

Brief Comments on the New Hampshire Draft State Energy Plan
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The New Hampshire State Energy Plan must address the fact that, at present, New Hampshire's retail electric rates are among the highest in the country. Electric rates are critically important to the industrial sector and lower income families and individuals. They contribute to health care costs, as hospitals are major electric consumers. They also drive education and municipal costs, as colleges and local schools are also significant electric consumers.

A recent survey of large manufacturers in Massachusetts¹ found that the number one reason manufacturers would consider leaving the state is the prospect of higher energy costs. It's reasonable to believe that the same would be true for New Hampshire.

As shown on Chart 1, Massachusetts and New Hampshire electric rates are very similar in the national ranking. Both states will see cost increases from regional transmission expense and the tightening of the Regional Greenhouse Gas Initiative (RGGI) cap. Chart 2 shows the remarkable growth in the region's transmission costs, from about 0.3cents per kWh through the early 2000's to over 2 cents per kWh by 2016. RGGI itself expects that the tightened cap will increase CO₂ allowance costs to \$10 per metric ton by 2020, or a cost increase to consumers of about 0.4 cents/kWh.

The point of course is that any energy strategy adopted in New Hampshire must first ask the question: will this strategy drive consumer costs up and further decrease New Hampshire's ability to compete economically, or will it drive costs down, thereby encouraging existing businesses to expand and attract new business?

The Draft State Energy Strategy lacks basic tests that the private sector would expect any suggested strategy to meet. Tough minded, no-nonsense economic tests must be developed and administered to any policy recommendations. New Hampshire's citizens are hurt when job losses are incurred. Low and fixed income individuals are hurt when a larger share of their budgets must be directed to utility bills.

Environmental issues arise most often when a cost focus is stressed. What is interesting is that New England's electric sector has made tremendous strides in environmental improvement simply by allowing competitive entry in the electric sectors. Chart 3 shows the substantial decrease in electric sector SO₂, NO_x, and CO₂ emissions in the last decade, driven by entry of highly efficient, natural gas-fired combined cycle generating units in the New England generator fleet. Chart 4 shows a comparison of CO₂ emissions between New England's electric sector and other regions of the country. Notably, the rate of CO₂ emissions in New England, expressed in CO₂/MWH, is second lowest in the country. The implication of this fact is that expanding existing and attracting new manufacturing in New Hampshire will likely lower carbon emissions versus having these facilities locate elsewhere.

Thank you for the opportunity to submit these comments.

¹ Source: Dukakis Center for Urban and Regional Policy
Staying Power II, a Report Card on Manufacturing In Massachusetts, September 2012

Chart 3

New England Generation Emission Reductions

Year	NOx	SO ₂ (kTons)	CO ₂
2001	60	200	53,000
2011	25	57	47,000
Emission Reduction	58%	71%	11%

Source: ISO New England

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Chart 1

Comm/Ind Rates – Top 10 States in 2012

State	¢/kWh
1 HI	32.68
2 AK	15.42
3 CT	14.28
4 NY	13.82
5 MA	13.44
6 NH	12.91
7 CA	12.81
8 VT	12.51
9 NJ	12.45
10 RI	11.80
12 ME	9.99

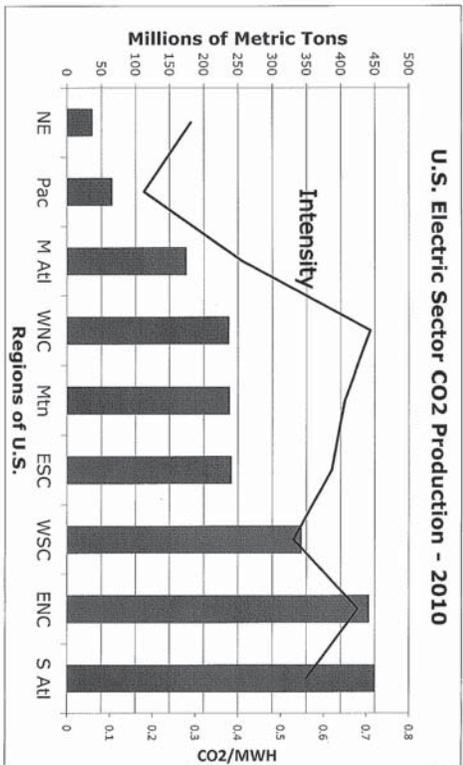
Source: US Energy Information Agency

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CO₂ Production by Electric Generation – U.S.



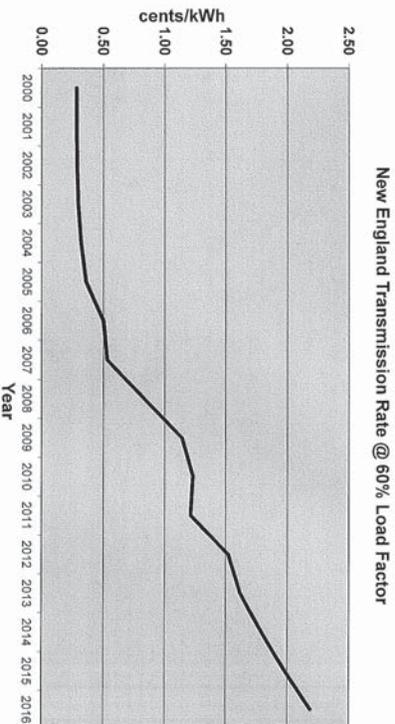
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Chart 4

Chart 2

Growth in NE Transmission Rates



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