

STATE OF NEW HAMPSHIRE
BEFORE THE PUBLIC UTILITIES COMMISSION

PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE d/b/a EVERSOURCE ENERGY

ENERGY SERVICE SOLICITATION FOR APRIL THROUGH JULY, 2018

DIRECT TESTIMONY OF FREDERICK B. WHITE

Docket No. DE 18-002

1 **I. INTRODUCTION**

2 **Q. Please state your name.**

3 A. My name is Frederick B. White.

4 **Q. Mr. White, please provide your business address and title.**

5 A. My business address is 107 Selden St, Berlin, Connecticut. I am a Supervisor in the
6 Electric Supply department of Eversource Energy.

7 **Q. Mr. White, please describe your responsibilities at Eversource Energy.**

8 A. I supervise and provide analytical support required to fulfill the power supply requirement
9 obligations of Public Service of New Hampshire, d/b/a Eversource Energy (“Eversource”
10 or the “Company”), including conducting solicitations for the competitive procurement of
11 power for Energy Service (at times referred to herein as “ES”) and for fulfilling Renewable
12 Portfolio Standards (“RPS”) obligations. I am also responsible for on-going activities
13 associated with independent power producers and purchase power agreements.

14 **II. PURPOSE**

15 **Q. What is the purpose of your testimony?**

16 A. The purpose of my testimony is to support the Company’s request for Commission
17 approval of Eversource’s planned procurements of full requirements power from wholesale
18 energy providers and Energy Service rates for both the Large and Small Customer Groups
19 for the period April 1, 2018 through July 31, 2018. My testimony will describe the
20 solicitation process used by Eversource to procure full requirements power, the results of
21 the solicitation and selection of suppliers, and the development of the RPS rate adder.

1 **Q. Please provide a list of attachments to your testimony.**

- 2 A. FBW-1 Docket No. DE 17-113 Settlement Agreement
3 FBW-2 Energy Service RFP for April 1 through July 31, 2018
4 FBW-3 RFP Results and Selection of Suppliers
5 FBW-4 RPS Rate Adder
6 FBW-5 Proxy Prices

7 **III. ENERGY SERVICE SOLICITATION PROCESS**

8 **Q. Why is Eversource procuring Energy Service for both the Large and Small Customer**
9 **Groups for the period April 1 through July 31, 2018?**

10 A. On June 10, 2015, and following extensive negotiations, Eversource and numerous other
11 parties filed the 2015 PSNH Restructuring and Rate Stabilization Agreement (the “2015
12 Agreement”), which was approved by the Commission along with a related litigation
13 settlement in Order No. 25,920 (July 1, 2016). The 2015 Agreement provides that no later
14 than six months after the final financial closing resulting from the divestiture of
15 Eversource’s generating assets, Eversource will transition to a competitive procurement
16 process for default service.

17 Consistent with the 2015 Agreement, on June 29, 2017 Eversource filed a petition and
18 supporting testimony with the Commission seeking approval of a proposal for procuring
19 and providing default Energy Service (“ES”) to customers on a competitive basis, rather
20 than through its traditional method. This filing initiated Docket No. DE 17-113, “Petition
21 for Approval of Energy Service Supply Proposal.” Following discussions among the
22 parties to that docket, a Settlement Agreement was reached (Attachment FBW-1), which
23 described the method of and timing for Eversource’s transition to competitively procured
24 Energy Service following the sale of its thermal generating assets. That Settlement
25 Agreement was approved by Order No. 26,092 (December 29, 2017).

26 On October 12, 2017, in Docket No. DE 17-124 Eversource filed materials requesting the
27 Commission’s approval of two purchase and sale agreements covering Eversource’s
28 generating assets. The Commission approved those sales in Order No. 26,078 (November
29 28, 2017) (thermal assets), and Order No. 26,080 (November 29, 2017) (hydroelectric
30 assets). On January 10, 2018, Eversource closed on the sale of its thermal generating

1 assets. Given the sale of the thermal generating assets, and consistent with the Settlement
2 Agreement in Docket No. DE 17-113, Eversource initiated a solicitation process for full
3 requirements ES (not including RPS obligations) for the period April 1 through July 31,
4 2018. This initial solicitation acts as a transition to the new method and timing for
5 procuring and providing energy service. Pursuant to the Settlement Agreement, going
6 forward, subsequent solicitations will be made for service effective in the August through
7 January, and February through July periods.

8 **Q. Please describe the process Eversource used to procure its Energy Service supply for**
9 **April 1 through July 31, 2018.**

10 A. Eversource conducted its procurement of Energy Service supply in accordance with
11 applicable law, Commission directives, and the Settlement Agreement approved by the
12 Commission in Order No. 26,092, and consistent with the manner of similar solicitations
13 for other companies throughout New England. On January 12, 2018, Eversource issued a
14 request for proposals (“RFP” – Attachment FBW-2) for power supply services for
15 Eversource’s Energy Service covering both the Large and Small Customer Groups. The
16 RFP was issued to approximately 230 potential suppliers including all members of the New
17 England Power Pool (“NEPOOL”) Markets Committee, and posted on Eversource’s
18 Wholesale Supply (New Hampshire) website. Therefore, the RFP had wide distribution
19 throughout the New England energy supply marketplace.

20 Proposals were to be stated on an “as-delivered” energy basis to Pool Transmission
21 Facilities (“PTF”) within the PSNH metering domain, with prices stated monthly on a fixed
22 \$/MWH basis. Prices could vary by calendar month, but were required to be uniform for
23 the entire calendar month and cover the entire delivery term. The Small customer group
24 was divided into four tranches and the Large customer group was one single tranche. The
25 prices for each tranche and customer group could be different. In addition, prices could not
26 contain demand components or vary by time-of-use within a calendar month. Each tranche
27 for each customer group was evaluated separately. Offers were due on February 7, 2018,
28 winning suppliers were selected the same day, and transaction confirmations were executed
29 the following day.

1 **Q. Are there any concerns regarding the solicitation process?**

2 A. Yes. Some suppliers raised concerns regarding the timeframe between their submittal of
3 offers, and the Commission's final determination on the approval of winning suppliers'
4 offers, and resulting rates. While this prolonged period surely increases risk premiums in
5 the offers, raising prices for energy service customers, it is also possible some suppliers
6 may choose not to participate due to this risk exposure. This issue was discussed and raised
7 as a concern during Dockets Nos. IR 14-338 and DE 17-113. Compressing this timeframe
8 by even a day can make a difference and the Company hopes to work with the Commission
9 on developing a more expedited approval process for future solicitations.

10 **III. ENERGY SERVICE SOLICITATION RESULTS**

11 **Q. Did Eversource receive acceptable responses to the RFP and select winning proposals
12 for serving energy service load?**

13 A. Yes. Eversource received multiple conforming proposals on February 7, 2018. Eversource
14 evaluated the offers and selected winning suppliers based on lowest price by customer
15 group using a forecast of monthly energy service load by customer group, compliance with
16 non-price bidding requirements and bidder qualifications, and risk relative to price and
17 ability to serve the load, in accordance with the RFP. On February 8, 2018, Eversource
18 entered into transaction confirmations with the winning suppliers for the Large and Small
19 Customer Groups. Together, a Transaction Confirmation and a Master Power Supply
20 Agreement ("MPSA"), provide the terms for the purchase of Energy Service from a
21 supplier, and both have been executed for all the winning suppliers for the period April 1
22 through July 31, 2018.

23 **Q. Please discuss the offers received and the analysis leading to the selection of winning
24 suppliers.**

25 A. The offers received and the identification of winning offers are shown in Attachment FBW-
26 3. In addition to ranking by price and the ability to meet credit requirements, Eversource
27 also considered the following regarding each supplier: experience in providing similar
28 services to Eversource; demonstrated understanding of the market rules related to the
29 provision of Energy Service; demonstrated understanding of its obligations under the
30 MPSA; and any past or present events that are known that may adversely affect their ability

1 to provide Energy Service. Eversource concluded that all responding suppliers were
2 qualified to provide Energy Service and therefore selections were based on lowest prices.

3 **Q. Did Eversource have a market price expectation as to the results of the procurement,**
4 **and how did results compare to expectations?**

5 A. Eversource independently prepares a “proxy” supplier price – our own internal analysis,
6 prepared on the same date as suppliers’ offers are due, to evaluate the reasonableness of the
7 offers received. The analysis is based on the Company’s knowledge and experience in the
8 New England power markets. See Attachment FBW-5.

9 **IV. RENEWABLE PORTFOLIO STANDARDS**

10 **Q. Previously you stated that the procurement of full requirements Energy Service did**
11 **not include RPS obligations. How will Eversource fulfill the RPS requirements**
12 **associated with Energy Service?**

13 A. In accordance with the Settlement Agreement in Docket No. DE 17-113, Eversource will
14 manage its RPS needs outside of the ES RFP process. Consistent with the manner
15 employed by Eversource for ES customers in New Hampshire over many previous years,
16 by Eversource’s affiliated companies in other jurisdictions, and by other New Hampshire
17 utilities, Eversource will fulfill RPS requirements through purchases from the issuance of
18 periodic RFPs, through purchases directly from producers, or through the bilateral market.

19 Regarding fulfillment of Class I Renewable Energy Certificate (“REC”) requirements,
20 Eversource will continue to purchase Class I RECs from the Burgess BioPower and
21 Lempster Wind facilities under existing PPAs. The REC amounts purchased from these
22 sources may more than meet Energy Service obligation quantities, eliminating the need for
23 other Class I purchases.

24 **Q. How will RPS requirements be reflected in Energy Service customers’ rates?**

25 A. Eversource has established a RPS Adder rate based on REC class percentage requirements,
26 current market price information as of the full requirements power supply RFP due date,
27 and any RECs currently existing in inventory. Development of the RPS Adder is outlined
28 in Attachment FBW-4. In this manner, the RPS component of Energy Service rates will
29 reflect the current expected cost of RPS compliance obligations. The RPS Adder and the

1 rate developed to recover the costs of full requirements power supply procurements from
2 suppliers will be two components of the overall Energy Service rate. Please refer to Mr.
3 Goulding's testimony which addresses Energy Service rate development.

4 **Q. Are there any provisions unique to the Burgess BioPower and Lempster Wind PPAs**
5 **due to the situation discussed above?**

6 A. Since the 2015 Agreement calls for the costs of those PPAs to be recovered via the
7 Stranded Cost Recovery Charge ("SCRC"), a transfer price must be set for Class I RECs
8 obtained under those PPAs which are used to satisfy the RPS compliance needs of ES
9 customers. Eversource has established the Class I transfer price according to the
10 Settlement Agreement and the methodology described in the June 28, 2017 Joint Testimony
11 of Shuckerow, White and Goulding in Docket No. DE 17-113. The \$/REC transfer price is
12 the current market price for Class I RECs shown in Attachment FBW-4, and the volume of
13 Class I RECs needed for RPS compliance for Energy Service during April through July,
14 2018, will be transferred at that price.

15 **V. CONCLUSION**

16 **Q. How does Eversource view the outcome of its solicitation for the provision of Energy**
17 **Service for April 1 through July 31, 2018?**

18 A. Eversource believes this filing describes a successful solicitation process resulting in
19 reasonable market based power supply rates for the company's Energy Service customers.

20 **Q. What is the plan for the provision of Energy Service after July 31, 2018?**

21 A. Eversource plans to issue a RFP for the Large and Small customer groups in May, 2018, for
22 energy service over the period August 1, 2018 through January 31, 2019. For purposes of
23 notice to the Commission, the following illustrates Eversource's proposed schedule for the
24 next RFP:

25	Issue RFP	Tuesday, May 15, 2018
26	Final Offers Due	Tuesday, June 12, 2018
27	Requested PUC Decision	No Later Than, Tuesday, June 19, 2018

1 Q. Does that complete your testimony?

2 A. Yes, it does.