

STATE OF NEW HAMPSHIRE
BEFORE THE
PUBLIC UTILITIES COMMISSION

Docket No. DE 21-030

Unitil Energy Systems, Inc. Request for Change in Rates

TESTIMONY OF
KELLY BUCHANAN

On behalf of Clean Energy NH

November 23, 2021

STATE OF NEW HAMPSHIRE

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DIRECT TESTIMONY OF KELLY BUCHANAN

UNITIL ENERGY SYSTEMS, INC. - REQUEST FOR CHANGE IN RATES

November 18, 2021

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1 **Q. Please state your name, the organization you work for, your position and business**
2 **address.**

3 **A.** Kelly Buchanan. I am the Director of Legislative and Regulatory Affairs for Clean
4 Energy NH (“CENH”), which is located at 14 Dixon Avenue, Suite 202, Concord, NH
5 03301.

6

7 **Q. Please describe your qualifications.**

8 **A.** I am currently the Director of Legislative and Regulatory Affairs for CENH where I am
9 the lead on regulatory and legislative issues. I have a BA in Environmental Studies and a
10 minor in Political Science. I have been in my current position for 1.5 years. My resume is
11 included as Exhibit CENH-KB-1.

1

2 **Q. Have you testified previously before the New Hampshire Public Utilities**
3 **Commission or other regulatory bodies?**

4 A. No, I have not testified before the New Hampshire Public Utilities Commission. I have
5 participated in various dockets, including Docket No. DE 19-197, DE 20-092, and DE
6 20-136. I am currently representing CENH in several dockets, including Docket No. DE
7 20-170, IR 20-166, DE 21-078, and DE 21-119.

8

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

10 A. The purpose of my testimony is to provide CENH's position with regard to Unitil's
11 proposal for its Grid Modernization Plan and to provide CENH's position regarding
12 Unitil's proposed decoupling rate. CENH is also jointly filing, in conjunction with the
13 Conservation Law Foundation, the testimony of Chris Villarreal regarding electric
14 vehicle time of use rates, alternatives to demand charges, and electric vehicle make ready
15 investments.

16

17 **Q. Please explain CENH's interest in the Grid Modernization Plan.**

18 A. As part of our work as advocates for clean energy, the efficient use of energy, and
19 accelerating the NH's transition to a clean energy economy, CENH recognizes the need
20 for investments to facilitate the integration of distributed energy resources (DERs) in the
21 distribution system including energy storage, small scale renewable energy, and
22 controllable loads such as smart electric vehicle charging. While Unitil's proposed Grid

1 Modernization Plan makes extensive investments in technologies that allow them to
2 reduce the duration of outages and the speed with which they can respond to outages, it
3 does not provide a clear plan for the rapid interconnection of DERs. Furthermore, it
4 would appear that Unitil is not adequately considering the potential to use grid
5 modernization upgrades as a mechanism to delay or avoid costly distribution grid
6 upgrades, so-called non-wires alternatives. Lastly, there seems to be considerable overlap
7 between the scope of the proposed Grid Modernization Plan and the work more broadly
8 undertaken in the statewide grid modernization efforts. New Hampshire's grid
9 modernization process is being addressed in Docket No. IR 15-296, which is currently
10 ongoing. IR 15-296 encompasses several unresolved, important issues to work towards
11 grid modernization that include, among other things: how utilities would improve
12 reliability, resiliency and operational efficiency; reduce generation, transmission, and
13 distribution costs; increase affordability; facilitate integration of DERs; optimize system
14 performance; and plan for strategic electrification. In the absence of more specific
15 guidance that would come with the resolution of that docket, CENH is concerned that
16 Unitil's rate case demonstrates a bias for capital intensive grid modernization upgrades,
17 as opposed to those with a potential to help customers actively participate in grid
18 services.

19
20 While CENH understands that Unitil has undertaken a more specific definition of grid
21 modernization in their proposed Plan by using the term "foundational" to describe their
22 investments, CENH believes that any "foundational" investments should operate in

1 tandem with “geographic” investments to ensure such investments in foundational
2 technologies are being put to use for the benefit of the grid and the ratepayer.

3
4 **Q. What are your concerns about Unitil’s Grid Modernization Plan?**

5 A. Unitil claims that all of the Company’s proposed grid modernization investments aim to
6 address eight key eight key objectives, including: 1) environmentally friendly; 2) safety
7 and reliability; 3) customer service; 4) security; 5) flexibility; 6) affordability; 7) demand
8 and asset optimization; and 8) technology innovation. However, as proposed, the Grid
9 Modernization Plan investments appear weighted towards a focus on investments in grid
10 intelligence. For example, Unitil’s proposal seeks to implement technologies focused on
11 preventing and responding to outages through both its Mobile Damage Assessment
12 Platform and Outage Management System proposals. The proposal to implement
13 Supervisory Control and Data Acquisition or “SCADA” also enables the use of OMS and
14 other technologies. While avoiding outages and disruptions to service for customers is
15 important, focusing on grid intelligence limits the benefit ratepayers can reap from the
16 full transformational potential of grid modernization.

17
18 Furthermore, Unitil proposes to upgrade their website and online customer experience
19 within its Grid Modernization Plan under its Customer Engagement Management System
20 proposal. Such investments appear to be in line with the normal course of business for a

1 utility and should not be considered investments in grid modernization. Maintaining a
2 user-friendly online presence is a basic consumer expectation for modern businesses.

3
4 Most importantly, Unital's proposal now lacks specifics as it pertains to how and when
5 these proposed foundational investments in technologies, over 10 years, would
6 implement the broader adoption of "geographic" investments. These "geographic"
7 investments could include distributed energy resources, non-wires solutions, and other
8 important grid modernization efforts that would significantly reduce peak demand and
9 would accelerate efforts to generate, store, and efficiently use clean energy. While CENH
10 appreciates that Unital recognizes these "geographic" investments as important to grid
11 modernization and are a goal of theirs to support, there is no accountability laid out in the
12 plan to ensure the proposed "foundational" grid intelligence investments would be used
13 for such efforts in the future. Particularly, Unital fails to include a number of
14 "foundational" grid modernization investments that would lower the cost of integrating
15 DERs onto the distribution grid, and would incentivize third-parties to invest in DERs in
16 specific locations that would maximize their value to the system. These investments
17 include locational value analysis, a fast-tracked DER interconnection process, tiered DER
18 interconnection queue and developer portal. All of these investments would maximize
19 efficient deployment of private capital in the service of improving reliability and
20 decreasing ratepayer bills.

1 **Q. Do you have any concerns with timing?**

2 A. While New Hampshire currently has very low penetration of distributed generation,
3 CENH believes it is important to plan now and begin the work needed for the integration
4 of distributed energy resources. The proposed timeline of 10 years to invest in grid
5 intelligence technologies and other initiatives, including the proposed as needed
6 replacement of AMI meters with interval reading capability, is too slow and lacks
7 specifics. It is also important to consider that there is an additional open docket related to
8 grid modernization, IR 15-296. It may be best to develop any foundational investments in
9 grid modernization in tandem with a unified framework developed for all regulated
10 utilities in New Hampshire.

11

12 **Q. Please discuss your concerns with the Grid Modernization Plan and how it relates to**
13 **cost recovery.**

14 A. The issue of how utilities should be able to recover costs associated with grid
15 modernization investments is one of the unresolved issues in the grid modernization
16 docket. Approving the Grid Modernization Plan, without the context of and perspectives
17 in the grid modernization docket, would lead to a poorly-considered decision in this
18 docket, constrain the Commission's decision-making in the grid modernization docket
19 and possibly lead to conflicting decisions. CENH believes that grid modernization efforts
20 should be recovered in the normal course of distribution rate case, but remains concerned
21 that, in the absence of overarching guidance from the Commission in the grid

1 modernization docket, utility grid modernization plans will be biased in favor of capital-
2 intensive technologies and will give short-shrift to technologies that have the potential to
3 delay or avoid capital investment and exert downward pressure on rates.

4
5 **Q. Please explain CENH’s interest in Unitil’s proposed revenue decoupling**
6 **mechanism (RDM).**

7 A. As part of our work as advocates for clean energy, the efficient use of energy, and
8 accelerating the NH’s transition to a clean energy economy, CENH supports innovative
9 rate design that captures the benefits of decoupling, including a correction of the basic
10 misalignment between utility rates and costs, support for energy efficiency and DER
11 initiatives, and the stabilization of utility cost recovery as well as customer bills.

12 Decoupling promotes the adoption of policies and programs that would otherwise create a
13 decline in sales for a utility. Especially with the proposal of Unitil’s electric vehicle (EV)
14 time of use rates (TOU), it is important to consider a rate design mechanism that supports
15 a clean energy future.

16
17 **Q. Please discuss CENH’s concerns with Unitil’s proposed RDM.**

18 A. CENH believes it is inappropriate for Unitil to exclude their EV rates from their RDM
19 proposal. While Mr. Timothy S. Lyons states in his direct testimony that the Unitil RDM
20 is, “... generally consistent with the revenue decoupling mechanism approved for Liberty

1 Utilities (Granite State Electric) Corporation,” CENH notes that Liberty included its EV
2 TOU rates in its RDM. Consistency of EV rate offerings across utilities provides
3 customers with predictable offerings. Although Unitil stated in discovery that, “The
4 Electric Vehicle (EV) rate class was excluded from the Revenue Decoupling Adjustment
5 Clause since their revenue per customer was difficult to estimate as EVs are an emerging
6 market.”, CENH finds this to be insufficient support for the exclusion of EV rates from
7 decoupling (Exhibit CENH-KB-2). According to a 2020 report from Synapse,
8 “...increased EV adoption in the two utility service territories with the most EVs in the
9 US has already resulted in more electricity revenues than costs, and future growth in the
10 EV market will lead to further increases in utility revenues. With TOU rates and targeted
11 investments in charging infrastructure, EV adoption can reduce costs for both EV-drivers
12 and other electric customers while reducing harmful emissions.”¹ What’s more, since
13 EV charging coupled with TOU rates can increase distribution system load factor, they
14 have the potential to drive down electric rates for all customers, and encouraging their
15 adoption should be a priority for both Unitil and the Commission. As such, EV rates
16 should be supported by a full RDM and included in Unitil’s proposal.

17
18 **Q. Please summarize your concerns with the Grid Modernization Plan proposal and**
19 **the proposed RDM.**

¹ https://www.synapse-energy.com/sites/default/files/EV_Impacts_June_2020_18-122.pdf

1 A. CENH's main concerns with the Grid Modernization Plan proposal are twofold. First,
2 CENH is concerned with the lack of specific proposals as they pertain to how and when
3 these proposed foundational investments in technologies, over 10 years, would
4 implement the broader adoption of advanced energy solutions in grid modernization.
5 Second, to the degree there are any projects aimed at facilitating the integration of
6 distributed energy resources and non-wires alternatives, the planning, implementation
7 and funding of those projects should be addressed in Docket No. IR 15-296. Planning for
8 those investments includes foundational investments. Unital's distinction between
9 geographic and foundational elements of grid modernization should be considered in the
10 context of IR 15-296. To do otherwise would undercut the hard work of the parties in that
11 docket.

12

13 CENH's concern with the proposed RDM is the exclusion of EV rates. It would be more
14 appropriate to include EV rates in a full RDM proposal to ensure consistency across
15 utilities and to fully capture the benefits of decoupling, including a correction of the basic
16 misalignment between utility rates and costs, support for energy efficiency and DER
17 initiatives, and the stabilization of utility cost recovery as well as customer bills.

18

19 **Q. Does this conclude your testimony?**

20 A. Yes.