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October 31, 2012

RE: Manchester Chamber concerned with Commission's draft report

Dear Senator Forrester and members of the Senate Bill 361 Commission:

On behalf of the Greater Manchester Chamber of Commerce, I am writing to express concern with the draft report of the Senate Bill 361 Commission. In its current form, the report ignores significant testimony given to the Commission, impedes private property rights, undermines the competitive development market and ignores the potential cost implications of the policies outlined.

Over the last decade, energy regulators have embraced policies that encourage the private development of electric transmission as a way to protect electric consumers from the risk and costs associated with development of these capital-intensive infrastructure developments. Instead of exposing homeowners and businesses to these costs, private development companies carry these risks in return for profit if successful.

The policy recommendations outlined in the Commission's report appear to set New Hampshire on a path directly counter to this privately financed, competitive approach. As outlined in the Commission's report, New Hampshire would instead implement a government-controlled centralized planning approach that mandates the use of specific technology on state-owned property.

The use of state-owned property and linear corridors should be an option for these types of developments. However, it should only be an option. Requiring that developers only use state-owned land greatly impedes private property rights of individuals, businesses and utilities and could be considered a taking.

Some other concerns with the recommendations outlined in the draft report include:

- **One Year Moratorium on Development** – Currently, most experts agree that our electric transmission infrastructure is in dire need of investment and upgrade. But this policy would freeze private investment in our state and stall the continued development of New Hampshire's electric infrastructure at a time when this investment is seen as critical to our economy, future economic expansion and lower electric costs.

Further, the only purpose of a moratorium would be to stop private development while the state implements a mandate requiring the use of state owned property. If the state were to pursue a policy where the use of state-owned property was an option available to developers, a moratorium would be unnecessary.

- **Mandating that all Merchant Transmission Lines be Underground** – A continuing concern of businesses and the New Hampshire legislature has been implementing policies that reduce the cost of electricity. This recommendation stands counter to that effort. While the degree of cost increase varies depending on a variety of factors, it seems clear that mandating the use of underground technologies for transmission lines will increase the cost of lines and increase the cost of the electricity sold from those lines to home owners and businesses in New



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Hampshire. Again, the use of underground transmission development should be an option that the state may want to encourage through policies that reduce costs to developers (free/low cost use of state owned corridors, reduced permitting, tax incentives), but specific technologies should not be mandated.

Although not mentioned in the Commission's report, the state's energy manager testified "there is no question that underground lines are expensive. DAS believes it should be an option but not mandated. Companies should evaluate on a project by project basis to consider monetary costs as well social, environmental, and health related costs." Submission of Oct. 11, 2012. Link: <http://jeanieforrester.com/2012/09/20/sb-361-comission/>

In addition, the Lanzalotta & Associates LLC white paper, prepared for the Conservation Law Foundation and submitted to the Commission on October 19, 2012, reports that a state mandate requiring the Northern Pass be constructed underground would cost in excess of two billion dollars. <http://jeanieforrester.com/2012/09/20/sb-361-comission/>

- **Creating New Permitting Requirements** – Creating a "Pre-Application" process in advance of the existing Site Evaluation Commission permitting process only serves to add additional bureaucracy and costs to the already expensive state and federal permitting requirements. Transmission projects currently face extensive state and federal permitting requirements; this would add to that. In fact, New Hampshire has been applauded for its efficient and comprehensive approach to permitting through the Site Evaluation Commission. Creating new levels of bureaucracy and review would undermine this efficiency, increase bureaucracy and costs, and drive energy development to other states.

In total, the Commission's recommendations encourage greater reliance on centralized government planning that are counter to the existing competitive market, undermine private property rights, and will increase costs for New Hampshire electric customers.

The Greater Manchester Chamber of Commerce believes the Commission's recommendations are not in the best interests of our members. We would request that Commission members not sign onto the report.

Thank you for your consideration.

Sincerely,

Robin Comstock
President and CEO

CC: Senator Peter Bragdon, Speaker Bill O'Brien, Manchester Delegation