

New England States Committee on Electricity



Introduction to a Conversation on Coordinated Renewable Procurement

NEPOOL Summer Meeting 2010

June 23, 2010

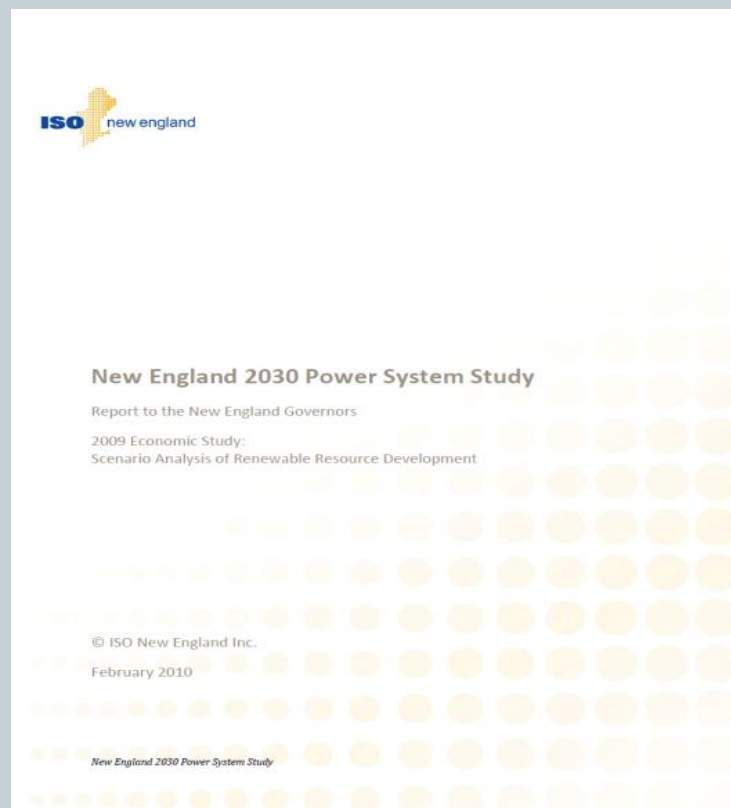
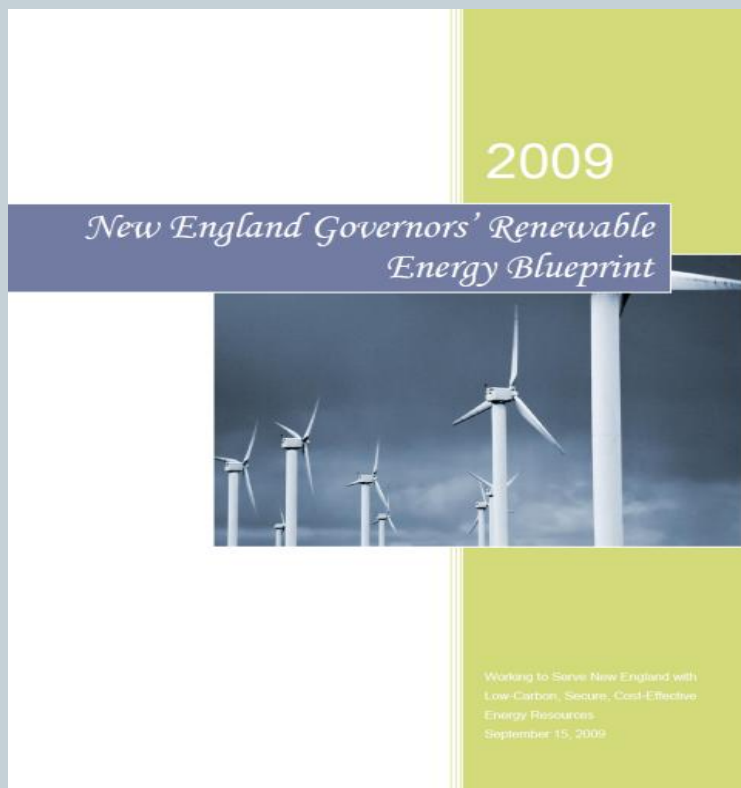
Westbrook, CT

Refresher: New England Governors' Renewable Energy Blueprint

2

Policy

Technical Analysis



The Blueprint's Road

3



September 2008

February 2009

March 2009

July 2009

September 2009

Today

Tomorrow figuratively

Governors' Resolution

Governors write to President Obama, Congress

States request ISO-NE technical analysis

ISO-NE issues draft Renewable Development Scenario Analysis (finalized, 2010)

Governors Adopt Blueprint

States consider coordinated procurement issues

Talk procurement with EDCs, others, Canadians

Blueprint Conclusion: Ample Resources, Choices

4

- The New England region has a **vast** quantity of **untapped renewable resources**
- More than 10,000 MW (nameplate) on & off-shore wind power potential
- If developed at conservative levels, there are **ample** renewable resources to enable New England **to meet renewable energy goals**
- More aggressive development could enable New England to export renewable power to neighboring regions

Conclusions on Facilitation Opportunities

5

New England states have:

- Cooperative experience, inclination to do more
- Siting processes that could accommodate some degree of coordination
- Long-term contract approval mechanisms

Common contracting themes:

- Procurement via **competitive** processes
- Interest in securing **low cost, cost-effective or cost-stabilizing power**



New England Governors' Blueprint Resolution

6



BE IT FURTHER RESOLVED that the New England Governors authorize their regulatory and policy officials to use the Blueprint as a resource to help support development of New England's renewable resources in their public advocacy, rule-making, policy development and other initiatives; and

BE IT FURTHER RESOLVED that the New England Governors authorize their regulatory and policy officials to review the availability of renewable resources in the region, including those identified in the Blueprint, and to consider potential mechanisms for the joint or coordinated but separate competitive procurement of renewable resources, and to report the results of such a review to the Governors within the next twelve months.

Governors' & Eastern Canadian Premiers' Renewable Energy Resolution

7



BE IT FURTHER RESOLVED THAT the New England Governors and Eastern Canadian Premiers wish to provide clarity to renewable energy producers and through the NICE, will initiate a meaningful dialogue between the states and provinces on the types of contract structures, pricing mechanisms and regulatory approvals that may offer the best opportunities for success in the New England and Eastern Canadian electricity marketplaces; and

BE IT FURTHER RESOLVED THAT this dialogue will consider potential terms and conditions for the procurement of regional power and a sample regional *Request for Proposal* for the procurement of renewable power (including energy, capacity, reserves, etc.) that could serve as a model for future solicitations.

Renewable Procurement Work Group

8

- Assessing state procurement practices, processes
- Looking at coordination opportunities, impediments & solutions
- Thinking about pricing structure alternatives, model terms & conditions, potential contract approval process options
- **Reporting to Governors July 2010**

It's Complicated.

9

Across New England, power is procured -

- On different timeframes
- For different services
- For different contract term lengths
- For different percentages of load
- Through different entities

New England (Illustrative) Procurement at a Glance

10

Illustrative Procurement Processes

	Connecticut	ME-CMP&BHE	ME- MPS	Massachusetts	NH-Unitil & Grid	NH - PSNH	Rhode Island	Vermont
Residential and Small Commercial Customers								
Term	usually 1 year	3 yrs staggered	1 to 2 years	1 year staggered	6 months	Mix	6 or 9 months	IRP
Portion of load	100 %	33%+33%+33%	100 %	50 % + 50 %	100 %	56 % own	95%, 5% spot	100 %
Solicitation date	Not fixed	November	November					
Bid date	Not fixed	January	January					
Contract start	Not fixed	March 1	March 1	Varies by EDC	May & Nov	As needed	Apr & Oct	
Flexibility	DPUC can order	Schedule & load	Schedule & load	Schedule & load	Schedule & load	Schedule & load	Schedule & load	
Large Commercial and Industrial Customers								
Term	usually 1 year	6 months	1 to 2 years	3 months	3 months	Mix	3 months	IRP
Portion of load	100 %	100 %	100 %	100 %	100 %	56 % own	100 %	100 %
Solicitation date	Not fixed	Nov. & May	November				No, Fe, My, Au	
Bid date	Not fixed	January & July	January				De, Mr, Jn, Se	
Contract start	Not fixed	March & Sept	March 1	Varies by EDC	Fe, My, Au, No	As needed	Ja, Ap, Jy, Oc	
Flexibility	DPUC can order	Schedule & load	Schedule & load	Schedule & load	Schedule & load	Schedule & load	Schedule & load	
RPS Compliance								
Responsibility	EDCs	SO Supplier	SO Supplier	EDCs	EDCs	EDCs	EDC	Utilities
Term	In standard offer	In standard offer	In standard offer	Flexible	Flexible	Flexible	Flexible	
Portion of load	In standard offer	In standard offer	In standard offer	Flexible	Flexible	Flexible	Flexible	all 2005-12 growth
Solicitation date	In standard offer	In standard offer	In standard offer	Flexible	Flexible	Flexible		
Bid date	In standard offer	In standard offer	In standard offer	Flexible	Flexible	Flexible		
Contract start	In standard offer	In standard offer	In standard offer	Flexible	Flexible	Flexible	Apr & Oct	
Other Renewables								
Target	150 MW Clean Energy Fund	Benefit ratepayers	Benefit ratepayers	3% of load	Specified annual requirement	Specified annual requirement	90 MW by 2014	Feed in tariff for 50 MW
Term	Up to 15 years	up to 10 years, longer with public interest finding	up to 10 years, longer with public interest finding	10-15 years	Up to 15 done	Up to 15 done		10-25 years
Other					Must be synchronous with ISO-NE	Must be synchronous with ISO-NE		SPEED is procurement agent

What's Renewable Is Complicated, Too

States have unique definitions. Commonality across them provides coordination opportunity in the regional context.

		STATE					
		CT	MA	ME	NH	RI	VT
RESOURCE TYPE	Small Hydro	x	x	x	x	x	x
	Large Hydro						x
	Wind	x	x	x	x	x	x
	Solar	x	x	x	x	x	x
	Waste	x		x (w/recycling op)			x
	BioMass	x	x ¹	x	x	x	x
	Landfill Gas	x	x	x	x	x	x
	Demand	x (class 3)					x
	Ocean	x	x	x	x	x	
	Efficiency	x (class 3)					x

¹ Massachusetts recently completed a biomass study. Massachusetts will conduct stakeholder process in which it will consider the study results and current regulations.

The Bright Sides

12

- General flexibility with regard to procurement schedules, levels & contract term lengths
- New England generally uses competitive processes & cost is common to state evaluation criteria
- Coordinated procurement is more slow roast than microwave & Governors' directive recognized need for lots of discussion about lots of complicated issues

Some Issues We've Been Talking About...

13

- Potential means to coordinate solicitation, evaluation?
- What about the review & approval process?
- Who is the counterparty?
- What's a renewable resource?
- Are there resource type or location preferences?

NEXT STEPS

14

- Continue state discussions
- Deliver Report to the Governors on July 12th
 - Discuss coordination process issues, impediments & possible solutions, possible terms & conditions for further discussion
- If Governors elect to continue to explore coordinated procurement, take state thinking to stakeholders (EDCs, renewable developers, others) for lots of conversations about lots of issues