

[WITNESS PANEL: Gilbertson|DaFonte]

1 five years.

2 Q And are you aware that Vermont and Maine had some
3 success in increasing heat pump installations
4 over the past few years?

5 A (DaFonte) I'm only aware of it based on what
6 Dr. Hill provided. But, as I said earlier, there
7 are no details provided in those documents that
8 suggest that heat pumps will operate efficiently
9 during the coldest days of the year. And whether
10 any customers that have installed heat pumps have
11 any backup fuel source, whether it be natural
12 gas, oil, pellet stoves, anything. I haven't
13 seen any information that suggests that that's
14 taking place.

15 And, as I said, on the cold -- even
16 though, for example, if a customer can basically
17 make due with a heat pump for 360 days out of the
18 year, okay, those other five days have to be
19 planned for, in particular, that design day. So,
20 if those customers are going to need their
21 natural gas service for just that design day, or
22 five days or ten days, we have to plan to meet
23 those requirements.

24 So, you know, in summary, I haven't

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1 seen any information that suggest that, you know,
2 heat pumps are going to be the answer to design
3 day requirements for customers.

4 Q So, you know, outside of what, you know, Dr. Hill
5 has presented regarding Maine and Vermont,
6 Liberty hasn't looked into what's happening in
7 those states, vis-à-vis heat pumps, correct?

8 A (DaFonte) No. We have not done our independent
9 analysis of what's going on in those states. We
10 simply are looking at New Hampshire.

11 Q And you really don't know, you know, whether
12 customer preferences might change over the next
13 20 years, to prefer heat pumps to natural gas.
14 And, you know, I understand you disagree with
15 whether heat pumps are viable. But, you know,
16 consumers do weird things sometimes, and you
17 don't know what's going to happen with consumer
18 preferences over the next 20 years, correct?

19 A (DaFonte) Yes. I don't know that. What I do
20 know is that we have a deficiency over the next
21 five years that this contract is going to
22 satisfy. So, what customers decide to do in year
23 6, 7, 8, 9, 20, really is immaterial to the
24 decision that we're making to enter into this

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1 contract to meet our short-term deficiency.

2 Q I want to briefly draw your attention to
3 something that you wrote on -- it's in Exhibit 4,
4 which is your rebuttal testimony, Page 34 of
5 your -- Bates Page 034 of your rebuttal. It's
6 the final paragraph there.

7 And, you know, you sort of talk about
8 "natural gas is the marginal fuel", and
9 regardless of whether heat pumps are adopted or
10 not, your position is that natural gas is to be
11 the marginal fuel for ISO-New England.

12 You know, whether or not natural gas is
13 the marginal fuel for New England at this point,
14 you know, that has no relevance to whether heat
15 pumps are viable in New Hampshire, correct?

16 A (DaFonte) No. I don't think we were addressing
17 the viability of heat pumps. We were addressing
18 the impact environmentally, for its greenhouse
19 gas emissions and carbon emissions. What we're
20 suggesting is that, you know, with the
21 installation of heat pumps, that doesn't
22 necessarily mean that consumption of natural gas
23 is going to go down, because there will be
24 additional generation that's going to be required

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1 to meet those needs of those heat pumps.

2 And what we've seen in the past is
3 that, because there are significant constraints
4 in the Northeast and in New England, the need for
5 natural gas for electric generation is just going
6 to increase. Yet, there is no ability to get
7 additional natural gas to those power plants.
8 So, that's simply just pointing out the fact that
9 it's really, from an environmental perspective,
10 there really isn't much of a difference.

11 Q Are you aware that a majority of, you know, new
12 generation in ISO-New England's interconnection
13 queue right now are renewables?

14 A (DaFonte) No, I understand that. We're just
15 pointing out that, you know, that natural gas is
16 on the margin. And that the need for natural gas
17 for generation is not going to go away any time
18 soon, and certainly not in the next five years,
19 which is when we need our capacity.

20 Q Okay. Turning to your rebuttal again, Bates 035,
21 looking at Lines 1 through 9, so that first
22 paragraph there. You know, Dr. Hill discussed,
23 you know, said basically that Liberty should, you
24 know, conduct its planning, you know, looking at

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1 "future scenarios in which state and regional
2 greenhouse gas emissions are reduced by 50
3 percent by 2030, and by 80 percent or more by
4 2050."

5 Now, you're generally aware that New
6 Hampshire's neighbors, Maine, Massachusetts, and
7 Vermont, you know, all have statewide targets
8 that require mandatory greenhouse gas emissions
9 reductions over the next 30 years?

10 A (DaFonte) Yes. I'm generally aware.

11 Q Okay. And, you know, are you generally aware
12 that some of these states have mandatory
13 greenhouse gas emissions that are similar to what
14 Dr. Hill has proposed here or what Dr. Hill has
15 suggested here?

16 A (DaFonte) I'm generally aware. But I, you know,
17 don't know the details behind it, in terms of
18 whether there are targets specifically for
19 natural gas utilities or natural gas customers,
20 or, you know, or that detail.

21 So, you know, the targets may be more
22 geared towards electric generation or increased
23 use of electric vehicles or those types of
24 emissions reductions that, you know, that would

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1 be certainly much more impactful than a natural
2 gas heating customer switching over to electric
3 heat pumps.

4 Q So, are you unaware that Maine has a target of
5 reducing emissions by 45 percent by 2030 and 80
6 percent by 2050, and that's economywide?

7 A (DaFonte) I'm just generally aware, based on some
8 of the information that Mr. Hill provided. But,
9 you know, as I said earlier, you know, I'm not
10 planning for Maine, I'm planning for New
11 Hampshire. And I'm specifically planning for
12 EnergyNorth's requirements to meet its deficiency
13 over the next five years. Really, that's what
14 this contract is all about.

15 It's not about looking at greenhouse
16 gas emissions or zero carbon targets or any of
17 that. Those are things that we can address, once
18 the planning process requires them to be
19 addressed or once there's a regulatory
20 requirement, legislative rulemaking, those kind
21 of things that would require us to change the
22 planning process, we would then do that.

23 Right now, there is no requirement.
24 But there is a requirement for us to serve our

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1 customers reliably and economically, and that's
2 simply what we're trying to do with this
3 contract.

4 Q So, I mean, again, you know, you're saying that
5 the Commission should only look at the next five
6 years, but this is a 20-year contract. So, you
7 basically don't think there's a significant risk
8 that New Hampshire or the federal government will
9 enact climate change legislation in the next 20
10 years?

11 A (DaFonte) That's not what I'm saying at all. I'm
12 saying that, you know, the Commission should look
13 at everything in totality. It should look at
14 what our, you know, current contracts are, what
15 our ability to reduce those current contracts is,
16 they should look at, you know, everything,
17 everything that they would typically look at, in
18 terms of whether this is a prudent decision.

19 And, you know, we are clearly showing
20 that we have a deficiency. We've clearly shown
21 that we have the ability to reduce existing
22 contracts, should the demand change. If there's
23 new legislation, whether it be at the federal or
24 state level, we will deal with that when the time

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1 comes. But we have a very flexible portfolio
2 that would allow us to do that.

3 Q So, Liberty models for its demand forecast, they
4 don't -- they don't incorporate the possibility
5 of electrification, you know, increase in
6 electrification or legislation adopting mandatory
7 greenhouse gas reductions over the next 20 years,
8 correct?

9 A (DaFonte) No, they don't. It's, you know, as far
10 as, you know, we look at it, at this point in
11 time, that that's not what our planning process
12 is. If it's required, we'll do it. But anything
13 at this point is purely speculative, in terms of
14 the impact to customers, and, you know, who the
15 targeted customers are going to be. Are they
16 going to go after gas customers or customers that
17 have a greater carbon footprint, like oil
18 customers, propane customers? There's a lot of
19 variables that come into play. We have no way of
20 knowing what is going to be required, you know,
21 five, ten, twenty years from now.

22 We're looking at a near-term
23 deficiency. This contract addresses that
24 near-term deficiency. Once we're required and

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1 have the appropriate information to produce a new
2 forecast, we'll do that. And we'll make the
3 necessary adjustments to the portfolio as
4 required by that forecast.

5 Q Going back to your on-system enhancements for one
6 second. Liberty developed a 60-year amortization
7 schedule for those on-system enhancements, right?

8 A (DaFonte) Yes. That schedule was put together by
9 ScottMadden.

10 Q And that was a 60-year schedule?

11 A (DaFonte) I believe it was, yes.

12 Q Okay. And then, the Company has not conducted
13 any sort of independent environmental analysis of
14 the impacts from the TGP contract, right?

15 A (DaFonte) That is correct.

16 Q Okay.

17 A (DaFonte) It's existing capacity on the
18 Tennessee system. So, it's not incremental. If
19 we don't use it, somebody else will. So, I don't
20 believe the GHG impact is any different. It's
21 not a new pipeline or new supply or anything of
22 that nature. It's existing, it's pipe in the
23 ground.

24 Q But you didn't conduct any sort of greenhouse gas

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1 emissions cycle analysis or anything like that,
2 right?

3 A (DaFonte) No. Again, that's not part of the
4 approved planning process.

5 CHAIRWOMAN MARTIN: Mr. Krakoff?

6 MR. KRAKOFF: All right. I think I'm
7 almost done with my questions, but let me just
8 take one quick look.

9 CHAIRWOMAN MARTIN: I was just going
10 to ask you if you were almost done, because
11 otherwise I would take a break for
12 Mr. Patnaude's sake. But, if you think you'll
13 be done in the next ten minutes or so, we can
14 continue?

15 MR. KRAKOFF: Yes. I think I'm
16 pretty much done. But let just take a quick
17 look here.

18 CHAIRWOMAN MARTIN: Okay.

19 *(Short pause.)*

20 MR. KRAKOFF: Okay. I have no further
21 questions of Mr. DaFonte.

22 CHAIRWOMAN MARTIN: All right. Thank
23 you, Mr. Krakoff.

24 We are going to break for lunch right

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1 now, until 12:35. Off the record.

2 (The Morning Session was recessed at
3 12:06 p.m., and the Afternoon Session
4 of the hearing to resume at 12:35 p.m.
5 Please note that the transcript of the
6 Afternoon Session to be submitted as a
7 separate transcript identified as
8 **"Afternoon Session ONLY"**)

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