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March 7, 2006

**FOR IMMEDIATE RELEASE**

After several months of negotiations, on March 6<sup>th</sup> a Settlement was filed with the Federal Energy Regulatory Commission ("FERC") concerning the New England regional electric capacity market ("Settlement"). The Settlement, supported by a majority of the parties, is consistent with the terms of the Settlement in principal announced on February 2, 2006. The objective of the Settlement is to guarantee sufficient generation resources to meet New England's future electric needs and to avoid future black-outs and system failures.

The Settlement replaces the June 2005 Administrative Law Judge's ("ALJ") decision approving the Locational Installed Capacity ("LICAP") proposal, which the NHOCA as well as many other representatives of consumers opposed. LICAP would have resulted in rate increases of up to 24% for New Hampshire customers served by utilities which do not own generation facilities.

This Settlement reduces the 24% increase imposed by LICAP to less than 10% over the years 2007 through 2010. For PSNH customers, due to PSNH's owned generation, rate increases should not exceed 5% during 2007-2010. Other New Hampshire electric customers may see increases of up to 10% during that period.

The NHOCA neither supports nor opposes the settlement. For the years after 2010, the Settlement creates a series of forward capacity auctions which would set capacity at market rates, a concept that the NHOCA does support. Essentially the NH OCA weighed the likelihood of a FERC approved LICAP with 24% increases and no forward capacity auction against the Settlement's 5-10% increases for NH customers with a forward capacity auction. The NHOCA decided it was worth giving New England generators some gravy up front in order to get a capacity auction in the long run.

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.

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