in the sky. Is this a sustainable option?

b) Vermont's feed-in-tariff (FIT) program initially designed to encourage 50 MW of small renewables was found to be less beneficial than initially assumed by the State. According to the Vermont Department of Public Service¹, "Above-market energy costs had the deleterious effects of reshuffling consumer spending and increasing the cost of production for Vermont businesses. Increased costs for households and employers reduced the positive employment impacts of renewable energy capital."

It is important to note that Vermont does not have an RPS policy. Thus, utilities are permitted (and encouraged) to offset the cost of the FIT by selling the environmental attributes (RECs) to entities in other states. The cost of the FIT to Vermont ratepayers would be much higher should Vermont adopt an RPS.

¹ http://publicservice.vermont.gov/sites/psd/files/Pubs_Plans_Reports/Historic_Reports/DPS%20White%20Paper%20-%20Feed%20in%20Tariffs.pdf

c) Navigant encourages the expansion of smart grid infrastructure and responded to concerns regarding the impact on low-income consumers with one sentence that points to footnote 88², an article explaining the success of Entergy New Orleans' peak-time rebate pilot.

The \$10 million pilot program fit 4,500 of Entergy New Orleans' 50,000 customers³, with smart meters. Half of the funding (\$5 million) was made available through an ARRA grant. The remaining was recovered through the non-fuel revenue allocation in retail rates.⁴

Significant time and effort was required by the city and the utility, including face-to-face education sessions, in order to encourage and maintain customer enrollment. While there was successful retention of low-income customers, it's not clear whether the costs were worth it.

Consider Southern California Edison's (SCE) peak-time rebate (PTR) program for residential customers which was intended to reduce load during critical peak events. SCE estimated that 80% of the total credits resulted from "random customer load drops that would occur irrespective of the PTR program." Only 20% of the credits rewarded legitimate customer behavior.⁵

2) As my second comment, I encourage the Council to include recommendations in the energy plan that call for greater transparency of the annual costs borne by ratepayers of existing, and future energy-related programs adopted by the legislature (RPS, RGGI). For example, with regard to the RPS, the PUC only reports on the penalties (ACPs) paid the state for failure to meet RPS compliance. The public would benefit by understanding the overall cost of compliance of the program.

Thank you again for the opportunity to provide supplemental comments. In summary, I ask that you balance the recommendations in the draft plan with information on known costs and outcomes in other jurisdictions so we can better weigh whether they are appropriate for New Hampshire. It would be helpful to understand ways in which smaller population states tailor these ideas to meet their needs. In addition, adding plain-language reporting of ratepayer costs to annual reporting requirements will go a long way in informing the legislature and NH's public.

Thank you for all of your efforts.

Respectfully,

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² <http://www.greentechmedia.com/articles/read/New-Orleans-Peak-Time-Rebate-Really-Appeals-to-Low-Income-Customers>

³ Most of Entergy NO's 50,000 customers are categorized as low-income.

⁴ <http://indiasmartgrid.org/en/Lists/News/Attachments/575/ISGAN%20Webinar%20Presentation%20June%206%202014.pdf>

⁵ [http://www3.sce.com/sscc/law/dis/dbattach4e.nsf/0/E6D5F989256A6A45882579220078B7CB/\\$FILE/A.11-06-007_GRC+Phase+2-SCE-03+Updated+Testimony.pdf](http://www3.sce.com/sscc/law/dis/dbattach4e.nsf/0/E6D5F989256A6A45882579220078B7CB/$FILE/A.11-06-007_GRC+Phase+2-SCE-03+Updated+Testimony.pdf)