

STATE OF NEW HAMPSHIRE
BEFORE THE PUBLIC UTILITIES COMMISSION

Public Service Company of New Hampshire
d/b/a Eversource Energy
Energy Service Solicitation for
February 2022 through July 2022

DIRECT TESTIMONY OF
FREDERICK B. WHITE

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 February 1, 2022 through July 31, 2022. Energy Service is provided to retail
20 customers who are not taking service from a competitive supplier and is currently provided
21 to approximately 45% of Eversource’s total distribution load. Load requirements may

1 change from time to time and winning suppliers are responsible for their share of Large or
2 Small Energy Service supply regardless of changes in customer demand for any reason,
3 including daily load fluctuations, increased or decreased usage, demand-side management
4 activities, extreme weather and similar events. Suppliers are required to supply their share
5 of load for the full delivery term of February 2022 through July 2022. My testimony will
6 describe the solicitation process used by Eversource to procure full requirements power, the
7 results of the solicitation and selection of suppliers, and the development of the RPS rate
8 adder.

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

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

18 **III. ENERGY SERVICE SOLICITATION PROCESS**

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

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

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

1 generating assets. That Settlement Agreement was approved by Order No. 26,092
2 (December 29, 2017).

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

8 **Q. Please describe the process Eversource used to procure its Energy Service supply for**
9 **February 1, 2022 through July 31, 2022.**

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 October 28, 2021, Eversource issued a
14 request for proposals (“RFP” – Attachment FBW-1) for power supply services for
15 Eversource’s Energy Service covering both the Large and Small Customer groups. Notices
16 of the issuance of the RFP were sent to prior participants in Eversource’s wholesale supply
17 solicitations, numerous other ISO-NE wholesale market participants and potential
18 suppliers, the distribution list for the New England Power Pool (“NEPOOL”) Markets
19 Committee, and the RFP was posted on Eversource’s Wholesale Supply (New Hampshire)
20 website. Therefore, the RFP had wide distribution throughout the New England energy
21 supply marketplace.

22 Proposals were to be stated on an “as-delivered” energy basis to Pool Transmission
23 Facilities (“PTF”) within the Eversource metering domain, with prices stated monthly on a
24 fixed \$/MWH basis. Prices could vary by calendar month, but were required to be uniform
25 for the entire calendar month and cover the entire delivery term. The Small Customer
26 group was divided into four tranches and the Large Customer group was one tranche. The
27 prices for each tranche and customer group could be different. In addition, prices could not
28 contain demand components or vary by time-of-use within a calendar month. Each tranche
29 for each customer group was evaluated separately. Offers were due on December 7, 2021,
30 winning suppliers were selected the same day, and transaction confirmations were executed
31 the following day.

32 **III. ENERGY SERVICE SOLICITATION RESULTS**

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

3 A. Yes. Eversource received multiple conforming proposals on December 7, 2021.
4 Eversource evaluated the offers and selected winning suppliers based on lowest price by
5 customer group using a forecast of monthly Energy Service load by customer group,
6 compliance with non-price bidding requirements and bidder qualifications, and risk relative
7 to price and ability to serve the load, in accordance with the RFP. On December 7, 2021,
8 Eversource entered into Transaction Confirmations for the period February 1, 2022 through
9 July 31, 2022 with the winning suppliers for the Large and Small Customer groups.
10 Together, a Transaction Confirmation and a Master Power Supply Agreement (“MPSA”),
11 provide the terms for the purchase of Energy Service from a supplier, and both have been
12 executed for all the winning suppliers. Copies of executed Transaction Confirmations are
13 included in this filing as Attachments FBW-5, 6, 7, and 8. Executed MPSAs with Exelon
14 and NextEra were previously provided in Eversource’s filing on December 13, 2018 in
15 Docket No. DE 18-002, and with Vitol in Eversource’s filing on December 5, 2019 in
16 Docket No. DE 19-082.

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

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

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

34 A. Eversource independently prepares a “proxy” supplier price – our own internal analysis,
35 prepared on the same date as suppliers’ offers are due, to evaluate the reasonableness of the

1 offers received. While a sound process properly run, and robust participation, are the most
2 preferred attributes of any open solicitation, a consistently calculated proxy price serves to
3 compare offers received to an objective reference point and may provide some credibility
4 or “feel” for the veracity of outcomes. Eversource uses the approach described below to
5 develop such proxy prices.

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

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

26 There is not a perfect approach that can account for all the inputs and factors that go into
27 suppliers’ decisions affecting their offers. The approach Eversource uses is intended to
28 represent an approximation of where offers may come in based on winning suppliers’
29 approaches during previous solicitations. Overall, the analysis is based on some known
30 market prices and the Company’s knowledge and experience in the New England power
31 markets. The proxy price results are shown in Attachment FBW-3, to which suppliers’
32 period average prices from FBW-2 can be easily compared. The company views the
33 winning offers for both Large and Small customers, when compared to projected price
34 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 February 2022
3 through July 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 February 1, 2022 through July 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 July 31, 2022?**

10 A. Eversource plans to issue an RFP for the Large and Small Customer groups in May 2022
11 for Energy Service over the period August 1, 2022 through January 31, 2023. For purposes
12 of notice to the Commission, the following illustrates Eversource's proposed schedule for
13 the next RFP:

14	Issue RFP	Thursday, May 12, 2022
15	Final Offers Due	Tuesday, June 14, 2022
16	Filing	Thursday, June 16, 2022
17	Requested PUC Decision	No Later Than, Thursday, June 23, 2022

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

19 A. Yes, it does.