Amendment to SB 365

Amend the title of the bill by replacing it with the following:

AN ACT relative to the use of renewable generation to provide fuel diversity.

Amend the bill by replacing all after the enacting clause with the following:

1 Findings. New Hampshire’s and New England’s electricity supply is heavily dependent upon natural gas-fired generation, which is subject to pricing volatility and risks of fuel availability. In its 2018 Operational Fuel-Security Analysis, the independent system operator of New England (ISO-NE) expressed concerns regarding the need for fuel diversity in the regional generation mix, given the amount of natural gas-fired generation in the mix, and noted that renewables can help lessen the fuel-security risk. The effect of natural gas pricing volatility on energy prices can be the closure of New Hampshire renewable generators and the loss of jobs and other statewide economic benefits, as well as the loss of fuel diversity derived from using indigenous renewable fuels. The general court finds that the continued operation of the state’s 6 independent biomass-fired electric generating plants and the state’s single renewable waste-to-energy generating plant are at-risk due to energy pricing volatility. These plants (i) are important to the state’s economy and jobs, and, in particular, the 6 biomass-fired generators are vital to the state’s sawmill and other forest products industries and employment in those industries, and (ii) these indigenous-fueled renewable generating plants are also important to state policies because they provide generating fuel diversity and environmental benefits, which protect the health and safety of the state’s citizens and the physical environment of the state. The general court finds that it is in the public interest to promote the continued operation of, and the preservation of employment and environmental benefits associated with these sources of indigenous-fueled renewables, and thereby promote fuel diversity as part of the state’s overall energy policy.

2 New Chapter; The Use of Renewable Generation to Provide Fuel Diversity. Amend RSA by inserting after chapter 362-G the following new chapter:

CHAPTER 362-H

THE PRESERVATION AND USE OF RENEWABLE GENERATION TO PROVIDE FUEL DIVERSITY

362-H:1 Definitions. In this chapter:

I. “Adjusted energy rate” means 80 percent of the rate, expressed in dollars per megawatt-hour, resulting from the default energy rate minus, if applicable, the rate component for compliance
with the renewable energy portfolio standards law, RSA 362-F, if that rate component is included in the approved default energy rate.

II. "Biomass" means plant-derived fuel including clean and untreated wood such as brush stumps, lumber ends and trimmings, wood pallets, bark, wood chips or pellets, shavings, sawdust and slash, agricultural crops, biogas, or liquid biofuels, but shall exclude any materials derived in whole or in part from construction and demolition debris.

III. “Commission” means the public utilities commission.

IV. “Default energy rate” means the default service energy rate applicable to residential class customers, expressed in dollars per megawatt-hour, as approved by the commission from time to time, and which is available to retail electric customers who are otherwise without an electricity supplier.

V.(a) “Eligible facility” means any facility which produces electricity for sale by the use, as a primary energy source, of biomass, or municipal solid waste; provided that: (1) the facility’s power production capacity is not greater than 25 megawatts excluding station service needs; (2) the facility is interconnected with an electric distribution or transmission system located in New Hampshire; and (3) the facility began operation prior to January 1, 2006, or if the facility ceased operation and then later returned to service after that date then prior to January 1, 2006 the facility operated for at least 5 years regardless of the current operational status of the facility.

(b) "Eligible facility” shall not include: (1) any facility, while selling its electrical output at long-term rates established before January 1, 2007 by orders of the commission under RSA 362-A:4; and, (2) any municipal solid waste facility less than 10 megawatts in size and which was not in operation on January 1, 2018.

VI. “Primary energy source" means a fuel or fuels, or energy resource either singly or in combination, that comprises at least 90 percent of the total energy input into a generating unit. A fuel or energy source other than the primary fuel or energy source may be used only for start-up, maintenance, or other required internal needs of the facility.

362-H:2 Purchased Power Agreements. To retain and provide for generator fuel diversity, each electric distribution company that is subject to the commission’s approval regarding procurement of default service shall offer to purchase the net energy output of any eligible facility located in its service territory in accordance with the following:

I.(a) Prior to each of its next 6 sequential solicitations of its default service supply after the effective date of this chapter, each such electric distribution company shall solicit proposals, in one solicitation or multiple solicitations, from eligible facilities. The electric distribution company’s solicitation to eligible facilities shall inform eligible facilities of the opportunity to submit a proposal to enter into a power purchase agreement with the electric distribution company under which the electric distribution company would purchase an amount of energy from the eligible facility for a period that is coterminous with the time period used in the default service supply solicitation. The
solicitation shall provide that the electric distribution company’s purchases of energy from the eligible facility shall be priced at the adjusted energy rate derived from the default service rates approved by the commission in each applicable default service supply solicitation and resulting rates proceeding.

(b) The solicitation shall also inform the eligible facility that: (1) the electric distribution company’s purchase from the eligible facility shall be at the eligible facility’s interconnection point with the electric distribution company; (2) the purchase shall be from the eligible facility’s net electrical output and not from the output of another unit; and (3) the electric distribution company’s purchase would be for 100 percent of the eligible facility’s net electrical output.

II. Each eligible facility’s proposal in response to such solicitation shall provide a non-binding proposed schedule of hourly net output amounts during the term stated over a mutually agreeable period, whether daily, monthly, or over the term used in the default service supply solicitation for the applicable default energy rate and such other information as needed for the eligible facility to submit and the electric distribution company to evaluate the proposal.

III. With each eligible facility solicitation, the electric distribution company shall select all proposals from eligible facilities that conform to the requirements of this section. The electric distribution company shall submit all eligible facility agreements to the commission as part of its submission for periodic approval of its residential electric customer default service supply solicitation.

IV. All such eligible facility agreements shall be subject to review by the commission for conformity with this chapter in the same proceeding in which it undertakes the review of the electric distribution company’s periodic default service solicitation and resulting rates.

V. The electric distribution company shall recover the difference between its energy purchase costs and the market energy clearing price through a non-bypassable delivery services charge applicable to all customers in the utility’s service territory. The non-bypassable charge may include recovery of reasonable costs incurred by electric distribution companies pursuant to this section. The recovery of the non-bypassable charge shall be allocated among Eversource’s customer classes using the allocation percentages approved by the commission in its docket DE 14-238 order 25,920 approving the 2015 Public Service Company of New Hampshire Restructuring and Rate Stabilization Agreement. In the first filing proceeding at the commission under this chapter applicable to each other electric distribution company, the commission shall determine and apply an allocation based on the foregoing allocations for any other electric distribution company subject to this chapter, but reasonably adjusted to account for differing customer classes if any from those of Eversource.

3 Effective Date. This act shall take effect upon its passage.
AMENDED ANALYSIS

This bill requires electric distribution companies subject to the public utilities commission’s approval regarding procurement of default service to offer to purchase the net energy output of eligible biomass and waste-to-energy facilities located in its service territory.