

STATE OF NEW HAMPSHIRE

BEFORE THE PUBLIC UTILITIES COMMISSION

**PETITION OF PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE
d/b/a EVERSOURCE ENERGY
2022 ENERGY SERVICE SOLICITATION**

**DIRECT TESTIMONY OF
LUANN J. LAMONTAGNE, JAMES R. SHUCKEROW, and
PARKER LITTLEHALE**

January 12, 2023

1 **I. INTRODUCTION**

2

3 **Q. Please state your names.**

4 A. Our names are Luann J. LaMontagne, Parker Littlehale and James R. Shuckerow.
5 We previously provided our credentials and work experience in this docket as part
6 of the testimony filed on December 8, 2022.

7

8 **II. PURPOSE**

9

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

11 A. The purpose of our testimony is to support the Company's request for Commission
12 approval of Eversource's planned procurements of full requirements power from
13 wholesale energy providers for 50 percent of its Large Customer Group and ES rate
14 for the Large Customer group for the period of February 1, 2023 through July 31,
15 2023, which represents a forecasted load of approximately 60,000 MWh, or
16 approximately an average of 14 MW per hour over the six months. ES is provided
17 to retail Eversource customers who are not taking service from a competitive
18 supplier and is currently provided to under 7% of industrial customers. Load
19 requirements may change from time to time and winning suppliers are responsible
20 for their share of supply regardless of changes in customer demand for any reason,
21 including daily load fluctuations, increased or decreased usage, demand-side
22 management activities, load migration to competitive suppliers, extreme weather

1 and similar events. Suppliers are required to supply their share of load for the full
2 delivery term of February 2023 through July 2023. This testimony describes the
3 solicitation process used by Eversource to procure full requirements power, the
4 results of the solicitation and selection of a supplier, and the development of the
5 RPS rate adder.

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

7 A. LJL-10 Energy Service RFP for February 1, 2023 through July 31, 2023
8 LJL-11 RFP Results and Selection of Supplier
9 LJL-12 Eversource Proxy Price
10 LJL-13 RPS Rate Adder
11 LJL-14 Executed Transaction Confirmation

12 **III. ENERGY SERVICE SOLICITATION PROCESS**

13

14 **Q. Please describe the process Eversource used to procure the remaining 50% of**
15 **uncovered load for default energy service supply for the Large Customer**
16 **group for service from February 1, 2023 through July 31, 2023.**

17 A. Eversource conducted a second RFP for procurement of ES supply for the
18 remaining 50% of load for the Large Customer group because the Company
19 received no bids for this load with the first round RFP, and the Commission
20 subsequently directed the Company to conduct this second round RFP. The second
21 RFP, like the first, was conducted in accordance with applicable law, Commission
22 directives, and the Settlement Agreement from Docket No. DE 17-113 approved by
23 Commission Order No. 26,092, and consistent with the manner of similar
24 solicitations for other companies throughout New England. On December 16,
25 2022, Eversource issued a request for proposals (“RFP” – Attachment LJL-10) for
26 power supply services for Eversource’s ES covering 50% of the Large Customer
27 group load for February 2023 through July 2023. Notices of the issuance of the
28 RFP were sent to prior participants in Eversource’s wholesale supply solicitations,
29 numerous other ISO-NE wholesale market participants and potential suppliers, and

1 the RFP was posted on Eversource’s Wholesale Supply (New Hampshire) website.
2 Therefore, the RFP had wide distribution throughout the New England energy
3 supply marketplace.

4 Proposals were to be stated on an “as-delivered” energy basis to Pool Transmission
5 Facilities (“PTF”) within the Eversource metering domain, with prices stated
6 monthly on a fixed \$/MWH basis. Prices could vary by calendar month but were
7 required to be uniform for the entire calendar month and cover the entire delivery
8 term. Offers were due on January 10, 2023, a winning supplier was selected the
9 same day, and a transaction confirmation was executed the following day.

10 **IV. ENERGY SERVICE SOLICITATION RESULTS**

11 **Q. What are the decision-making criteria used by the Company to analyze the**
12 **bids received?**

13 A. Eversource takes into account the totality of the circumstances surrounding the
14 RFP and the service period that it covers. The main criteria are the number of
15 bidders participating, the number of bids received, how the bid prices are clustered,
16 or distributed, and as an ancillary measure, the proxy price. These criteria are
17 particularly telling regarding the state of the market.

18
19 Historically, Eversource’s Large Customer group has been load that suppliers are
20 reluctant to bid on—and this was the case long before the current market
21 volatility—as it is a relatively small amount of load that has a high degree of
22 uncertainty and chance of customer migration.

23
24 **Q. Did Eversource have a market price expectation as to the results of the**
25 **procurement?**

26 A. In support of the decision-making criteria discussed above, Eversource
27 independently prepares a “proxy” supplier price using the Company’s internal
28 analysis to evaluate the reasonableness of the offers received. The proxy price is

1 prepared on the same date that suppliers' bids are due so that the Company is using
2 the most current and analogous market information to analyze the reasonableness of
3 the offers received. While a sound process properly run and robust participation are
4 the most preferred attributes of any open solicitation, a consistently calculated
5 proxy price provides a reference point that facilitates analysis of the degree of
6 market reflectiveness, and therefore reasonableness, of those offers. Eversource
7 uses the approach described below to develop such proxy prices.

8 Eversource calculates the cost of energy and capacity components (LJL-12 -
9 Eversource Proxy Price) and then applies a multiplier to account for other cost
10 elements. The energy component represents forward energy prices, and the
11 capacity component represents known regional capacity costs. The multiplier—a
12 representation of other cost elements including ancillary services, ISO-NE
13 administrative costs, and supplier risk premiums developed from recent winning
14 offers received in New Hampshire—is applied to the energy and capacity cost
15 components and the result provides an estimate of where supplier offers are
16 expected to fall, which allows the Company to assess the market-reflectiveness of
17 bids received with a reasonable degree of certainty.

18

19 **Q. Did Eversource receive a sufficient response to the RFP?**

20 A. Eversource did receive acceptable RFP results. Eversource evaluated the results
21 and selected the winning supplier using Eversource's decision-making criteria,
22 further supported by the proxy price and taking into account current market
23 conditions. The Company also considered supplier compliance with non-price
24 bidding requirements and general bidder qualifications, as well as risk relative to
25 price and ability to serve the load. For the winning bid from January 10, 2023,
26 Eversource entered into a Transaction Confirmation for the service period of
27 February 1, 2023 through July 31, 2023 with the winning supplier. Together, a
28 Transaction Confirmation and a Master Power Supply Agreement ("MPSA")
29 provide the terms for the purchase of ES from the supplier, and both were executed
30 within a day of receiving the bids. A copy of the executed Transaction

1 Confirmation is included in this filing as Confidential Attachment LJL-14.
2 Executed MPSAs with winning bidders were previously provided in Docket No.
3 DE 18-002.

4
5 **Q. Please discuss the results and the analysis leading to the selection of winning**
6 **supplier.**

7 A. The results and the identification of the winning bid are shown in Confidential
8 Attachment LJL-11. In addition to price and the ability to meet credit requirements,
9 Eversource also considered the following regarding each supplier: experience in
10 providing similar services to Eversource, demonstrated understanding of the market
11 rules related to the provision of ES, demonstrated understanding of its obligations
12 under the MPSA, and any past or present events that are known that may adversely
13 affect a supplier's ability to provide ES. Eversource has previously experienced
14 successful full requirements power supply transactions with the selected supplier,
15 and the supplier performed competently during the service periods for which it was
16 selected. The supplier has not been downgraded by any prior experience and has
17 met the credit requirements outlined by the MPSA and RFP.

18
19 **Q. How did the RFP outcome compare with the Company's expectations and**
20 **what is that attributable to?**

21 A. There was a possibility that no suppliers would bid on the second round RFP, so the
22 Company was pleased to receive bids. However the results did largely meet the
23 Company's expectations once all relevant considerations pertaining to this load
24 were taken into account. The selected bid during the second round RFP was
25 approximately 20% less than the selected bid during the first round RFP on
26 December 6, 2022. Given the totality of the circumstances and the state of the
27 market, the Company determined the winning bid is reasonable and recommends
28 the Commission approve it.

29
30 **Q. Is the Company proposing rates for the Large Customer group for the**
31 **February through July ES service period?**

1 A. Yes. If the Commission approves the bid for the second half of the Large Customer
2 group load being recommended by Eversource in this filing, this bid will be
3 combined with that approved by the Commission in Order No. 26,747 on December
4 14, 2022, and will result in the monthly variable rates depicted below, which are
5 further detailed in Ms. Paruta’s testimony and page 2 of Attachment MBP-7:

6 **Large Customer Energy Service Rates**

7	Month	Rate (\$/kWh)
8	February 2023	\$0.48321
9	March 2023	\$0.32083
10	April 2023	\$0.21612
11	May 2023	\$0.17003
12	June 2023	\$0.14779
13	July 2023	\$0.18098

14 **V. RENEWABLE PORTFOLIO STANDARDS**

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

18 A. In accordance with the Settlement Agreement in Docket No. DE 17-113,
19 Eversource will manage its RPS needs outside of the ES RFP process. Consistent
20 with the manner employed by Eversource for ES customers in New Hampshire over
21 many previous years, by Eversource’s affiliated companies in other jurisdictions,
22 and by other New Hampshire utilities, Eversource will fulfill RPS requirements
23 through purchases of Renewable Energy Credits (“RECs”) from the issuance of
24 periodic RFPs, through purchases directly from producers, through the bilateral
25 market, or through Alternative Compliance Payments (“ACPs”) to RECs.
26 Eversource will manage RPS compliance in this matter for all Eversource ES load.

27 Regarding fulfillment of Class I Renewable Energy Certificate (“REC”)
28 requirements, Eversource will continue to purchase Class I RECs from the Burgess

1 BioPower and Lempster Wind facilities under existing PPAs. The REC amounts
2 purchased from these sources may more than meet Energy Service obligation
3 quantities, eliminating the need for other Class I purchases.

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

5 A. Eversource has established an RPS Adder rate based on REC class percentage
6 requirements, current market price information as of the full requirements power
7 supply RFP due date, and any RECs currently existing in inventory. Development
8 of the RPS Adder is outlined in Attachment LJL-13 and was approved in Order No.
9 26,747 (at 9). The RPS component of ES rates will apply these factors to reflect the
10 current expected cost of RPS compliance obligations. The RPS Adder and the rate
11 developed to recover the costs of full requirements power supply procurements
12 from suppliers comprise the two components of the overall ES rate. Please refer to
13 Ms. Paruta's testimony which addresses ES rate development.

14 **Q. Are there any provisions unique to the Burgess BioPower and Lempster Wind**
15 **PPAs due to the purchase requirements discussed above?**

16 A. Since the 2015 Agreement calls for the costs of those PPAs to be recovered via the
17 Stranded Cost Recovery Charge ("SCRC"), a transfer price must be set for Class I
18 RECs obtained under those PPAs which are used to satisfy the RPS compliance
19 needs of ES customers. Eversource has established the Class I transfer price
20 according to the Settlement Agreement from Docket No. DE 17-113 and the
21 methodology described in the June 28, 2017 Joint Testimony of Shuckerow, White
22 and Goulding in Docket No. DE 17-113. The \$/REC transfer price is the current
23 market price for Class I RECs shown in Attachment LJL-13, and the volume of
24 Class I RECs needed for RPS compliance for ES during February 2023 through
25 July 2023, will be transferred at that price.

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1 **VI. CONCLUSION**

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3 **Q. How does Eversource view the outcome of this second solicitation for the**
4 **provision of Energy Service for the second half of the load for the Large**
5 **Customer group for the service period of February 1, 2023 through July 31,**
6 **2023?**

7 A. The outcome of this RFP and the selected bid the Company is recommending for
8 approval are reflective of current market conditions for the load for Eversource's
9 Large Customer group. Eversource recommends that the Commission approve the
10 bid to be combined with the bid approved in December, resulting in the rates
11 described previously in this testimony and that of Ms. Paruta.

12

13 **Q. Will this recommendation result in just and reasonable rates?**

14 A. Yes.

15

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

17 A. Yes, it does.