



**Public Service
of New Hampshire**

A Northeast Utilities Company

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February 3, 2014

William J. Quinlan
President and Chief Operating Officer

Meredith Hatfield, Director
NH Office of Energy & Planning
Gov. Hugh J. Gallen State Office Park
107 Pleasant Street
Concord, New Hampshire 03301

Re: New Hampshire State Energy Strategy

Dear Meredith,

Thank you for the opportunity to review and provide input to the Business as Usual (BAU) forecast, as prepared by Navigant Consulting. The BAU is an important foundational document in the development of the energy strategy for the State of New Hampshire.

I recognize the future economic well-being of New Hampshire depends upon a comprehensive, long-term energy strategy. Public Service of New Hampshire (PSNH) appreciates the opportunity to provide input throughout the ongoing process to develop such a strategy. PSNH also hopes to be a partner in its implementation as we strive for a successful energy future for our state.

After reviewing the documents provided by Navigant Consulting and participating in the webinar, I want to share the following specific points:

- Gas prices in the electric sector forecast section may not reflect the large basis increases in winter months, as seen in recent years. We recommend additional analysis be undertaken to fully understand the long-term impacts of this price volatility.
- While we expect the cost for electricity to continue to increase, there is nearly a \$10/mWh increase in electricity prices from 2017 to 2018, and the drivers of this significant increase should be presented.
- The residential fuel consumption forecast experiences an important decrease over the forecast period and the rationale is not entirely clear, further explanation would be recommended.

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- Understanding the impact of energy efficiency in these forecasts is critical, especially on the electric sector forecast section. In addition, do energy efficiency measures directly impact the forecasted decrease in thermal consumption?
- How does the forecast account for additional fuel switching, given the significant advantages that gas has over fuel oil, over the forecast period?
- It would be helpful to include more information on the assumed underlying drivers of demand forecasts; for example, the baseline forecast for residential construction activity, commercial/industrial activity and GDP growth.
- It would be helpful to better understand the basic assumptions around the flatline CO2 emissions forecast; one might assume that with upcoming retirement of certain generation plants in the region that these emissions could drop. The causes of the dip and return to normal for SO2 emissions would be important to understand, as well.
- Specific to page 10 of the draft, it would be helpful to understand the specific assumptions on which coal plants are assumed to be retired in the forecast period and also the reasons that gas generation also decreases.
- Finally, page 13 focuses on peak load generation for industrial. It would be helpful to know what the assumed driver of the anticipated dip, and in general, what are the drivers for peak load growth. Average growth rates information would also be a helpful comparison.

The work required to prepare an effective and useful energy strategy is significant and the draft BAU is a good start. The questions provided in this letter are intended to assist in the preparation of a solid BAU that will provide the foundation for a final strategy.

PSNH has a long history partnering with the State of New Hampshire to help positively position our state on energy matters, as well as many other areas of its economy. I appreciate the opportunity to continue this partnership. I hope to continue to work with you and the Energy Strategy committee, as you pursue a plan that sets New Hampshire on its future course.

Thank you for this opportunity and I look forward to a continued dialogue.

Sincerely,



William J. Quinlan
President and Chief Operating Officer