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## Going green in the Granite State

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While New Hampshire's neighbors to the south, Mass. and Conn., rank 1 and 2 in the nation in terms of per capita renewable energy investment- it should be noted that there is a burgeoning renewables market in the Granite State as well. Tighe & Bond is currently working with the N.H. OEP to evaluate a wide range of renewable energy and energy efficiency technologies across several agencies and geographic locations. The project has led to a number of observations about how current energy regulations and financial incentives affect the development of renewable energy in N.H.; some of our findings related to the REC market are presented in this article.

N.H. has an abundant supply of wind, solar, biomass, and hydroelectric resources representing significant opportunity; however, Granite states currently derive 84% of their electricity from energy sources imported from other regions of the U.S. and the world. N.H. has recognized the need to develop policies that favor renewable energy to better utilize the state's abundant in-state resources.

Taking the lead at state facilities, N.H. has spearheaded several initiatives including its Climate Action Plan mandating reductions in GHG, and Chapter 21-1:14c requiring a 25% reduction in fossil fuel consumption in state-owned buildings by 2025. N.H. has also established Renewable Portfolio Standard (RPS) requirements and expanded net metering regulations to include facilities up to 1 MW in capacity.

Despite these initiatives, the state has not yet seen the level of renewable energy project development activity as in other states. One challenge relates to the REC market, which operates on a regional level, but is mandated on a state level. New England is seeing high REC supply and accompanying low prices. However, "carve-out" markets (e.g., MA SREC, CT LREC/ZREC) are trading at high rates close to the ACP.

Because the N.H. REC program is not competitive with other regional states, and because load serving entities in N.H. can purchase RECs generated from other states in ISO New England territory, the majority of RECs used for N.H. RPS compliance have come from facilities outside the state in the recent past. While it has yet to be seen whether the carve-out markets support long-term growth of the industry, these markets create additional, specialized demand as a means to increase investment in renewable energy and have initiated a "gold rush" for project development.

There are also structural aspects to the program that affect in-state development. For example, N.H. has no established protocol for REC sales or procurement. In several states, utilities must procure contracts for purchase of RECs for 10 to 15 years. Other states have initiated an auction system for RECs and set fixed prices that effectively act as a floor price to the REC market. These systems reduce project risk, making more favorable development conditions.

The goal of incenting renewable energy development is generally to create a self-sustaining renewable energy market within N.H.; recognizing that there are long-term benefits of a strong

renewable energy market.

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