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December 2, 2016

Via Electronic and First-Class Mail

Debra A. Howland
Executive Director
New Hampshire Public Utilities Commission
21 South Fruit Street, Suite 10
Concord, NH 03301-2429

**Re: DE 16-850 Electric Renewable Portfolio Standard
Modification of Renewable Portfolio Standard 2016 Class I Thermal and 2017 Class III
Requirements
Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty Utilities Comments**

Dear Ms. Howland:

Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty Utilities is pleased to provide comments to the Commission regarding the adjustments to both Class I Thermal and Class III renewable portfolio requirements as discussed in the Order of Notice opening Docket No. DE 16-850.

In the Notice issued by the Commission, the Commission asked for comments on the adjustment of Class I Thermal and Class III renewable portfolio requirements. It is expected that providers of electricity in New Hampshire will not be able to purchase sufficient Class I or Class III Certificates to satisfy either the 2016 or 2017 Class I Thermal requirements or the 2017 Class III Requirements and instead will make substantial Alternative Compliance Payment to the state in order to satisfy their Renewable Portfolio Standard requirements.

Liberty Utilities has been unable to contract for Class I Thermal RECs since 2014 even after issuing multiple solicitations for the purchase of such RECs. Liberty Utilities has not seen any significant change in the marketplace that would reverse this trend. As a result Liberty Utilities recommends keeping both the 2016 and 2017 obligations at the 2015 level until the supply of Class I Thermal resources is sufficient to meet market demands.

Regarding the 2017 Class III requirements, the cause of this situation is that the resources approved as Class III resources in New Hampshire also meet the RPS requirements in other states in New England. As a result, the owners of NH Class III resources have the opportunity to sell their Certificates into other markets at a significantly higher price. In fact, Liberty Utilities has only been able to purchase a small quantity of Class III Certificates to meet its RPS obligations since 2012.

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While the language of RSA 362-F allows for the adjustment of the Class III requirement to a level “between 85 and 95 percent of the reasonably expected potential annual output of available eligible sources after taking into account demand from similar programs in other states”, the problem is that the owners of Class III resources are unwilling to sell Certificates at or below the Class III Alternative Compliance Rate. Therefore, the potential annual amount of output is zero. Since the market conditions in New England are not expected to change significantly in the period under review, Liberty Utilities recommends maintaining the Class III requirement at 0.5% until such time as when market conditions in New England change and it can be demonstrated that owners of Class III resources are willing to sell Certificates to New Hampshire’s providers of electricity at a price below the Class III Alternative Compliance Rate.

Thank you for your consideration of our comments and we look forward to participating in any future discussion regarding this issue.

Very truly yours,

A handwritten signature in blue ink that reads "John D. Warshaw". The signature is fluid and cursive, with a long horizontal stroke at the end.

John Warshaw

Cc: Service List