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March 26, 2019

Ms. Debra A. Howland
Executive Director
New Hampshire Public Utilities Commission
21 South Fruit Street, Suite 10
Concord, New Hampshire 03301

Re: Docket No. DE 17-136, 2018-2020 Statewide Energy Efficiency Plan
2019 Update Commercial and Industrial Demand Reduction Initiative
Comments in Response to Staff Recommendation

Dear Ms. Howland:

In Order No. 26,207 (December 21, 2018), the Commission approved a settlement agreement that *inter alia* directed Eversource and Unitil to “commit \$343,765 [of ratepayer dollars] to developing a demonstration initiative (i.e. pilot program) intended to test the potential for active demand response strategies within the Commercial and Industrial sector to achieve ISO-NE peak demand reductions... [and requiring] Eversource and Unitil [to] make a filing with the Commission seeking program approval and describing the program in detail, including cost and savings estimates.”¹

Public Service Company of New Hampshire d/b/a Eversource Energy (“Eversource”) and Unitil Energy Systems (“Unitil”) filed the details of their 2019 Commercial and Industrial (“C&I”) Demand Reduction Initiative (“DRI”) with the Commission on January 28, 2019.² The Commission held a technical session on February 27, 2019 where stakeholders discussed various aspects of the filing and related discovery responses. Following that technical session, the parties agreed to, and the Commission approved, a procedural schedule setting a deadline of March 19, 2019 for a Staff recommendation and a deadline for party comments on that recommendation of March 26, 2019. On March 19, 2019 Staff recommended that the

¹ 2019 Energy Efficiency Statewide Plan Update Settlement Agreement. (December 13, 2018) Pages 5-6. Available at: http://puc.nh.gov/Regulatory/Docketbk/2017/17-136/LETTERS-MEMOS-TARIFFS/17-136_2018-12-13_EVERSOURCE_SETTLEMENT_AGREEMENT.PDF

² Eversource and Unitil. 2019 Commercial and Industrial Demand Reduction Initiative. (January 28, 2019) Available at: http://puc.nh.gov/Regulatory/Docketbk/2017/17-136/LETTERS-MEMOS-TARIFFS/17-136_2019-01-28_EVERSOURCE_AND_UES_REDUCTION_INITIATIVE.PDF

Commission approve the DRI, subject to compliance by the utilities with several Staff suggestions, including an accelerated reporting requirement.³

The Office of the Consumer Advocate (OCA) concurs with Staff's recommendations related to the DRI, applauds Eversource and Unitil's willingness to innovate and explore new program designs, and recommends the DRI's approval by the Commission.

The DRI is based on a similar load curtailment pilot undertaken by National Grid in Massachusetts during Summer 2017 and borrows lessons from an extensive impact and process evaluation of that pilot, which was developed by DNV-GL in February 2018.⁴ A major lesson of that evaluation and others that have studied rollout of similar initiatives was that program administrators should strive to enroll customers as early as possible because seasonal peaks occasionally occur very early in the summer season.⁵ Based on this lesson, we encourage the Commission to act as expeditiously as possible in approving the proposed initiative.

In 2019, Eversource piloted a similar initiative in Massachusetts enrolling approximately 60 large C&I customers and achieved approximately 8.4 MW of evaluated demand reduction during the annual system peak hour.⁶ The large C&I load curtailment the companies have proposed in New Hampshire is modeled on the most cost-effective of the various demand reduction initiatives being piloted in Massachusetts. For example, the evaluated cost of the large C&I load curtailment pilots in Massachusetts during 2018 was \$50-\$81/kW-yr while the evaluated cost of residential direct load control (smart thermostats) was \$250-\$500/kW-yr.⁷ For the 2019-2021 period, the Massachusetts program administrators project that the Large C&I Active Demand Reduction Initiative will have a benefit-cost ratio of 3.71:1, a benefit-cost ratio surpassed only by the C&I new construction program, which is generally the most cost-effective program in any state's portfolio.⁸ In summary, this pilot and any program that follows has the potential to provide significant net benefits to New Hampshire's ratepayers.

Finally, while we recognize that this pilot is projected to be highly cost-effective and that delivering such an opportunity to stakeholders in coordination with energy efficiency program

³ Staff Recommendation Regarding Demand Response Pilot of PSNH and UES. (March 19, 2019) Available at: http://puc.nh.gov/Regulatory/Docketbk/2017/17-136/LETTERS-MEMOS-TARIFFS/17-136_2019-03-19_STAFF_REC.PDF

⁴ DNV-GL. Evaluation of 2017 Demand Response Demonstration: C&I Connected Solutions. (February 23, 2018) Available at: <http://ma-eeac.org/wordpress/wp-content/uploads/National-Grid-Connected-Solutions-Final-Report.pdf>

⁵ *id.* at Page 50. Suggesting that "The demonstration missed the system's peak, which occurred in June when the demonstration was still in its early stages."

⁶ Massachusetts Energy Efficiency Advisory Council. Presentation on Active Demand Reduction Demonstration & Initiative Update. (March 20, 2019) Slide 19. Available at: http://ma-eeac.org/wordpress/wp-content/uploads/March-Demand-Presentations_EEAC_3-8-19_Final_corrected.pdf

⁷ *id.* at Slides 8, 15, and 16.

⁸ Massachusetts 2019-21 Energy Efficiency Plan. Exhibit 1, Appendix C- Statewide Electric Data Tables. Sheet "Cost Effectiveness." Lines 227 and 231, Row C. Available at: <http://ma-eeac.org/wordpress/wp-content/uploads/Exhibit-1-Appendix-C-2019-2021-Plan-Data-Tables-2-19-19-Statewide-Electric.xlsx>

administration has been identified as a best practice, we caution the Commission that SBC dollars should be only a temporary funding source for this initiative. As we suggested in our recent comments on Eversource's initial TOU proposal in DE 16-576,⁹ the OCA firmly believes that any cost-effective active demand reduction pilot that becomes a full scale program should be recovered through a Commission-approved fully reconciling charge determined and assessed on an annual basis through a process modeled upon Eversource's reliability enhancement program, rather than via the SBC.

The OCA appreciates the opportunity to offer comments on Staff's recommendation relative to Eversource and Unifil's proposed demand reduction initiative. We look forward to working with the stakeholders to continue to monitor implementation of the pilots that can be used to inform the Commission's future consideration of demand reduction benefits, valuation, and related customer impacts.



Brian D. Buckley
Staff Attorney

Cc: Service list

⁹ OCA Comments in Response to Initial TOU proposals. (March 8, 2019) Available at: https://drive.google.com/file/d/1STHdZm-dn8z_I3XHbzAN76jpQIIJR_6/view?usp=sharing