



TO: New England States Committee on Electricity (NESCOE)

FR: Stephen Molodetz, Vice President, HQUS Inc.

DA: August 31, 2012

RE: Comments on the Coordinated Renewable Power Procurement Draft Work Plan

HQUS¹ supports NESCOE's efforts to promote achievement of New England's renewable energy goals in a cost-effective manner and appreciates the opportunity to comment on the Coordinated Renewable Power Procurement Draft Work Plan.

Today, HQUS is a significant provider of reliable, clean and competitively priced energy to New England electric markets. The potential exists for even larger quantities of hydropower to contribute to the region's fuel mix. However, the delivery of additional energy will be allocated to markets that offer the most value. For Hydro Quebec (HQ), the New England market offers significant value as a long-term energy partner. Similarly, we believe that HQ can offer greater opportunities for New England, including the possibility of developing customized solutions with states and utilities to meet a variety of energy needs and challenges.

Towards these objectives, HQUS urges NESCOE and the states to consider innovative approaches to valuing the attributes of hydropower resources to help ensure that additional supplies can be provided to the region -- and as a basis for developing longer-term customized solutions.

HQUS believes a coordinated procurement effort could provide such an opportunity by allowing the states and the region to create incentives and contracting mechanisms not currently available in the marketplace, while continuing to rely on competition to deliver the lowest cost resources. In this regard, HQUS urges that any coordinated renewable procurement allow for participation by the broadest set of renewable resources, including all hydropower resources and resources located outside of New England, as an essential element for identifying the most cost-effective solutions for the region.

Since the Draft Work Plan envisions the ability of states to select the types of renewable resources they wish to purchase, there does not seem to be any downside to allowing

¹ HQUS Inc. is the US subsidiary of Hydro Québec; one of North America's largest power producers with nearly 37,000 Megawatts of installed capacity. Of this capacity, hydropower accounts for 98% of total output. HQUS coordinates marketing and business development activities throughout the Northeastern U.S. from its headquarters in Hartford, Connecticut.

broad eligibility criteria. Rather, since some states are becoming more receptive to limited use of all hydropower as an RPS eligible resource and to meet carbon reduction and other goals, this type of approach would result in the most comprehensive comparison of the price and performance of renewables available to the region and individual states.

HQUS also supports consideration of renewable resources on an “all-in” cost or bundled basis, as described in the Draft Work Plan, as it will provide for the most appropriate comparison of total costs for achieving additional renewable resources.

It’s clear from the Draft Work Plan, and related documents, that significant efforts have been made over the last few years to assess the complex issues associated with identifying the region’s renewable potential, understanding associated delivery, operating and economic issues and considering appropriate review processes and financing mechanisms.

HQUS is pleased to provide these initial comments and looks forward to being involved in considering the details of the coordinated procurement including on issues such as resource eligibility, product definition and evaluation criteria.