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**FOR IMMEDIATE RELEASE**

On January 31, the Settlement Judge submitted to the Federal Energy Regulatory Commission ("FERC") a proposed, but not fully supported, settlement concerning the New England regional electric capacity market ("Settlement"). The Settlement, the details of which remain confidential until March 6, 2006, covers two time frames: the first through 2010; and the second after 2010. The objective of the Settlement is to guarantee sufficient generation resources to meet New England's future electric needs.

The Settlement would replace a FERC Administrative Law Judge's ("ALJ's") June 2005 decision approving the Locational Installed Capacity ("LICAP") proposal. LICAP would have resulted in rate increases of up to 24% for New Hampshire customers served by utilities which do not own their own generation.

This Settlement, recognizing the litigation risk presented by an ALJ-approved LICAP, reduces the 24% imposed by LICAP to less than 10% over the years 2007 through 2010. For the years after 2010, the Settlement creates a series of forward capacity auctions which would set capacity rates. For PSNH, due to the fact that it owns generation resources, its customers' rate increase should not exceed 5% during 2007-2010. Other New Hampshire electric customers may see increases of up to 10% during 2007-2010.

The New Hampshire OCA, which participated in the underlying FERC proceedings and the settlement negotiations, has decided to neither support nor oppose the Settlement. The OCA's position is based on weighing the high litigation risk and cost of 24% increases against the 10% increase in years 2007-2010. Although the payments made to New England generation in the 2007-2010 period are not tied to new investment in generation and therefore do not directly benefit consumers, the OCA believes that the forward capacity auctions in the years after 2010 will benefit consumers with guaranteed capacity available.

Most participating parties in the New England states of Connecticut, Rhode Island, Vermont and New Hampshire have supported the Settlement. Maine and Massachusetts oppose it.

In either case, under LICAP or the recent Settlement in the early years (2007-2010), the OCA believes the generators will receive an unwarranted windfall. The Settlement merely reduces this windfall and converts the manner in which rates are set in the New England regional electric capacity market after 2010 to a more results-oriented and market based capacity auction.

**For more information please contact the Office of Consumer Advocate**