

**STATE OF NEW HAMPSHIRE  
BEFORE THE  
PUBLIC UTILITIES COMMISSION**

Docket No. DE 21-087

Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty  
Energy Service for the Period February 1, 2022 – July 31, 2022

**DIRECT TESTIMONY**

**OF**

**JOHN D. WARSHAW**

December 17, 2021



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1 **I. INTRODUCTION**

2 **Q. Please state your name and business address.**

3 A. My name is John D. Warshaw, and my business address is 15 Buttrick Road,  
4 Londonderry, New Hampshire.

5 **Q. Please state your position.**

6 A. I am the Manager of Electric Supply for Liberty Utilities Service Corp. (“LUSC”), which  
7 provides services to Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty  
8 (“Granite State,” “Liberty,” or “the Company”). I oversee the procurement of power for  
9 Energy Service for Granite State as well as the procurement of Renewable Energy  
10 Certificates (“RECs”).

11 **Q. Please describe your educational background and training.**

12 A. I graduated from the State University of New York Maritime College in 1977 with a  
13 Bachelor of Science in Nuclear Science. I received a Master’s in Business  
14 Administration from Northeastern University in 1986. In 1992, I earned a Master of Arts  
15 in Energy and Environmental Management from Boston University.

16 **Q. What is your professional background?**

17 A. In November 2011, I joined LUSC as Manager, Electric Supply for Granite State. Prior  
18 to my employment at LUSC, I was employed by National Grid USA Service Company  
19 (“National Grid”) as a Principal Analyst in Energy Supply – New England from 2000 to  
20 2010. In that position I conducted a number of solicitations for wholesale power to meet  
21 the needs of National Grid’s New England distribution companies. I also administered

1 both short-term and long-term power purchase agreements for National Grid's New  
2 England distribution companies. Prior to my employment at National Grid, I was  
3 employed at COM/Energy (now Eversource) from 1992 to 2000. From 1992 to 1997, I  
4 was a Rate Analyst in Regulatory Affairs at COM/Energy responsible for supporting state  
5 and federal rate filings. In 1997, I transferred to COM/Electric to work in Power Supply  
6 Administration.

7 **Q. Have you previously testified before the New Hampshire Public Utilities**  
8 **Commission ("Commission")?**

9 A. Yes. I most recently testified before the Commission in Docket No. DE 21-087, Granite  
10 State's Energy Service Rate Filing, on June 18, 2021.

11 **Q. Have you testified before any other state regulatory agencies?**

12 A. Yes. I have testified before both the Massachusetts Department of Public Utilities and  
13 the Rhode Island Public Utilities Commission regarding electric supply and renewable  
14 portfolio procurement activities.

15 **II. PURPOSE OF TESTIMONY**

16 **Q. Mr. Warshaw, what is the purpose of your testimony?**

17 A. The purpose of my testimony is to support the Company's request for Commission  
18 approval of Liberty's proposed Energy Service rates for both (i) the Large and Medium  
19 Commercial and Industrial Customer Group ("Large Customer Group"<sup>1</sup>), and (ii) the

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<sup>1</sup> The Large Customer Group is comprised of customers taking service under General Long-Hour Service Rate G-2 or General Service Time-Of-Use Rate G-1 of the Company's Retail Delivery Tariff.

1 Residential and Small Commercial Customer Group (“Small Customer Group”<sup>2</sup>) for the  
2 six-month period February 1, 2022, through July 31, 2022. My testimony will describe  
3 the process used by Liberty to procure Energy Service for both the Large and Small  
4 Customer Groups, the proposed Energy Service rates, how the Company proposes to  
5 meet its 2022 Renewable Portfolio Standard (“RPS”) obligations.

6 **Q. Please provide the list of schedules attached to your testimony.**

- 7 A. Schedule JDW-1 Energy Service RFP February 1, 2022, through July 31, 2022  
8 Schedule JDW-2 Energy Service Procurement Summary  
9 Schedule JDW-3 Comparison of Change in Futures Prices to Change in Procurement  
10 Costs  
11 Schedule JDW-4 Energy Service Contract for the Large Customer Group February  
12 1, 2022, through July 31, 2022, with Dynegy  
13 Schedule JDW-5 Energy Service Contract for the Small Customer Group February  
14 1, 2022, through July 31, 2022, with NextEra  
15 Schedule JDW-6 Summary of May 1, 2021, RPS Solicitation

16 **III. ENERGY SERVICE BIDDING PROCESS**

17 **Q. Mr. Warshaw, why does Liberty need to procure Energy Service for both the Large  
18 and Small Customer Groups for the period beginning February 1, 2022?**

- 19 A. Pursuant to the procurement process approved by the Commission, which I describe later  
20 in my testimony, Liberty procures power supply through contracts having a three-month  
21 term for the Large Customer Group and a six-month term for the Small Customer Group.  
22 Liberty’s currently effective Energy Service supply contracts for both the Large and  
23 Small Customer Groups expire on January 31, 2022. Therefore, to assure that Energy

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<sup>2</sup> The Small Customer Group is comprised of customers taking service under Domestic Service Rate D; Domestic Service - Optional Peak Load Pricing Rate D-10; Outdoor Lighting Service Rate M; Limited Total Electrical Living Rate T; General Service Rate G-3; or Limited Commercial Space Heating Rate V of the Company’s Retail Delivery Tariff.

1 Service will continue to be available, Liberty requires new Energy Service supply  
2 arrangements beginning February 1, 2022.

3 **Q. Please describe the process Liberty used to procure its Energy Service supply for**  
4 **the six-month period beginning February 1, 2022.**

5 A. Liberty conducted its procurement of Energy Service supply in accordance with  
6 applicable law and Commission directives. The Company complied with the solicitation,  
7 bid evaluation, and procurement process set forth in the Settlement Agreement dated  
8 November 18, 2005, which agreement was approved by the Commission in Order No.  
9 24,577 (Jan. 13, 2006) in Docket No. DE 05-126, amended by Order No. 24,922 (Dec.  
10 19, 2008) in Docket No. DE 08-011, amended by Order No. 25,601 (Nov. 27, 2013) in  
11 Docket No. DE 13-018, and further amended by Order No. 25,806 (Sept. 2, 2015) in  
12 Docket No. DE 15-010 (as amended through these subsequent orders, the “Settlement  
13 Agreement”). On November 1, 2021, Liberty issued a request for proposals (“RFP”) for  
14 certain power supply services and sought suppliers for Liberty’ Energy Service covering  
15 both the Large and Small Customer Groups.

16 **Q. Was the Company’s solicitation for the period beginning February 1, 2022,**  
17 **consistent with the Commission approved process for Energy Service?**

18 A. Yes, Liberty’s Energy Service RFP was conducted consistent with the Settlement  
19 Agreement.

1 **Q. Could you describe the nature of the RFP that Liberty issued?**

2 A. On November 1, 2021, Liberty issued an RFP to a number of potential suppliers  
3 soliciting power for the period February 1, 2022, through July 31, 2022. Liberty also  
4 distributed the RFP to all members of the New England Power Pool (“NEPOOL”)  
5 Markets Committee and posted the RFP on Liberty’s energy supply website. As a result,  
6 the RFP had wide distribution throughout the New England energy supply marketplace.  
7 The RFP requested fixed pricing for each month of service on an as-delivered energy  
8 basis. Prices could vary by month and by service; that is, the prices did not have to be  
9 uniform across the entire service period or between the three load blocks. A copy of the  
10 RFP is provided as Schedule JDW-1.

11 **IV. RESULTS OF ENERGY SERVICE BIDDING**

12 **Q. Mr. Warshaw, did Liberty receive responses to the RFP?**

13 A. Yes. Indicative proposals were received on December 7, 2021. Final proposals were  
14 received on December 14, 2021. None of the bidders made their provision of Liberty’s  
15 Energy Service contingent upon the provision of any other service.

16 **Q. Was participation in this RFP similar to past solicitations?**

17 A. No. One previous bidder elected not to provide a bid in this solicitation but plans to bid  
18 in the next solicitation in May 2022. The bidder had decided not to add any additional  
19 load serving obligations to its current load serving obligations.

1 **Q. How do the current futures prices for electricity and natural gas compare to the**  
2 **futures prices at the time of the Company's previous two solicitations?**

3 A. The futures market prices for electricity and natural gas at the time of receiving final bids  
4 for the May 1, 2021, and November 1, 2020 solicitations, as well as current futures  
5 market prices, are shown in Schedule JDW-3. These are the most recent solicitations for  
6 the Small Customer Group. As shown, current electric wholesale and natural gas prices  
7 are significantly higher when compared to the final bids received for the May 1, 2021,  
8 and November 1, 2020, solicitations. Significantly, when comparing the futures from the  
9 November 1, 2020, solicitations to the current solicitation, the future prices are almost  
10 double. The current purchase price is higher when compared to the May 1, 2021, and  
11 November 1, 2020, solicitations for the same service period.

12 **Q. Did Liberty select any of the proposals received in response to the RFP?**

13 A. Yes. Liberty evaluated the bids received and selected the supplier that: (i) provided a bid  
14 that was conforming to the RFP; (ii) had the lowest price; (iii) met the credit  
15 requirements described in the RFP; and (iv) passed our qualitative evaluation. On  
16 December 15, 2021, Liberty entered into a wholesale Transaction Confirmation with  
17 Dynegy Marketing and Trade, LLC ("Dynegy") the winning bidder, to provide Energy  
18 Service to the Large Customer Group for the six-month period February 1, 2022, through  
19 July 31, 2022. Together, a Transaction Confirmation and a Master Power Agreement  
20 provide the terms for the purchase of Energy Service from a supplier. A copy of the  
21 Transaction Confirmation between Dynegy and Liberty, with certain confidential sections  
22 redacted, is attached hereto as Schedule JDW-4. A copy of the Dynegy Master Power



1 Agreement was filed with the Commission on June 14, 2021, in Docket No. DE 21-087  
2 (Energy Service proceeding)

3 On December 14, 2021, Liberty entered into a wholesale Transaction Confirmation with  
4 NextEra Energy Marketing, LLC (“NextEra”), the winning bidder, to provide Energy  
5 Service to the Small Customer Group for the six-month period February 1, 2022, through  
6 July 31, 2022. A copy of the Transaction Confirmation between NextEra and Liberty,  
7 with certain confidential sections redacted, is attached hereto as Schedule JDW-5. A  
8 copy of the NextEra Master Power Agreement was filed with the Commission on  
9 September 17, 2007, in Docket No. DE 07-012 (Energy Service proceeding), and the  
10 First Amendment to that Master Power Agreement was filed with the Commission on  
11 September 20, 2010, in Docket DE 10-020 (Energy Service proceeding).

12 **V. RENEWABLE PORTFOLIO STANDARD**

13 **Q. Mr. Warshaw, what are the RPS obligations for 2022?**

14 A. As specified in the RPS law, RSA 362-F, a provider of electricity must obtain and retire  
15 certificates sufficient in number and class type to meet the following minimum  
16 percentages of total megawatt-hours of electricity supplied by the provider to its  
17 customers that year:

<b>NH-RPS Classes</b>	<b>2022</b>
RPS Class I	10.3%
RPS Class I Thermal	2.0%
RPS Class II	0.7%
RPS Class III	8.0%
RPS Class IV	1.5%
Total	22.5%

1 **Q. How does Liberty expect to satisfy its RPS obligations consistent with the RPS rules**  
2 **as promulgated by the Commission?**

3 A. On February 18, 2009, Liberty entered into an amended settlement agreement with the  
4 Commission Staff and the Office of Consumer Advocate intended to resolve all issues  
5 associated with the process by which Liberty would comply with the requirements of the  
6 RPS law and the PUC 2500 rules (“Amended RPS Settlement”). The Amended RPS  
7 Settlement was approved by the Commission in Order No. 24,953 (March 23, 2009) in  
8 Docket No. DE 09-010. The Company may satisfy RPS obligations by providing either  
9 RECs for each RPS class from the New England Power Pool Generation Information  
10 System (“NEPOOL-GIS”) or by making an Alternative Compliance Payment (“ACP”) to  
11 the State of New Hampshire’s Renewable Energy Fund. As specified in the Amended  
12 RPS Settlement, Liberty requested bidders to provide a separate RPS Compliance Adder  
13 with their bids. This RPS Compliance Adder is the incremental charge by a bidder for  
14 agreeing to take on the RPS obligation with the Energy Service obligation.

15 **Q. If a winning bidder’s RPS Compliance Adder is accepted, how would the bidder**  
16 **satisfy the RPS obligation?**

17 A. The supplier assumes the RPS obligation for its transaction when the RPS compliance  
18 adder is accepted. This means that the supplier must deliver RECs to satisfy each RPS  
19 class obligation to the Company’s NEPOOL-GIS account, or it must pay the Company  
20 the ACP for the undelivered RECs. The quantity of RECs required is calculated by  
21 multiplying the RPS obligation percentage for each REC class by the electricity sales for  
22 the term of the transaction.

1 **Q. What were the criteria Liberty used to evaluate any RPS Compliance Adder which**  
2 **may have been provided by a bidder?**

3 A. Liberty compared the adder provided by a bidder to the prices it received in its November  
4 1, 2021, RPS solicitation, past solicitations, and current market prices.

5 **Q. Did Liberty accept an RPS Compliance Adder provided by a bidder?**

6 A. No. One of the winning Energy Service bidders proposed an RPS Compliance Adder,  
7 but the adder was higher than the current Renewable Portfolio Standard Adder.

8 **Q. Is Liberty proposing any changes to the Renewable Portfolio Standard Adder at this**  
9 **time?**

10 A. No. Liberty is proposing to not change the current Commission-approved Renewable  
11 Portfolio Standard Adder as discussed in the Energy Service hearing of June 25, 2020.

12 This is to better align the revenue and costs incurred to meet the RPS obligations.

13 Liberty issued a request for proposals on November 1, 2021, for the acquisition of New  
14 Hampshire RPS compliant RECs to meet its remaining 2021 and forecasted 2022  
15 obligations. The results of Liberty's November 1, 2021, solicitation are included in  
16 Schedule JDW-2, Exhibit 10. At this time, Liberty has completed its analysis of the bids  
17 but has not started contract negotiations with the bidders. Liberty will notify the winning  
18 bidders by January 15, 2022, and will provide an update in the next Energy Service filing  
19 scheduled for May 2022. At that time Liberty will propose a new Renewable Portfolio  
20 Standard Adder based on both RPS solicitation results and market prices.

1 **Q. What would be the Renewable Portfolio Standard Adder if Liberty used the current**  
2 **solicitation and market prices?**

3 A. As shown in Schedule JDW-2, Exhibit 11, Liberty used the prices it received in response  
4 to its November 1, 2021, RPS solicitation and current market prices. The retail RPS costs  
5 were calculated on a per megawatt-hour (MWh) basis. The Company divided the  
6 calculated retail RPS costs by ten in order to convert the units from dollars per MWh to a  
7 cents per kilowatt-hour (kWh) rate to determine the Renewable Portfolio Standard Adder.

8 **Q. What happens if Liberty's actual RPS compliance costs are different from those**  
9 **used in calculating the Renewable Portfolio Standard Adder?**

10 A. Liberty reconciles its costs of RPS compliance with the revenue billed to customers from  
11 the Renewable Portfolio Standard Adder. This reconciliation occurs as part of the annual  
12 Energy Service reconciliation. The next annual Energy Service reconciliation filing will  
13 occur in June 2022.

14 **Q. Has Liberty been able to contract for RECs?**

15 A. Yes. In June 2021, Liberty was able to contract for Class I, Class I Thermal, and Class  
16 IV RECs to help meet a portion of its 2021 RPS obligations. A summary of the results of  
17 Liberty's May 2021 RPS solicitation is included in Schedule JDW-6.

18 **Q. When will Liberty issue the next REC request for proposals?**

19 A. Liberty plans to issue an RPS solicitation in May 2022 to procure RECs to satisfy any  
20 remaining 2021 RPS obligations and a portion of the 2022 RPS obligations.

1 **VI. ENERGY SERVICE COMMODITY COSTS**

2 **Q. Mr. Warshaw, please summarize the power supply cost at the retail meter based on**  
3 **Liberty's expected procurement cost used to develop the proposed retail rates.**

4 A. The load-weighted average of the power supply costs for the Large Customer Group for  
5 February 1, 2022, through July 31, 2022, is 10.626¢ per kWh as compared to the load-  
6 weighted average of 7.914¢ per kWh for the period August 1, 2021, through January 31,  
7 2022. The load-weighted average of the power supply costs for the Small Customer  
8 Group for February 1, 2022, through July 31, 2022, is 11.119¢ per kWh as compared to  
9 the load-weighted average of 8.396¢ per kWh for the period August 1, 2021, through  
10 January 31, 2022. The power supply costs at the retail customer meter (¢ per kWh) were  
11 calculated by multiplying the commodity prices at the wholesale level (\$ per MWh) by  
12 the applicable loss factor and then dividing the results by ten. The applicable loss factors  
13 can be found in the RFP summary in Schedule JDW-2. The loss factor is a calculated  
14 ratio of wholesale purchases to retail deliveries.

15 **Q. How will Liberty reconcile any difference in costs associated with Energy Service?**

16 A. To the extent that the actual cost of procuring Energy Service varies from the amounts  
17 billed to customers for the service, Liberty will reconcile the difference through the  
18 reconciliation mechanism pursuant to Liberty's Energy Service Adjustment Provision  
19 contained in its currently effective Retail Delivery Tariff.

1 **VII. CONCLUSION**

2 **Q. Mr. Warshaw, when will Liberty issue the next RFP for Energy Service?**

3 A. The Large Customer Group rates and the Small Customer Group rates proposed in this  
4 filing will both end on July 31, 2022. Per the terms of the Settlement Agreement, Liberty  
5 will next issue an RFP for both groups in May 2022. For purposes of notice to the  
6 Commission, the following table illustrates Liberty's proposed timeline for the next RFP:

<b>RFP Process Steps</b>	<b>Proposed May 2022 RFP</b>
RFP Issued	May 1, 2022
Indicative Bids Due	May 31, 2022
Final Bids Due	June 7, 2022
Energy Service Filing to Commission	June 13, 2022
Commission Order Needed	June 20, 2022
Service Begins	August 1, 2022

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

9 A. Yes, it does.