

STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION

DE 14-238, Public Service Company of New Hampshire
Determination Regarding PSNH's Generation Assets

**WITHDRAWAL OF SUPPORT OF THE NEW ENGLAND POWER GENERATORS
ASSOCIATION AND THE RETAIL ENERGY SUPPLY ASSOCIATION**

The New England Power Generators Associations, Inc. ("NEPGA") and the Retail Energy Supply Association ("RESA")¹ hereby provide notice to the New Hampshire Public Utilities Commission ("Commission") and to all parties in DE 14-238 of withdrawal of their support for the Settlement Agreement filed in the above-referenced docket on June 10, 2015. This withdrawal follows the Commission's Order issued October 23, 2015 in this docket denying NEPGA and RESA's request for additional discovery and an opportunity to file amended testimony with regard to a potential purchase power agreement ("PPA") by Public Service of New Hampshire ("PSNH") for power delivered over its affiliated Northern Pass Transmission Project. NEPGA and RESA reiterate their concern expressed in the joint Motion seeking discovery filed October 1, 2015 that "Because this proceeding involves the divestiture of generation assets in a fully restructured energy market, an additional PPA outside of a competitive procurement for default service that was not considered during the settlement negotiations has the potential to impact whether the Settlement Agreement is in the public interest." This concern remains whether or not the PPA is used to serve default service, as long as the costs and risks associated with the cost entitlement are borne by PSNH consumers.

¹ The comments expressed herein represent those of NEPGA and RESA as organizations, but not necessarily those of any particular member

The lack of an opportunity to request discovery from parties with respect to the potential PPA in question raises deep concerns about the efficacy of the Settlement Agreement to ensure that all New Hampshire consumers can enjoy the benefits of a truly open and competitive electricity market. The prospect of burdening ratepayers with a PPA that potentially increases stranded costs to ratepayers – before the Settlement Agreement is even approved– raises troubling questions regarding the commitment of other settling parties to the development of a competitive marketplace that would provide the most cost-competitive supplies possible for consumers. The type of sole-source PPA being negotiated harms the potential for a well-functioning electricity market undermining electric reliability, raising costs for consumers and leading to the premature retirements of otherwise economic power generation facilities in New Hampshire and across New England.² Perhaps most importantly, at the very moment that New Hampshire is finally moving to remove the risk of unnecessary rate-base power supply investments, this type of a PPA returns those risks to ratepayers outside of a competitive process and runs counter to the default energy procurement best practices used by other New Hampshire utilities, and PSNH's other utility affiliates in the region.

One of the unfortunate consequences of such non-competitive PPAs was highlighted earlier this month by the announced closure of the Pilgrim Nuclear Power Station, where the unit's owners stated that "Pilgrim's economic performance is also undermined by unfavorable state energy proposals that subsidize renewable energy resources at

² The effect that such a PPA may ultimately have on the value of PSNH's generation assets is also an issue that should be analyzed by LaCapra Associates.

the expense of Pilgrim and other plants. Also detrimental are a state proposal to provide above-market prices to utilities in Canada for hydro power representing about one-third of Massachusetts' electricity demand and a recent state agency's order that would further lower the price of natural gas and increase the region's reliance on it.³ The Massachusetts' proposal is directly comparable to the type of electricity supply product contemplated in the PSNH/Northern Pass Transmission Project PPA.

NEPGA and RESA have long called for the divestiture of PSNH's rate-base power generation fleet. Our organizations have been enthusiastic supporters of ensuring that a fully competitive marketplace may benefit all New Hampshire electricity consumers, fulfilling the directives of the legislature and the promise of electric restructuring. NEPGA and RESA continue to strongly support divestiture as providing the best competitive environment for investment in New Hampshire and the lowest risk, most cost-competitive supplies for consumers. Unfortunately, the prospect of additional rate-base entitlements borne by ratepayers runs counter to the very essence of what we sought to achieve through divestiture pursuant to the Settlement Agreement and therefore impedes NEPGA and RESA's interests in supporting what is otherwise an important step for New Hampshire.

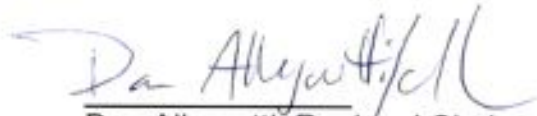
³ <http://www.energynewsroom.com/latest-news/entergy-close-pilgrim-nuclear-power-station-massachusetts-no-later-than-june2019/>

For these reasons, NEPGA and RESA hereby provide notice of withdrawal of support for the Settlement Agreement in Docket 14-238.

Sincerely,



Dan Dolan, President
New England Power Generators Association



Dan Allegretti, Regional Chair
Retail Energy Supply Association