

STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION

January 4, 2018 - 10:06 a.m.
Concord, New Hampshire

19 JAN '18 PM 4:23

RE: DE 17-189
LIBERTY UTILITIES (GRANITE STATE
ELECTRIC) CORP. d/b/a LIBERTY
UTILITIES: Petition to Approve
Battery Storage Pilot Program.
(Prehearing conference)

PRESENT: Chairman Martin P. Honigberg, Presiding
Commissioner Kathryn M. Bailey
Commissioner Michael S. Giaimo

Sandy Deno, Clerk

APPEARANCES: Reptg. Liberty Utilities (Granite
State Electric) Corp. d/b/a
Liberty Utilities:
Michael J. Sheehan, Esq.

Reptg. the City of Lebanon:
Clifton Below (via teleconference)

Reptg. ReVision Energy:
Jack Ruderman (via teleconference)

Reptg. Acadia Center:
Ellen Hawes (via teleconference)

Reptg. Sunrun, Inc.:
Chris Rauscher (via teleconference)

COURT REPORTER: Steven E. Patnaude, LCR No. 52

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ORIGINAL TRANSCRIPT

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APPEARANCES: (C o n t i n u e d)

Reptg. Residential Ratepayers:

D. Maurice Kreis, Esq., Consumer Adv.
James Brennan, Finance Director
Office of Consumer Advocate

Reptg. PUC Staff:

David Wiesner, Esq.
Thomas Frantz, Director/Electric Div.
Kurt Demmer, Electric Division
Liz Nixon, Electric Division

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P R O C E E D I N G

CHAIRMAN HONIGBERG: Good morning.

We're here in Docket DE 17-189, which is a filing by Liberty for a Battery Storage Pilot Program. We're here for a prehearing conference. We have some intervention petitions, but I understand that most of the prospective intervenors aren't here due to the weather. We'll talk about that in a moment.

Before we do anything else, let's take appearances of those who are.

MR. SHEEHAN: Good morning, Commissioners. Mike Sheehan, for Liberty Utilities (Granite State Electric). Excuse me. With me today, Heather Tebbetts, Steve Mullen, Mike Licata, and Peter Eichler. Peter is from our headquarters in Canada. Peter and Heather have been the prime movers of this docket.

Thank you.

MR. KREIS: Good morning, Commissioners. I'm D. Maurice Kreis, the Consumer Advocate, here representing residential utility customers. The gentleman to my left is Jim Brennan, our Director of

1 Finance. Our consultant, Lon Huber, is also
2 going to be participating in this docket,
3 although I don't think he's on the phone at
4 present, because he is out in California, where
5 the weather is much nicer than what we have
6 here today.

7 And we are all charged up about this
8 docket.

9 MR. WIESNER: Good morning,
10 Commissioners. David Wiesner, representing
11 Commission Staff. And with me, from the
12 Electric Division, are Tom Frantz, the
13 Director, Kurt Demmer and Liz Nixon, Analysts.

14 CHAIRMAN HONIGBERG: Mr. Wiesner, are
15 there people on the phone, because I hear the
16 crackling?

17 MR. WIESNER: I have not taken
18 attendance. I believe there are people on the
19 phone. Do we want to know who they are?

20 CHAIRMAN HONIGBERG: Well, I don't
21 know. If they are appearing, and want to
22 participate in this, in the prehearing
23 conference, we can do that, but it's not
24 necessary. From what I understood earlier,

1 they're largely here to, or here in the ether,
2 to participate in the technical session, is
3 that right?

4 MR. WIESNER: I believe that's
5 correct. Given the weather, a number of people
6 didn't want to come in person. And we made a
7 teleconference connection available for the
8 tech session. And then we decided this morning
9 to open the line early so that people could at
10 least monitor the prehearing conference.

11 CHAIRMAN HONIGBERG: All right.

12 MR. WIESNER: I think it's up to the
13 Chair whether, you know, we would permit them
14 to participate through that remote connection.

15 CHAIRMAN HONIGBERG: I mean, if
16 someone wants to say something, they can pipe
17 up or text Mr. Wiesner and he'll let us know.

18 But I think, for the benefit of
19 people who are trying to listen, it would be
20 helpful for those who are in the room to make
21 sure they're speaking into microphones, because
22 that will both amplify the sound and give
23 everyone a help there.

24 What do we need to do here this

1 morning? I know there's a Motion for
2 Confidential Treatment and we have Motions for
3 Intervention.

4 So, where do you want to start?

5 MR. SHEEHAN: I have reviewed the
6 Motions for Intervention, and I think one
7 actually came in either this morning or last
8 night from Acadia Center, we don't object to
9 any of them. So, we're happy with them all
10 becoming full parties.

11 CHAIRMAN HONIGBERG: All right.
12 We're not aware of Acadia Center, and I don't
13 have anything in front of me on Acadia Center.
14 I heard rumors of another solar company, it
15 might be Sunrun. Is that right, Mr. Wiesner?

16 MR. WIESNER: Yes. I mean, there are
17 some anomalies with some of the Petitions to
18 Intervene. I think we're up to six intervenors
19 now. Three of them made complete filings, in
20 paper and electronically. I think, with
21 ReVision, I'm not sure they sent it to the
22 service list. Sunrun, we're still waiting for
23 the paper copies to come in. And then Acadia
24 Center we just learned about this morning,

1 there was an issue with their submission.

2 But we, Staff, doesn't have any
3 objection to any of those interventions, even
4 if they are deemed to be late.

5 CHAIRMAN HONIGBERG: Mr. Kreis, do
6 you any position on interventions?

7 MR. KREIS: I do not have any
8 objections to those interventions that I
9 actually know about. I hadn't heard about
10 ReVision. I saw a petition from Acadia Center
11 this morning. And I've heard about -- I've
12 seen the petition from the City of Lebanon,
13 from Sunrun.

14 So, it's difficult to imagine
15 circumstances where we would object to any of
16 the interventions that we've heard any rumors
17 of or actual evidence of.

18 CHAIRMAN HONIGBERG: I think the
19 others are CLF, the Sustainable Energy
20 Association, I think those are the ones that
21 haven't yet been mentioned specifically this
22 morning. And Mr. Kreis mentioned Lebanon.

23 So, I think we have some number that
24 had been filed properly. I guess, rather than

1 rule on interventions from the Bench, we'll
2 deal with that either in a secretarial letter
3 following the technical session or in a
4 separate order. But I think, certainly, for
5 purposes of the rest of the day at the
6 technical session, people should assume they're
7 at least participating in the docket in one
8 way, shape or form.

9 What else can we do this morning?

10 MR. SHEEHAN: The other motion
11 pending is our request for confidential
12 treatment. Attached to Ms. Tebbetts' testimony
13 is a report of our consultant. It is, in
14 effect, an informal RFP. And we have redacted
15 the names of those who participated and a lot
16 of their -- probably all of their pricing, for
17 the reasons that such information is frequently
18 redacted in Commission proceedings, usually in
19 connection with default service solicitations.

20 CHAIRMAN HONIGBERG: Yes. Before I
21 ask the others in the room about that, I did
22 look at what you've redacted or how it's grayed
23 out in the confidential version. And it
24 strikes me that you've done a -- I understand

1 the theory underlying the graying out, I think
2 you may have gone a little too far on some of
3 this, because you've grayed out positive and
4 negative points, in addition to the names.

5 And it seems that, in terms of
6 understanding the thought process of the
7 Company, we don't need to know the names, we
8 don't need to know the prices, we don't need to
9 know some of the details. But, in terms of
10 understanding what the Company views as the
11 positive and negative points, I'm not sure why
12 that's confidential.

13 I mean, maybe I'm wrong, but that was
14 what struck me this morning when I was
15 reviewing it.

16 MR. SHEEHAN: We can certainly take
17 another look and modify, if we agree with
18 what -- what you're saying certainly makes
19 sense. And if we could narrow it, it's always
20 in everyone's interest to do that. So, we can
21 certainly take another look.

22 CHAIRMAN HONIGBERG: Mr. Kreis,
23 Mr. Wiesner, do you have any thoughts on the
24 Motion for Confidential Treatment?

1 MR. KREIS: I do not, Mr. Chairman.
2 We do not have any objection to the Commission
3 granting the motion.

4 CHAIRMAN HONIGBERG: Mr. Wiesner?

5 MR. WIESNER: Nor do we. Although,
6 if the Company is willing to take another look
7 at the extent of the redactions, that would be
8 wonderful. Maybe it will increase the
9 transparency from the point of view of the
10 public.

11 CHAIRMAN HONIGBERG: That was my
12 instinct when I saw it. And I think that,
13 again, if, on review, you decide "No, we've
14 done it right, and these are the reasons",
15 we'll understand. I think we fully intend to
16 grant the motion, with appropriate redactions.
17 What gets redacted may still be up for some
18 discussion.

19 Anything else before hearing from the
20 parties on their preliminary positions?

21 MR. SHEEHAN: Nothing from us.

22 MR. WIESNER: Not that I'm aware of,
23 Mr. Chairman.

24 CHAIRMAN HONIGBERG: All right.

1 Mr. Sheehan, why don't you start us off.

2 MR. SHEEHAN: Sure. Thank you. We
3 are pleased this morning to make this filing
4 and start this case on an approval of our
5 Battery Storage Program. This filing is
6 consistent with, and it furthers, the goals of
7 the entire Liberty family of companies to be at
8 the leading edge of moving toward what has been
9 called "Utility 2.0".

10 Utility 2.0, or the electric
11 distribution utility of the not-too-distant or
12 even present future, is characterized by things
13 such as reduced energy consumption through
14 energy efficiency; meaningful decoupling to
15 eliminate the incentive to sell more
16 electricity; reduced carbon emissions; grid
17 modernization that uses and allows for demand
18 response, local generation, and related
19 technologies; and grid flexibility to integrate
20 large quantities of distributed and
21 utility-scale renewables.

22 This Commission has already been
23 working on these issues, through, for example,
24 its Grid Mod docket, the updating of the net

1 metering tariff, and the EERS proceedings.

2 Liberty's battery storage proposal
3 here is another innovative and adaptive program
4 that represents a large step for Liberty on its
5 road for Utility 2.0. It's consistent with the
6 principles discussed and encouraged in the
7 prior New Hampshire dockets I just mentioned;
8 it will address peak reduction; it may prove to
9 be a viable non-wires alternative to costly
10 distribution upgrades; and it will introduce
11 time-of-use rates to Liberty's residential
12 customers.

13 Specifically, we're proposing the
14 following: That Liberty buy and install five
15 megawatts of batteries in 1,000 customer homes.
16 That the Commission -- and that the Commission
17 approve time-of-use rates for those customers.
18 The batteries will be paid for largely by
19 Liberty, but customers will be required to make
20 either a single up-front payment of, say, a
21 thousand dollars, or a monthly payment of
22 approximately \$10 per month over the ten years.
23 So, they will roughly pay for 15 or 20 percent
24 of the cost.

1 The customer will have free and full
2 use of the batteries, except for roughly one
3 day a month, when the Company expects to have a
4 peak event. The basic idea on all those other
5 days is that the customer charges the battery
6 at night, taking advantage of the low
7 time-of-use rate, the off-peak rate, and uses
8 the battery during the day, avoiding the higher
9 peak rates. This can be for customers with or
10 without distributed generation of their own.

11 The customer, obviously, will benefit
12 from lower energy costs. They will have a
13 back-up power source in case of an outage.

14 And when those peak events do happen,
15 when the Company predicts tomorrow is going to
16 be a peak event for the month or for the year,
17 the Company will notify the customers of that
18 the day before, and we will then take charge of
19 the battery to make sure it's charged
20 overnight, and then we will have use of it for
21 the following day so we can draw on those
22 batteries at the peak time to lower our peak,
23 our system peak.

24 The Company projects immediate

1 savings in transmission rates because of this
2 drawdown on those peak days. When fully
3 installed, we project that the five megawatts
4 of battery storage will save the Company about
5 \$700,000 a year in transmission costs.

6 Another systemwide benefit may be the
7 Company's ability to avoid or delay
8 distribution system upgrades due to the lower
9 peak demands on certain circuits. We've
10 identified two circuits in particular that are
11 likely in need of upgrades in the near future,
12 where we hope to have enough participating
13 customers to see if we can delay or avoid those
14 upgrades by reducing the peak demand on those
15 circuits.

16 Both the transmission savings and any
17 distribution savings will be passed along to
18 customers in lower rates.

19 What we're asking from the Commission
20 specifically are the following approvals:

21 Approval of the Company's investment in the
22 batteries and related systems; approval of the
23 one-time and monthly fees of the peak
24 participating customers will be asked to pay;

1 approval of the Company's recovery of its costs
2 in rates; and approval of the time-of-use rates
3 that will apply just to these participating
4 customers.

5 We believe we can establish that this
6 program will result in just and reasonable
7 rates, and will also set the stage for even
8 more ambitious programs by the Company,
9 possibly by other utilities, and certainly by
10 stakeholders, as we collectively build
11 Liberty's version of Utility 2.0.

12 Thank you.

13 CHAIRMAN HONIGBERG: Mr. Kreis.

14 MR. KREIS: Thank you, Mr. Chairman.
15 The Office of the Consumer Advocate, as I said
16 when I entered my appearance, is charged up
17 about this docket, because we have had
18 opportunities to confer with Liberty Utilities
19 as they were preparing their filing. And we
20 think that this is a very interesting proposal
21 that Liberty has made. And we look forward to
22 working with the Company on moving it towards
23 what we hope will be Commission approval of the
24 pilot program.

1 I think that it is important for the
2 Commission to understand and be mindful of the
3 specific statutory authority under which a
4 proposal like this moves forward. It isn't
5 referenced in the Company's Petition, but I
6 believe that a pilot program, such as the one
7 that is proposed here, is specifically
8 authorized by the Legislature pursuant to RSA
9 374-G. And the reason I mention that in
10 particular is that, in Section 5 of RSA 374-G,
11 in Paragraph II, there is a list, a fairly long
12 list actually, of specific findings or issues
13 that the Commission needs to consider in
14 approving a proposed investment by a utility in
15 distributed energy resources, and storage, such
16 as the type of storage that we're talking about
17 here, is definitely included in the definition
18 of those resources.

19 So, those issues that the Commission
20 needs to consider are the effect on
21 reliability, safety, and efficiency of electric
22 service; the efficient and cost-effective
23 realization of the purposes of the renewable
24 portfolio standards and the restructuring

1 policy principles; energy security benefits;
2 and the environmental benefits; economic
3 development benefits and liabilities; effect on
4 competition in the electricity market and on
5 the state's energy -- retail energy services
6 market; costs and benefits to the utility's
7 customers; whether the expected value of the
8 economic benefits over the life of the
9 investment outweigh the economic cost; and the
10 costs and benefits to any participating
11 customer or customers.

12 I'm pretty confident that, when the
13 Commission considers those issues, this pilot
14 proposal, as it will be hopefully modified and
15 refined over the course of this proceeding,
16 will meet the public interest standard that the
17 Legislature has laid down.

18 That said, we do have some specific
19 issues that we intend to address with the
20 Company over the course of this proceeding, and
21 that we think the Commission will ultimately
22 need to address. And I'd just like to take a
23 minute to summarize those briefly.

24 Some of the program features in the

1 Company's Petition and Ms. Tebbetts' testimony
2 need to be defined with more precision. We
3 need to establish metrics so that we know what
4 success of the pilot program actually looks
5 like. Because, after all, a successful pilot
6 ought to be replicable in other parts of this
7 Company's territory and in the territories of
8 other companies.

9 Liberty, in its Petition, relies on
10 the transmission and distribution benefits of
11 their proposed pilot. We need to explore
12 whether there are other benefits that a program
13 like this can be captured, and I'm thinking of
14 things like capacity benefits and ancillary
15 services.

16 We need to take a hard look at the
17 question of rate design. This is a laudable
18 movement into the fruitful territory of
19 time-of-use rates. But we need to understand
20 better than we currently do how and why Liberty
21 defined the peak, critical peak, and off-peak
22 periods in their Petition.

23 And finally, from the standpoint of
24 residential utility customers, we need to

1 include cost safeguards, and also perhaps some
2 flexibility in how the cost of enrolling in the
3 program is assessed to participants in the
4 pilot.

5 So, with those concerns in mind, but
6 again with some degree of enthusiasm for this
7 particular proposal, we look forward to
8 actively participating in this docket.

9 CHAIRMAN HONIGBERG: Mr. Wiesner.

10 MR. WIESNER: Commission Staff
11 believes this is an intriguing and innovative
12 proposal from the Company, and we commend them
13 for their forward-thinking.

14 We intend to work with the Company
15 and with other parties to take a hard look at
16 this. And we have many of the same concerns
17 expressed by the Consumer Advocate, with
18 respect to relative costs and benefits and
19 impacts on other ratepayers.

20 I would also agree with Mr. Sheehan
21 that there's a lot of overlap here with this
22 proposal with other initiatives underway at the
23 Commission: Grid modernization, net metering,
24 energy efficiency. And this pilot has the

1 potential, if it's well-designed and
2 well-implemented, to produce data that will be
3 useful in those other contexts.

4 So, we look forward to working with
5 the Company. We're mindful of their interest
6 in having the proposal approved by June 30th,
7 and we are ready to work towards that goal.

8 CHAIRMAN HONIGBERG: Mr. Sheehan, I
9 have a question.

10 You had indicated I think "\$700,000 a
11 year in transmission rate savings". How does
12 that compare to the total transmission? What
13 percentage is that?

14 MR. SHEEHAN: I think our total is in
15 the \$20 million range per year. So, --

16 CHAIRMAN HONIGBERG: Thank you. That
17 helps.

18 Is there anyone on the phone who
19 wants to say anything in connection with the
20 prehearing conference, understanding that
21 there's a technical session that will follow,
22 which is I think why most of the people on the
23 phone are here?

24 MR. BELOW: Hello. This is City

1 Councilor Clifton Below, on behalf of the City
2 of Lebanon. Can you hear me okay?

3 CHAIRMAN HONIGBERG: We can hear you
4 perfectly.

5 MR. BELOW: Great. We also want to
6 commend Liberty Utilities for this -- there's a
7 lot of static here. Let me try to take this
8 off speaker here.

9 In many respects, the City's initial
10 position is reflected in its Petition to
11 Intervene. I would say that we, with the
12 Consumer Advocate, that RSA 374-G likely
13 applies in this situation. We are exploring
14 how this can work with our proposed real-time
15 pricing pilot, inasmuch as that could produce
16 some additional value for customers, and
17 perhaps help shift some more of the costs and
18 benefit to the customer, which could also
19 benefit the customers in general by helping
20 shave peak demand for generation and capacity,
21 and help *[inaudible]* valleys on the other side
22 of that demand curve.

23 So, I would say that the City looks
24 forward as well to working with Liberty and the

1 other parties in the proceeding to flesh this
2 out and see how we can make it work.

3 CHAIRMAN HONIGBERG: Does anyone else
4 want to say anything?

5 MR. RUDERMAN: Yes. Jack Ruderman,
6 for ReVision Energy.

7 CHAIRMAN HONIGBERG: Go ahead, Mr.
8 Ruderman.

9 MR. RUDERMAN: Good morning. Can you
10 hear me okay?

11 CHAIRMAN HONIGBERG: We can hear you
12 perfectly.

13 MR. RUDERMAN: Great. I just want to
14 state briefly, on behalf of ReVision Energy,
15 that we think proving the potential from
16 widespread deployment of behind-the-meter
17 battery storage is definitely a worthwhile
18 goal. And as the other parties have done, we
19 commend Liberty for putting forward the
20 proposal.

21 However, we are a little bit
22 skeptical of utility ownership of assets behind
23 the meter. Unlike traditional utility
24 distribution assets, aggregated distributed

1 energy resources are not a natural monopoly.
2 And we believe the Commission should be wary of
3 expanding the franchise beyond its core
4 functions today.

5 The proposed pilot program
6 *[inaudible]* is likely to build **[?]** some useful
7 information. But, in the long run, private
8 companies should have the opportunity to
9 compete in the free market environment in order
10 to provide these services at the lowest cost to
11 ratepayers.

12 So, we would urge the Commission, as
13 it moves through this docket, to consider an
14 alternative to this proposal, and that would be
15 a program that would authorize Liberty to set
16 up a platform for calling on and compensating
17 battery storage systems, but would allow other
18 developers and aggregators to build, own,
19 install, and operate them.

20 And finally, we agree that this case
21 should be *[inaudible]* under RSA 374-G. Thank
22 you. And those are our comments.

23 CHAIRMAN HONIGBERG: Thank you,
24 Mr. Ruderman.

1 Is there anyone else on the phone who
2 would like to say anything?

3 MS. HAWES: Yes. This is Ellen
4 Hawes, for Acadia Center. And first of all, I
5 apologize for the issues with our filing. And
6 if anything is necessary to remedy that and
7 refiling, I'd be happy to do that.

8 I just like to quickly echo both the
9 OCA and ReVision. Acadia Center is very
10 excited to see this *[inaudible]* put forward.
11 Perhaps a closer look at some of the
12 time-of-use periods that are being proposed.
13 We also, in general, have concerns with utility
14 ownership of storage being promoted over
15 private ownership.

16 So, I'm not sure of the exact
17 proposal, the details of what Jack is
18 proposing, but look forward to looking at that
19 more closely in the tech sessions, and perhaps
20 considering that as an alternative as well.

21 CHAIRMAN HONIGBERG: Thank you,
22 Ms. Hawes.

23 Is there anyone else?

24 *[No indication given.]*

1 CHAIRMAN HONIGBERG: All right.

2 Hearing none, --

3 MR. RAUSCHER: *[inaudible]* Rauscher,
4 from Sunrun.

5 CHAIRMAN HONIGBERG: Oh, I'm sorry.
6 Can you restate your name please?

7 MR. RAUSCHER: It's Chris Rauscher,
8 from Sunrun.

9 CHAIRMAN HONIGBERG: Can you spell
10 your last name please?

11 MR. RAUSCHER: R-a-u-s-c-h-e-r.

12 CHAIRMAN HONIGBERG: Okay. Go ahead.

13 MR. RAUSCHER: We generally agree
14 with the positions of the previous commenters,
15 ReVision and the OCA. And we outlined in
16 relative detail our positions in our filing,
17 although I understand perhaps the Commission
18 does not have our filing in front of them. So,
19 I will be brief here.

20 We would also like to commend Liberty
21 and their proposal as very forward-thinking,
22 and particularly forward-thinking compared to
23 other utilities in the region.

24 But we, like the other commenters, do

1 not believes that this requires utility
2 ownership in any way. And in fact, my company
3 does exactly this type of project all around
4 the country. And in general, we believe that a
5 competitive process would be the best route to
6 do this better, cheaper, and faster for all
7 ratepayers, and for the individual ratepayer
8 that has the battery storage as well.

9 CHAIRMAN HONIGBERG: All right.

10 Thank you, Mr. Rauscher.

11 Anyone else?

12 *[No indication given.]*

13 CHAIRMAN HONIGBERG: All right.

14 Hearing nothing, we will adjourn the prehearing
15 conference and leave you to your technical
16 session. Thank you all.

17 ***(Whereupon the prehearing***
18 ***conference was adjourned at***
19 ***10:29 a.m., and a technical***
20 ***session was held thereafter.)***