

**TESTIMONY
OF
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ON BEHALF OF

NEW ENGLAND POWER GENERATORS ASSOCIATION (NEPGA)

2009 – Senate Bill 85

SCIENCE TECHNOLOGY AND ENERGY COMMITTEE

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Good afternoon and thank you for the opportunity to testify. My name is Sandi Hennequin and I am the Vice President of the New England Power Generators Association (“NEPGA”). NEPGA is the largest trade association representing competitive electric generating companies in New England. NEPGA’s member companies represent approximately 80 percent of generating capacity throughout New England, and over 60 percent of generation in New Hampshire, representing a majority of the electric generating capacity in the state. Our member plants within the state are many and include FPL Energy’s Seabrook Station, North American Energy Alliance (NAEA)’s Newington Energy Facility, Granite Ridge Energy, and Brookfield Renewable Power’s hydroelectric facilities in northern New Hampshire. NEPGA’s mission is to promote sound energy policies which will further economic development, jobs and balanced environmental policy.

NEPGA’s Position

NEPGA’s members support SB 85 and believe this bill continues the important work of the SB 383 Transmission Commission and addresses the next critical element of the North County transmission issue – how to finance the investment to upgrade the Coos County loop. Providing the infrastructure to allow these plans to become reality will have positive economic development impacts in the North Country and ensure that New Hampshire is able to contribute to meeting the state and the region’s renewable energy needs.

Regional Need for Renewable Energy

As the Committee is well aware, over the past two years this Legislature and Governor Lynch have worked hand in hand to lay the groundwork for a more renewable energy future. Many of us in this room have been involved in these many initiatives which include the passage of the Renewable Portfolio Standard (RPS) in 2007, Governor's Lynch 25 percent by 2025 commitment, the Regional Greenhouse Gas Initiative (RGGI) and the work of the Climate Change Task Force.

On a regional level, there is also an increasing need for renewable energy. Five of the six New England states have a RPS. Vermont, which does not have a RPS, passed legislation last year that sets a goal of 20 percent of its load being served by renewable energy by 2017, and 25 percent being met by renewable energy by 2025. In addition, many states have other policies to create incentives for renewable energy development. As the ISO-NE stated in its 2008 *Regional System Plan*, these renewable requirements together comprise 7.1 percent of the region's projected energy use in 2008, growing to 14.3 percent by 2012 and 21 percent by 2016. The ISO concluded that if *all* the renewable resource projects in the queue were completed, these RPS requirements for 2012 would be met, and the requirements for 2016 would almost be met. Clearly, having the infrastructure in place to facilitate this development only increases the chances that much of this development can take place.

Need to Make Decision

SB 85 provides the necessary tools to make a decision whether the Coos County loop

will be upgraded and the plans to build renewables in the North Country will come to fruition. The passage of SB 140 in 2007 first addressed the issue of the North Country transmission infrastructure in the form of a PUC study of options for the Coos County Loop which was completed in December 2007. The SB 383 Commission, or the North Country Transmission Commission, which this bill seeks to extend, was the next step in the evaluation of North Country transmission issues. This Commission began meeting in 2008 and produced a report to the Legislature later that year. Together these two bills and their resultant studies, and the Transmission Commission's work have focused on what upgrades will be necessary and the cost of these upgrades. Now the question remains – how will this investment be financed?

SB 85 addresses the financing question through a couple of steps. First it extends the current Transmission Commission – the membership remains the same with the addition of the Chairman of the Energy Efficiency and Sustainability Board. Second, it authorizes the Commission to establish a Subcommittee to specifically focus on the financing issues. Third, it authorizes the use of an outside consultant to help facilitate the development of a financing structure that will include generators, transmission companies and ratepayers. The cost of this will be paid for through a combination of RGGI funds, the renewable energy fund and a ratepayer supported assessment.

This bill and its features provides the necessary tools to take the critical next steps in the process to enhance the North Country's transmission infrastructure in order to deliver the benefits of renewable energy to New Hampshire. To date, there has not

been a successful effort to convene the parties that must address the financing issues in a meaningful structured dialogue with the sole purpose of resolving the financial issues associated with the transmission upgrades. The Consultant that is envisioned by SB 85 will be provided with a specific deliverable, a fixed timeline and the incentives to force parties to focus on developing a viable financing plan.

Conclusion

In conclusion, NEPGA and its members support SB 85. We are aware of the various aggressive goals in New Hampshire and the rest of New England to provide for a renewable energy future. At the same time, we are keenly aware of the many challenges that exist in the region to developing renewable energy resources, but also the economic benefits such development brings to an area such as the North Country. Much work has been done to date to address the issue of how to provide the necessary transmission upgrades to the Coos County Loop. To harness the benefits of renewable energy for the state, and to play a significant role in meeting the state and region's goals for renewable energy, we need to take the next step and provide for a focus on how to finance this investment in the North Country.

Thank you for this opportunity to testify before you today. I would be happy to answer any questions from the Committee.