

**STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION**

DE 21-077

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

2021 Energy Service Solicitation

**Order Approving Adjustment to the Energy Service Rate
for effect February 1, 2022**

O R D E R N O. 26,557

December 16, 2021

In this order, the Commission approves adjustments to Eversource's energy service rates for effect on February 1, 2022. The rates apply to the six-month period between February 1, 2022 and July 31, 2022. For small customers (including residential customers) energy service costs will increase from the current rate of 8.826 cents per kWh to 10.669 cents per kWh. The 10.669 cents per kWh consists of the weighted average cost of competitively procured electric energy supplies, a 0.794 cent per kWh charge for compliance with New Hampshire's renewable portfolio standard, a 0.063 cents per kWh charge for Eversource's administrative and general expenses, less various rate adjustment factors. The Commission estimates that the rates authorized for small and large customer classes will result in approximately \$13.7 million in revenue for renewable portfolio standard compliance and \$1.1 million in revenue for Eversource's administrative and general expenses. The energy service rate being approved for residential customers for the six-month period beginning February

1, 2022 is 4.042¹ cents per kWh higher than the energy service rate for the same six-month period last year.

I. PROCEDURAL HISTORY

On April 15, 2021, Public Service Company of New Hampshire d/b/a Eversource Energy (Eversource, or the Company) filed a proposed schedule for a default energy service (ES) solicitation on behalf of its large and small customer groups for delivery beginning August 1, 2021, and February 1, 2022. Eversource made its filing pursuant to a settlement agreement (Settlement Agreement) approved in Order No. 26,092 (December 29, 2017). The Settlement Agreement established the process by which Eversource procures energy service following divestiture of its generation assets.

Subsequent to Eversource's first default energy service rate filing in the instant docket, Energy raised an issue relating to 2020 RPS costs, requesting disallowance of \$1.6M in 2020 Class III Renewable Energy Certificate purchase costs in excess of the alternative compliance payment rate. That issue has been removed from this default service proceeding and will be heard separately on January 13, 2022.

On December 9, 2021, Eversource filed a Petition for Adjustment to the Energy Service Rate for effect on February 1, 2022, with supporting pre-filed testimony of Frederick B. White, Supervisor of Eversource's Electric Supply Department, and pre-filed testimony of Erica L. Menard, Manager of Revenue Requirements. On December 13, 2021, a hearing was held as scheduled.

The Office of the Consumer Advocate (OCA) filed a letter of participation in this proceeding pursuant to RSA 363:28 on October 11, 2021.

¹ Order No. 26,438 (Dec. 17, 2020) authorized a small customer energy serve rate of 6.627 cents per kWh. The Commission notes that Eversource mistakenly identifies this figure as 7.068 cents per kWh in Exhibit 3 at Bates Page 57.

The petition and subsequent docket filings, other than any information for which confidential treatment has been requested of or granted by the Commission, will be posted on the Commission's website at

<https://www.puc.nh.gov/Regulatory/Docketbk/2021/21-077.html>.

II. POSITIONS OF THE PARTIES

a. Eversource

Eversource submitted its default energy service petition pursuant to the Settlement Agreement approved in Docket DE 17-113. The petition seeks approval of new energy service rates for the six month-period beginning February 1, 2022. Eversource based its filing on the results of its Request for Proposals (RFP) solicitation issued on October 28, 2021 for power supply to serve the Company's Large and Small Customer groups. According to Eversource, the RFP was widely distributed, including to all members of the New England Power Pool Markets Committee and posted on its website.

The RFP requested 100 percent of the required power supply for the Company's Small Customer Group in four tranches of equal size (approximately 25 percent, or 454,498 MWh per tranche), and 100 percent of the required power supply for its Large Customer Group in a single tranche. The RFP requested that bids be prepared on an as-delivered energy basis, with prices stated monthly on a fixed dollar per megawatt-hour (MWh) basis. While bidders could offer prices that varied by month for one or more tranches, Eversource required that prices for the Small Customer Group be uniform within each month and cover the entire six-month delivery period beginning February 1, 2022. For its Large Customer Group, Eversource required pricing set at a monthly rate that will vary each month and cover the entire six-month delivery period beginning February 1, 2022. Eversource received bids on December 7, 2021. The

Company evaluated the offers and selected winning suppliers based on the lowest price by customer group using a forecast of monthly energy service load by customer group, compliance with non-price bidding requirements and bidder qualifications, risk relative to prices, and ability to serve load, all as specified in the RFP. In addition to price, Eversource considered qualitative factors such as experience in providing similar service to Eversource affiliates, demonstrated understanding of the market rules related to the provision of energy service, demonstrated understanding of obligations under the power supply agreement, and past or present events that might adversely affect the supplier's ability to provide energy. Eversource ultimately selected the winning bids based on price, as all the responding suppliers were qualified to provide energy service.

The Company entered into Transaction Confirmations for the period February 1, 2022 through July 31, 2022 with the winning suppliers for both the Small and Large Customer groups. Together, a Transaction Confirmation and a Master Power Supply Agreement provide the terms for the purchase of energy service from a supplier; both documents have been executed with each of the winning suppliers.

Eversource selected NextEra Energy Marketing, LLC (NextEra) to supply power in two tranches for the Small Customer Group, and Vitol Inc. (Vitol) and Exelon Generation Company, LLC (Exelon) to supply power in one tranche each for the Small Customer Group. Eversource selected Exelon to provide power for the Large Customer Group.

Based on the winning bids, Eversource calculated the energy service rate for its Small Customer Group for the six-month period beginning February 1, 2022, to be \$0.10669 per kilowatt-hour (kWh). Monthly rates for the Large Customer Group ranged from \$0.07605 in May 2022 to \$0.21425 per kWh in February 2022.

The Company represented that consistent with the Settlement Agreement, Eversource added to the base energy price an amount that recovers costs that Eversource must pay for compliance with New Hampshire's Renewable Portfolio Standard (RPS) requirements under RSA 362:F. In addition to that RPS adder, Eversource included in its energy service rates an amount to recover its administrative and general expense costs related to the procurement of energy service for its customers. Eversource also included an annual energy reconciliation adjustment factor in the calculation of energy service rates. Eversource calculated a uniform RPS adder, based on current market prices for renewable energy certificates (RECs) that comply with the RPS requirements of 0.794 cents per kWh for both the Small and Large Customer Groups. Eversource calculated a recovery factor for administrative and general expenses to be 0.063 cents per kWh.

The energy service rate for the Company's Large Customer Group will include the same adjustment factors, but the rate will vary from month to month. Based on the winning bid, Eversource proposes monthly energy service rates for the six-month period beginning February 1, 2022, for its Large Customer Group, as follows:

Month	Rate (Cents/kWh)
February 2022	21.425
March 2022	12.600
April 2022	8.970
May 2022	7.605
June 2022	7.898
July 2022	9.275

b. Department of Energy

Based on its review of the Company's filing, Energy determined that Eversource conducted its solicitation and selection of winning bids for default ES in compliance with the Settlement Agreement and process approved by the Commission in Order No. 26,092 in Docket 17-113. Energy further concluded that Eversource's selection of

winning suppliers is a reasonable outcome and based on a competitive procurement representing current wholesale market conditions. Energy therefore supported approval of Eversource's petition and resulting ES rates as just and reasonable. Energy noted one issue relating to Eversource's updated revenue and expense schedule for RPS compliance located in Exhibit 3, Bates page 50. Energy acknowledged that the figures on the identified schedule are provided for informational purposes only in this filing because reconciliation occurs at a later time. However, Energy challenged the accuracy of those figures, concluding that they may include revisions based on a 5.2-million-dollar error that the Company acknowledged at during the hearing. Energy requested that the Commission note the issue and preserve it for future challenge and adjudication.

c. Office of the Consumer Advocate

The OCA supported the default ES rates, agreeing that Eversource complied with the applicable requirements for conducting the solicitation in the Settlement Agreement. According to the OCA, the process and results provide the Commission an ample basis to approve the resulting default ES rates as just and reasonable.

III. COMMISSION ANALYSIS

We find that Eversource's solicitation and bid evaluation procedures conform to the process approved by the Commission in Order No. 26,092. In that Order, the Commission approved a settlement agreement that generally established the process whereby Eversource would procure power supply for customers taking energy service from Eversource following Eversource's divestiture of its fossil fuel generation plants. Eversource's solicitation of bids and selection of Exelon, Vitol, and NextEra to provide power supply for the six-month period beginning February 1, 2022, is appropriate and satisfies the requirement that default energy service be procured through a

competitive process that produces rates that are market based. See RSA 374-F:3, V(c). With reference to the disputed figures in Exhibit 3, at Bates Page 50, as raised by Energy, and any calculations derived therefrom, the Commission notes this as an unresolved dispute that has no direct impact on the ES rates approved herein, and preserves the same for future investigation, challenge, and adjudication at the motion of any party or the Commission. Based on the process and our review of the results, we otherwise find the resulting rates to be just and reasonable.

Based upon the foregoing, it is hereby

ORDERED, that the power supply agreements entered into between Eversource and Exelon Generation Company, LLC, Vitol Inc., and NextEra Energy Marketing, LLC, to provide power supply requirements for the six-month period beginning February 1, 2022, are hereby APPROVED as discussed herein above; and it is

FURTHER ORDERED, that Eversource is authorized to recover the costs of the power supply agreements through the energy service rates proposed in this filing on a service-rendered basis for the six-month period beginning February 1, 2022 as discussed herein above; and it is

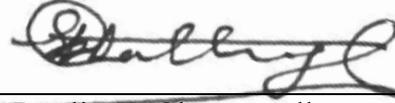
FURTHER ORDERED, that Eversource's renewable portfolio standard revenues and expenses reconciliation (Exhibit 3 at Bates 50), and any resulting calculations, shall remain an unresolved issue subject to future reconciliation as discussed herein above; and it is

FURTHER ORDERED, that Eversource shall file a tariff as required by N.H. Admin. R., Part Puc 1603 conforming to this order within 15 days, and that the tariff shall demonstrate the calculation of the energy service rate and the various adjustments included in the calculation, as discussed herein above.

By order of the Public Utilities Commission of New Hampshire this 16th day of
December, 2021.



Daniel C. Goldner
Chairman



Pradip K. Chattopadhyay
Commissioner

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