

**BEFORE THE NEW HAMPSHIRE GENERAL COURT  
HOUSE SCIENCE, TECHNOLOGY AND ENERGY COMMITTEE**

**FEBRUARY 9, 2012**

**TESTIMONY OF DANIEL ALLEGRETTI  
ON BEHALF OF  
THE RETAIL ENERGY SUPPLY ASSOCIATION  
SENATE BILL 218**

Good morning, my name is Daniel Allegretti. I am a Vice President for energy policy with Constellation Energy, a fortune 200 company located in Baltimore, Maryland and a licensed retail electric supplier here in New Hampshire. Today I am before you in my capacity as the New England chair of the Retail Energy Supply Association, a nonprofit organization and trade association that represents the interests of its members in regulatory and legislative proceedings in the Mid-Atlantic, Great Lakes, New York and New England regions. RESA's members include providers of competitive supply and related services throughout the five New England states that have implemented electric restructuring, including in New Hampshire.<sup>1</sup>

RESA opposes Senate Bill 218 in its present form. Although the bill is commendable for its attempt to simplify New Hampshire's Renewable Portfolio Standards it also raises concerns for competitive electric suppliers.

First, modifications to the existing renewable portfolio standards have a significant adverse impact on existing contractual relationships between competitive electric suppliers and their customers. This is particularly so when changes increase the overall percentage of renewable resources which must be procured and delivered, as this bill does for Class 3 and Class 4. Unlike regulated utility companies, who can file a change to their tariff with the Public Utilities Commission at any time, competitive suppliers enter into contracts with their customers under which the price is firm for the duration of the

---

<sup>1</sup> Constellation is a RESA member company, as are ConEdison Solutions; Constellation NewEnergy, Inc.; Direct Energy Services, LLC; Energy Plus Holdings, LLC; Exelon Energy Company; GDF SUEZ Energy Resources NA, Inc.; Gexa Energy; Green Mountain Energy Company; Hess Corporation; Integrys Energy Services, Inc.; Just Energy; Liberty Power; PPL EnergyPlus; Reliant Energy Northeast LLC; and Noble Americas Energy Solutions, LLC

contract, usually several years. Suppliers are able to quote and meet a fixed price because they purchase the necessary resources under forward contracts in the wholesale market. In other words, they lock in their supply at the time they contract with their customer. Imposing higher renewable resource procurement and delivery obligations on suppliers for sales under pre-existing contracts will impose new and unrecoverable costs, engender contract disputes and put a chilling effect on the competitive retail energy market. Other states which have enacted changes to their renewable resource portfolio standards have in nearly every case "grandfathered" these pre-existing retail contracts (as well as wholesale default service supply contracts) to avoid serious market disruption and frustration of commercial expectations. This bill's failure to include appropriate grandfathering language is a major shortcoming.

e14010 2/13/12 4:09 PM

Deleted:

Secondly, while RESA is not opposed to the introduction of thermal resources as a source of renewable energy the bill raises some implementation issues. Since the regional Generator Information System, which tracks renewable electricity production, does not at this time support thermal energy certificate trading the qualification, measurement, accounting and verification associated with these resources will require additional resources. It is also unclear how far away these resources may be located. The Committee may, therefore, wish to consider providing additional clarification, specific rulemaking authority, and possibly additional administrative resources to address these thermal resource implementation issues.

Finally, the Committee may wish to consider an effective date beginning with the 2013 compliance year, rather than from the date of passage. Since renewable resource portfolio compliance is generally done on an annual basis, starting with the 2013 calendar year will enable both suppliers and the Commission to prepare for changes effected by the bill and will reduce the number of affected retail contracts that must be grandfathered.

In conclusion, I hope the Committee will give due consideration to RESA's concerns as you move forward with consideration of this bill and if RESA may be of any assistance we invite you to call on us.

E47181 2/14/12 12:31 PM

Deleted: -