

## BUSINESS OPPORTUNITIES IN NEW HAMPSHIRE FOR COMPANIES CREATING AND MARKETING HARDWARE AND SOFTWARE IN THE ENERGY SPACE

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Bienvenue au New Hampshire: Nous sommes ouvrir pour les Affaires Energie!

I. The New Hampshire Regulatory Environment – a Welcoming Regulatory Regime for  
the Energy Project Development of Sustainable Energy Projects

A. What is a “sustainable energy project” – wind, solar, hydro and biomass are the types that have experienced the most extensive development in New Hampshire

B. Each technology has its own hardware and software components.

Wind – turbines, inverters, cable, switchgear, transformers, breakers; plus construction equipment

Solar – panels, inverters, brackets, wires switchgear

Hydro – switchgear, breakers, turbines, generators, cable

Biomass – boilers, turbines, generators, conveyors

All need SCADA systems and related software of some sort

NOTE: Combined Heat and Power (“CHP”) technologies are emerging as suitable sustainable energy technologies – these systems are, in fact, cogeneration facilities producing useful heat and electric power. Scandinavians appear to be designing and producing increasingly efficient small systems.

C. New Hampshire Resources – Abundance of forests, rivers on which there are existing dams, promising wind regimes especially in Northern New Hampshire

II. New Hampshire Legislation Seeks to Remove Barriers to Development

A. The state has restricted local zoning so that cities and towns cannot unreasonably burden small solar and wind installations (100 KW or less). The legislature has also recognized “solar” easements, and when entered into by contracting parties authorized their being recorded as any other conveyance of real estate

- B. The legislature has authorized cities and towns to exempt small solar, wind and wood-fired CHP from local property taxes
- C. The legislature has authorized “net metering” for utility customers having renewable generation facilities of up to 100 KWs (wind, solar, biomass, CHP, hydro). Net metering enables eligible customers to displace their retail purchasers under the standard utility tariff for retail service by producing electric energy from the generation facility.
- D. The legislature has also established a “Renewable Portfolio Standard” (“RPS”) for electricity produced from four classes of generating facilities. The RPS requires all entities, utilities as well as retail service providers, that serve retail customers in New Hampshire to have a percentage of their electricity supplies to be generated by the four classes. For 2012 the following percentages pertain:

Class I	3% - new renewable facilities
Class II	1.5% - incremental production from existing renewable facilities
Class III	6.5% - existing biomass and methane facilities
Class IV	1% - existing small hydro

Recent prices quoted for megawatt hours (MWhrs) produced by Class I and Class II are respectively \$52/MWhr (5.2¢ per KWH) and \$95/MWhr (9.5¢ per KWH)

NOTE: There is a regional financial market for MWhrs produced by various classes of renewable generating facilities. Each New England state except for Vermont has established an RPS. MWhrs produced from these resources are denominated “Renewable Energy Certificates” (“RECs”). The eligible facilities vary from state to state but if a generating facility in one state qualifies in another state’s RPS program the regional market enables the RECs generated to be sold to retail suppliers in the other state.

- E. For larger sustainable systems greater than 100 KWs to 30 MWs the legislature has enacted the Limited Electrical Energy Producers Act (“LEEPA”) to encourage renewable energy development and has established a “one stop shop” for siting larger facilities (above 30 MWs), the Site Evaluation Committee.
- F. LEEPA, in addition to Federal law, provides eligible (qualifying) facilities a market for the sale of power, requires the local utility to interconnect with the qualifying facility and exempts qualifying facilities from pervasive, electric utility type regulation. The legislature has also authorized agreements between qualifying facilities and the local real estate taxing authorities for payments in lieu of taxes.

- G. As for small hydro projects, the author's experience with New Hampshire's resource agencies in the licensing process of the Federal Energy Regulatory Commission is that they are appropriately protective of the project's environment while being prompt with comments that are reasonable and balanced.
  
- H. AN END NOTE: Of particular relevance to this presentation my law firm, Preti, Flaherty, Beliveau and Pachios, has recently provided services to two Canadian companies that resulted in successful business ventures in the region. One company out of Nova Scotia and New Brunswick has developed energy management software and the other, out of Ontario, a commercial sized geothermal heat pump. The latter, with our assistance, recently inked a contract with a school district in Maine, a state with a similarly welcoming regulatory system for energy project development. There is, of course, our friends (and client) Brookfield Renewable whose achievements you have also heard about.

AGAIN: WELCOME TO NEW HAMPSHIRE WHERE THE BUSINESS ENVIRONMENT FOR ENERGY DEVELOPMENT AND INVESTMENT IS COPACETIC