New Hampshire Electricity Costs and Inputs

New Hampshire SB 125 Legislative Study Committee

New England Power Generators Association
Dan Dolan, President
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New England Wholesale Electricity Prices have dropped 51% from 2006 to 2016.

New England Transmission Rates
Regional Network Service (RNS)

New England Transmission Rates have increased **Nearly 400%** since 2006

$26.67

$104.10

Source: https://www.iso-ne.com/static-assets/documents/2015/12/section2-rate-summary.xls
While national trends are similar with lower power production spending, New England has much higher than average spending on delivery and other costs. This has continued to mask lower power production costs for consumers.
Breakdown of a Massachusetts Electricity Bill

In just 8 years, Wholesale Power Market costs went from making up 58% of an average residential customer’s bill to 41%.

Over that same time, customers have seen the costs of state and federally regulated Transmission and Distribution Charges increase by more than 16% and nearly a five-fold increase in the costs of Renewable Energy, RGGI and Efficiency Program Charges.

Customer Bills Up 14% in 8 Years with Energy Costs Down 19%

Source: MA DPU Sheet 1052
Breakdown of a Connecticut Electricity Bill

In 8 years, Wholesale Power Market costs went from making up 60% of an average residential customer’s bill to 40%.

Over that same time, customers have seen the costs of state and federally regulated Transmission and Distribution Charges increase by more than 62% and over a 200% increase in the costs of Renewable Energy, RGGI and Efficiency Program Charges.

Customer Bills Up 22% in 8 Years with Energy Costs Down 25%
Even while still paying above-market rates for energy charges due to the only rate-base generation ownership in New England, energy supply charge increases are the smallest on customer bills over the last eight years.

Eversource utilities in Connecticut and Massachusetts have seen energy supply declines of 26% and 19% respectively over this same timeframe.

Customer Bills Up 19% in 8 Years with Wholesale Energy Costs Up Only 7%
Changes in Generation & Obligations

• 4,200 MW of generation has announced retirements in recent years with the potential for more to come.

• Strict new performance requirements beginning FCA 9 (auction held February 2015):
  o No excuse for non-performance
  o Punitive penalties for performing below a resource’s capacity supply obligation during a Shortage Event - $2,000/MWh through FCA 11

• Developed in response to ISO-NE concerns regarding generator operator performance, fuel security and integration of increased intermittent resources.
New Investment

• With retirement announcements, **4,120 MW** of new generation capacity is scheduled to come online by mid-2020.
  o FCA 7 - 674 MW
  o FCA 8 - 1,370 MW
  o FCA 9 - 353 MW
  o FCA 10 - 1,459 MW
  o FCA 11 - 264 MW

• These resources represent nearly **15% of peak demand** in New England at highly competitive prices.

• All of these resources are being developed without consumer subsidies or state-backed contracts.
Recent Forward Capacity Auctions

• New England has seen capacity market price volatility in recent years with 4,200 MW of announced retirements by June 1, 2019.
  o This has coincided with a move to a Pay for Performance world beginning in FCA 9 (auction held February 2015).

• Clearing prices since then reflect the volatility:
  o **FCA 9** - $9.55/kW-mo for most with SEMA/RI separating at $11.08/kW-mo for existing & $17.73/kW-mo for 353 MW of new resources
  o **FCA 10** - $7.03/kW-mo for all except some imports
  o **FCA 11** - $5.30/kW-mo for all except some imports
New England Electric Generation Fuel Mix

New England benefits from a fuel diverse generation portfolio.

Renewable Portfolio Requirements mean that at least 20% of the system must come from qualifying technologies by ~2020.

Even with expected coal and nuclear plant retirements, there is substantial fuel diversity expected to remain on the system into the future.

**2016 ELECTRIC GENERATION**

- Natural Gas: 42%
- Nuclear: 26%
- Net Imports: 17%
- Renewables: 13%
- Coal: 2%

**POTENTIAL GENERATION BEYOND 2020**

- Natural Gas: 42%
- Renewables: 20%
- Net Imports: 17%
- Nuclear: 17%
- Oil: 1%

Questions?

www.NEPGA.org

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