

STATE OF NEW HAMPSHIRE
BEFORE THE
PUBLIC UTILITIES COMMISSION

Public Service Company of New Hampshire
d/b/a Eversource Energy

Energy Service Solicitation for August 2021 through January 2022

DIRECT TESTIMONY OF FREDERICK B. WHITE

Docket No. DE 21-077

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 August 1, 2021 through January 31, 2022. Energy Service is provided to
20 retail customers who are not taking service from a competitive supplier and is currently
21 provided to approximately 47% of Eversource’s total distribution load. Load requirements
22 may change from time to time and winning suppliers are responsible for their share of
23 Large or Small Energy Service supply regardless of changes in customer demand for any

1 reason, including daily load fluctuations, increased or decreased usage, demand-side
2 management activities, extreme weather and similar events. Suppliers are required to
3 supply their share of load for the full delivery term of August 2021 through January 2022.
4 My testimony will describe the solicitation process used by Eversource to procure full
5 requirements power, the results of the solicitation and selection of suppliers, and the
6 development of the RPS rate adder.

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

- 8 A. FBW-1 Energy Service RFP for August 1, 2021 through January 31, 2022
9 FBW-2 RFP Results and Selection of Suppliers
10 FBW-3 Proxy Prices
11 FBW-4 RPS Rate Adder
12 FBW-5 Executed Transaction Confirmation – Exelon - Large
13 FBW-6 Executed Transaction Confirmation – NextEra – Small
14 FBW-7 Executed Transaction Confirmation - Vitol - Small

15 **III. ENERGY SERVICE SOLICITATION PROCESS**

16 **Q. What is the background leading to Eversource procuring Energy Service from**
17 **competitive wholesale suppliers?**

18 A. On June 10, 2015, and following extensive negotiations, Eversource and numerous other
19 parties filed the 2015 PSNH Restructuring and Rate Stabilization Agreement (the “2015
20 Agreement”), which was approved by the Commission along with a related litigation
21 settlement in Order No. 25,920 (July 1, 2016).

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

1 Consistent with the Settlement Agreement in Docket No. DE 17-113, Eversource
2 conducted its initial solicitation for full requirements ES (not including RPS obligations)
3 for the period April 1 through July 31, 2018. Also consistent with the Settlement
4 Agreement, going forward, subsequent solicitations are to be made for service effective in
5 the August through January, and February through July periods.

6 **Q. Please describe the process Eversource used to procure its Energy Service supply for**
7 **August 1, 2021 through January 31, 2022.**

8 A. Eversource conducted its procurement of Energy Service supply in accordance with
9 applicable law, Commission directives, and the Settlement Agreement approved by the
10 Commission in Order No. 26,092, and consistent with the manner of similar solicitations
11 for other companies throughout New England. On May 13, 2021, Eversource issued a
12 request for proposals (“RFP” – Attachment FBW-1) for power supply services for
13 Eversource’s Energy Service covering both the Large and Small Customer groups. The
14 RFP was issued to over 100 potential suppliers and all members of the New England Power
15 Pool (“NEPOOL”) Markets Committee, and posted on Eversource’s Wholesale Supply
16 (New Hampshire) website. Therefore, the RFP had wide distribution throughout the New
17 England energy supply marketplace.

18 Proposals were to be stated on an “as-delivered” energy basis to Pool Transmission
19 Facilities (“PTF”) within the Eversource metering domain, with prices stated monthly on a
20 fixed \$/MWH basis. Prices could vary by calendar month, but were required to be uniform
21 for the entire calendar month and cover the entire delivery term. The Small Customer
22 group was divided into four tranches and the Large Customer group was one tranche. The
23 prices for each tranche and customer group could be different. In addition, prices could not
24 contain demand components or vary by time-of-use within a calendar month. Each tranche
25 for each customer group was evaluated separately. Offers were due on June 15, 2021,
26 winning suppliers were selected the same day, and transaction confirmations were executed
27 the following day.

28 **III. ENERGY SERVICE SOLICITATION RESULTS**

29 **Q. Did Eversource receive acceptable responses to the RFP and select winning proposals**
30 **for serving Energy Service load?**

31 A. Yes. Eversource received multiple conforming proposals on June 15, 2021. Eversource
32 evaluated the offers and selected winning suppliers based on lowest price by customer

1 group using a forecast of monthly Energy Service load by customer group, compliance with
2 non-price bidding requirements and bidder qualifications, and risk relative to price and
3 ability to serve the load, in accordance with the RFP. On June 15, 2021, Eversource
4 entered into Transaction Confirmations for the period August 1, 2021 through January 31,
5 2022 with the winning suppliers for the Large and Small Customer groups. Together, a
6 Transaction Confirmation and a Master Power Supply Agreement (“MPSA”), provide the
7 terms for the purchase of Energy Service from a supplier, and both have been executed for
8 all the winning suppliers. Copies of executed Transaction Confirmations are included in
9 this filing as Attachments FBW-5, 6, and 7. Executed MPSAs with Exelon and NextEra
10 were previously provided in Eversource’s filing on December 13, 2018 in Docket No. DE
11 18-002, and with Vitol in Eversource’s filing on 12/5/19 in Docket No. DE 19-082.

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

14 A. The offers received and the identification of winning offers are shown in Attachment FBW-
15 2. In addition to ranking by price and the ability to meet credit requirements, Eversource
16 also considered the following regarding each supplier: experience in providing similar
17 services to Eversource, demonstrated understanding of the market rules related to the
18 provision of Energy Service, demonstrated understanding of its obligations under the
19 MPSA, and any past or present events that are known that may adversely affect their ability
20 to provide Energy Service. Eversource has previously experienced successful full
21 requirements power supply transactions with all the suppliers providing offers in response
22 to this RFP, and all of them have demonstrated good competence throughout the terms of
23 those transactions. No suppliers were downgraded by any prior experiences and all have
24 met the credit requirements outlined by the MPSA and RFP. Eversource concluded that all
25 responding suppliers were qualified to provide Energy Service and therefore selections
26 were based on lowest prices.

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

29 A. Eversource independently prepares a “proxy” supplier price – our own internal analysis,
30 prepared on the same date as suppliers’ offers are due, to evaluate the reasonableness of the
31 offers received. While a sound process properly run, and robust participation, are the most
32 preferred attributes of any open solicitation, a consistently calculated proxy price serves to
33 compare offers received to an objective reference point and may provide some credibility

1 or “feel” for the veracity of outcomes. Eversource uses the approach described below to
2 develop such proxy prices.

3 In current markets, energy and capacity costs represent approximately 80-90% of the full
4 requirements cost to serve load (excluding RPS requirements). Eversource calculates the
5 costs of those components, and then applies low and high factors to account for all other
6 cost elements. The energy component is calculated utilizing forecasted monthly energy
7 service loads, the number of peak and off-peak hours in each month of the delivery term,
8 and peak and off-peak energy market prices as of the RFP due date, to arrive at a load-
9 weighted average energy cost for the term. For the capacity component, Eversource
10 converts ISO-NE’s known regional capacity costs and forecast of loads to monthly \$/MWh
11 rates, and then uses the forecasted monthly ES loads to arrive at a load-weighted capacity
12 price for the term. In attachment FBW-3 these components are shown in the first eleven
13 rows of each of the Large and Small Customers tables. The low and high factors
14 mentioned above are applied to the energy component and incorporate other cost elements
15 such as hourly load weighting, ancillaries, ISO-NE administrative costs, and supplier risk
16 premiums and profits. The ratioed-energy components and capacity component are then
17 added together to provide a range within which suppliers offers might be expected to fall.

18 The factors are developed from prior winning offers by removing the then-applicable
19 capacity component and dividing the net by the then-calculated energy component. Over
20 time a family of factors from several prior RFPs are accumulated, and from that group the
21 low and high factors are used to set the range for an upcoming RFP. Factors from the
22 Company’s seven previous NH RFPs have been utilized for this solicitation.

23 There is not a perfect approach that can account for all the inputs and factors that go into
24 suppliers’ decisions affecting their offers. The approach Eversource uses is intended to
25 represent an approximation of where offers may come in based on winning suppliers’
26 approaches during previous solicitations. Overall, the analysis is based on some known
27 market prices and the Company’s knowledge and experience in the New England power
28 markets. The proxy price results are shown in Attachment FBW-3, to which suppliers’
29 period average prices from FBW-2 can be easily compared. The company views the
30 winning offers for both Large and Small customers, when compared to projected price
31 ranges, as reasonable and acceptable.

1 **IV. RENEWABLE PORTFOLIO STANDARDS**

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

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

11 Regarding fulfillment of Class I Renewable Energy Certificate ("REC") requirements,
12 Eversource will continue to purchase Class I RECs from the Burgess BioPower and
13 Lempster Wind facilities under existing PPAs. The REC amounts purchased from these
14 sources may more than meet Energy Service obligation quantities, eliminating the need for
15 other Class I purchases.

16 **Q. How will RPS requirements be reflected in Energy Service customers' rates?**

17 A. Eversource has established an RPS Adder rate based on REC class percentage
18 requirements, current market price information as of the full requirements power supply
19 RFP due date, and any RECs currently existing in inventory. Development of the RPS
20 Adder is outlined in Attachment FBW-4. In this manner, the RPS component of Energy
21 Service rates will reflect the current expected cost of RPS compliance obligations. The
22 RPS Adder and the rate developed to recover the costs of full requirements power supply
23 procurements from suppliers will be two components of the overall Energy Service rate.
24 Please refer to Ms. Menard's testimony which addresses Energy Service rate development.

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

27 A. Since the 2015 Agreement calls for the costs of those PPAs to be recovered via the
28 Stranded Cost Recovery Charge ("SCRC"), a transfer price must be set for Class I RECs
29 obtained under those PPAs which are used to satisfy the RPS compliance needs of ES
30 customers. Eversource has established the Class I transfer price according to the
31 Settlement Agreement and the methodology described in the June 28, 2017 Joint Testimony
32 of Shuckerow, White and Goulding in Docket No. DE 17-113. The \$/REC transfer price is

1 the current market price for Class I RECs shown in Attachment FBW-4, and the volume of
2 Class I RECs needed for RPS compliance for Energy Service during August 2021 through
3 January 2022, will be transferred at that price.

4 **V. CONCLUSION**

5 **Q. How does Eversource view the outcome of its solicitation for the provision of Energy**
6 **Service for August 1, 2021 through January 31, 2022?**

7 A. Eversource believes this filing describes a successful solicitation process resulting in
8 reasonable market-based power supply rates for the Company's Energy Service customers.

9 **Q. What is the plan for the provision of Energy Service after January 31, 2022?**

10 A. Eversource plans to issue an RFP for the Large and Small Customer groups in October
11 2021 for Energy Service over the period February 1, 2022 through July 31, 2022. For
12 purposes of notice to the Commission, the following illustrates Eversource's proposed
13 schedule for the next RFP:

| | |
|---------------------------|--|
| 14 Issue RFP | Thursday, October 28, 2021 |
| 15 Final Offers Due | Tuesday, December 7, 2021 |
| 16 Filing | Thursday, December 9, 2021 |
| 17 Requested PUC Decision | No Later Than, Thursday, December 16, 2021 |

18 **Q. Does that complete your testimony?**

19 A. Yes, it does.