

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

Docket No. DE 22-024

Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty

2022 Default Service Solicitations

Technical Statement of John D. Warshaw

February 24, 2023

A. Purpose of Technical Statement

Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty, (“the Company” or “Liberty”) files this technical statement in support of its request for Commission approval of revised Energy Service Rates for the Large Customer Group for the remainder of the Block A period, from March 1, 2023, through April 30, 2023. Liberty is proposing new rates due to the recent and dramatic drop in market prices.

This technical statement explains the Company’s projection of the power supply costs for the Large Customer Group for the period March 1 through April 30, 2023, which Liberty has used to develop the proposed retail rates in Mr. King’s technical statement.

B. Background

As outlined in Order No. 26,758 (Jan. 13, 2023), Liberty did not receive any acceptable bids for the Large Customer Group, Block A, which covers the three months from February 1 through April 30, 2023. In the absence of an acceptable bid, the Commission authorized Liberty to acquire the energy and related services directly from ISO New England.¹ Liberty proposed rates for each of the three months, as is the norm for the Large Customer Group, with the expectation that the actual revenues Liberty received from customers under those rates would be reconciled to Liberty’s actual costs of acquiring service from the ISO after the closes of the three-month period.

In recent weeks, however, the market price for electricity has decreased significantly. This has resulted in a large disparity between what the Company expects to collect from these large customers under the approved rate and what the Company has paid for the energy and related services at the ISO. Liberty estimates that for the month of February 2023 Liberty expects to collect almost \$3.5 million from those commercial customers taking Energy Service but will pay less than \$0.7 million for that service from the ISO. See Attachment JDW-1 for the worksheet containing those estimated costs and revenues.

To lessen the magnitude of over-collections during the remainder of the Block A period, the Company now proposes lower Energy Service Rates based on current market projections, as described in this technical statement.

¹ Liberty has been successfully providing energy service to these commercial customers since February 1, as ordered.

C. Proposed Power Supply Costs

In the January 6, 2023, filing that supported the rates currently in effect, Liberty used as a proxy cost for the Large Customer Group those costs for the three months of February, March, and April that were approved for the Small Customer Group for that same period. Order No. 26,752 (Dec. 22, 2022). The Commission found that those costs best reflected the market for the February through April period and approved the proposed rates. Order No. 26,758 (Jan. 13, 2023).

The market has changed substantially since the projections relied on in December and January as referenced in the two Commission orders cited above. The actual power costs in February have been far less than what was projected, and current forecasts indicate the power supply costs will remain relatively low through March and April.

To estimate power supply costs for March and April 2023 on which the Company could propose revised Energy Service Rates for the Large Customer Group, the Company looked at the NYMEX monthly forward pricing for energy costs and the estimated costs the Company has incurred from ISO New England for capacity and ancillary services in February 2023. See Attachment JDW-2 for the worksheet showing how the Company developed the estimates.

The calculation of the proposed retail rates, which are based on this power supply cost projection, are found on Attachment JMK-1 to Mr. King's technical statement filed this date.

Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty
Attachment JDW-1
Estimate of ISO Charges and Customer Revenue

| Estimated Charges and Credits | | | February-23 |
|--------------------------------------|-------------------------|--|--------------------|
| | Day Ahead Energy | | \$ 495,831 |
| | Real Time Energy | | \$ (32,055) |
| | Forward Capacity Market | | \$ 114,161 |
| | Ancillary Services | | \$ 6,919 |
| | Mystic COS (est) | | \$ 49,847 |
| | Other ISO-NE Charges | | \$ 1,884 |
| | Total Costs | | \$ 636,588 |

| Retail Revenue (Estimated) | | February-23 |
|-----------------------------------|--|--------------------|
| Filed Power Supply Charge (¢/kWh) | | 43.114 |
| Retail Sales - kWhs | | 8,035,210 |
| Retail Revenue | | \$ 3,464,300 |
| Estimated Over Collection | | \$ 2,827,712 |

Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty

Attachment JDW-2

Proposed Power Purchase Charge

| | | Mar-2023 | Apr-2023 |
|--|-----------------|-----------------|-----------------|
| NYMEX Electric Futures (\$/MWh) | On-Peak | 54.38 | 40.53 |
| | Off-Peak | 47.38 | 34.50 |
| | | | |
| On Peak Factor | | 49.5% | 44.4% |
| | | | |
| Forecasted Volumes (MWhs) | | 8,738.996 | 8,478.832 |
| | | | |
| Energy Cost | | \$ 444,311.23 | \$ 315,242.98 |
| Forward Capacity Market | | 114,161.32 | 114,161.32 |
| Ancillary Services | | 6,918.62 | 6,918.62 |
| Mystic COS (est) | | 51,210.52 | 49,685.96 |
| Other ISO-NE Charges | | 1,884.42 | 1,884.42 |
| Total Costs | | \$ 618,486.11 | \$ 487,893.29 |
| Proposed Power Purchase Rate (\$/MWh) | | \$ 70.77 | \$ 57.54 |

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Docket No. DE 22-024

Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty

2022 Default Service Solicitations

Technical Statement of James M. King

February 24, 2023

A. Purpose of Technical Statement

Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty, (“the Company” or “Liberty”) files this technical statement in support of its request for approval of a revised Energy Service Rates for the Large Customer Group for the remainder of the Block A period, from March 1, 2023, through April 30, 2023. Liberty is proposing new rates due to the recent and dramatic drop in market prices. Liberty is only proposing a change to the energy component of the rates; this proposal does not request changes to any of the other rate components approved in this docket.

The currently approved Energy Service rates for the Large Customer Group for March and April 2023 are \$0.23419 and \$0.17952 per kWh, respectively. The Energy Service rates proposed for the Large Customer Group for the March 2023 and April 2023 are \$0.08380 per kWh and \$0.07024 per kWh, respectively.

B. Background

As outlined in Order No. 26,758 (Jan. 13, 2023), Liberty did not receive any acceptable bids for the Large Customer Group, Block A, which covers the three months from February 1 through April 30, 2023. In the absence of an acceptable bid, the Commission authorized Liberty to acquire the energy and related services directly from ISO New England. Liberty proposed rates for each of the three months, as is the norm for the Large Customer Group, with the expectation that the actual revenues Liberty received from customers under those rates would be reconciled to Liberty’s actual costs of acquiring service from the ISO after the close of the three-month period.

In recent weeks however, the market price for electricity has decreased significantly. This has resulted in a large disparity between what the Company has collected from these large customers under the approved rate and what the Company has paid for the energy and related services at the ISO. Liberty estimates that for the month of February 2023 Liberty will collect almost \$4 million from those commercial customers taking energy service but will pay less than \$1 million for that service from the ISO.

To lessen the magnitude of over-collections during the remaining two months of Block A, the Company now proposes lower Energy Service Rates based on current market projections, as described in Mr. Warshaw’s technical statement.

C. Proposed Rates

The specific Energy Service rates Liberty is proposing for the months of March and April 2023 for the Large Customer Group rates are shown in the table below:

Table 1
G-1 and G-2 Rates Effective March 1, 2023

| March | April |
|-----------|------------|
| \$0.08380 | \$ 0.07024 |

As discussed in Mr. Warshaw's technical statement, these March and April 2023 G-1 and G-2 rates are the result of Liberty's current forecast of the cost of self-supplying energy service from the ISO-NE market.

The following EV-L and EV-M TOU rates are set using the approved cost allocation method as approved in Docket No. DE 20-170, Order No. 26,604 (April 7, 2022), for the six-month procurement period. These rates need to be changed because the allocation method includes the Energy Service Rate as a key input.

Table 2
EV-L Commercial EV TOU Charging Rate

| <u>Period</u> | <u>Critical Peak</u> | <u>Mid Peak</u> | <u>Off Peak</u> |
|------------------------------------|----------------------|------------------|------------------|
| <u>Winter (Mar 2023-Apr 2023)</u> | <u>\$0.20404</u> | <u>\$0.16455</u> | <u>\$0.15863</u> |
| <u>Summer (May 2023- Oct 2023)</u> | <u>\$0.67813</u> | <u>\$0.16928</u> | <u>\$0.13213</u> |

Table 3
EV-M Commercial EV TOU Charging Rate

| <u>Period</u> | <u>Critical Peak</u> | <u>Mid Peak</u> | <u>Off Peak</u> |
|------------------------------------|----------------------|------------------|------------------|
| <u>Winter (Mar 2023-Apr 2023)</u> | <u>\$0.20393</u> | <u>\$0.16427</u> | <u>\$0.15879</u> |
| <u>Summer (May 2023- Oct 2023)</u> | <u>\$0.67524</u> | <u>\$0.16626</u> | <u>\$0.13092</u> |

The workpapers supporting the non-time of use rate calculation are in Attachment JMK-1. Attachment JMK-2 contains support for the EV-L (page 1) and EV-M (page 2) time-of-use rates. The Company will provide the live Excel models supporting the time-of-use rate models separately.

As stated above, the Company proposes changes only to the Large Customer Group Energy Service Rates and those rates that depend on the Energy Service Rates. Liberty proposes no other changes to the rate components approved earlier in this docket.

The Company also proposes no change to its previously expressed intent to later adjust the Energy Service Reconciliation Adjustment Factor to reconcile the actual cost of procuring Energy Service with the amounts billed to customers for the service separately by customer group. This will result in different Energy Service Reconciliation Adjustment Factors for the large and small customer groups. This change would take effect through the annual

reconciliation filing proceeding on August 1, 2023.

The Company requests approval of the above rates by March 1, 2023, for rates effective March 1, 2023.

D. Tariff Changes

The Company has requested a waiver of the requirement to include proposed tariff pages with this filing. The Company will file compliance tariff pages if new rates are approved.

Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty
Large Customer Group Rates G-1 and G-2
Energy Service Rates Summary
March 1, 2023 - April 30, 2023

| | | | | |
|----|--|------------------|------------------|--------------|
| 1 | <u>Section 1: Percentage of Medium and Large C&I kWhs Attributable to Energy Service</u> | | | |
| 2 | September 2022 Medium and Large C&I Energy Service kWhs | 8,077,000 | | |
| 3 | September 2022 Total Retail Medium and Large C&I kWhs | 44,419,397 | | |
| 4 | Percentage of Medium and Large C&I Energy Service kWhs to Total Medium and Large C&I kWhs | 18.18% | | |
| 5 | <u>Section 2: Projected Medium and Large C&I Default Service kWhs, March 1, 2023 - April 30, 2023</u> | | | |
| | | <u>March</u> | <u>April</u> | <u>Total</u> |
| | | (b) | (c) | (g) |
| 6 | Projected Total Company Medium and Large kWhs | 40,856,727 | 39,640,403 | 80,497,130 |
| 7 | Percentage of Medium and Large C&I Energy Service kWhs to Total Medium and Large C&I kWhs | 18.18% | 18.18% | |
| 8 | Projected Medium and Large C&I Energy Service kWhs | 7,429,182 | 7,208,012 | 14,637,194 |
| 9 | <u>Section 3: Medium and Large C&I Default Service Load Weighting for March 1, 2023 - April 30, 2023</u> | | | |
| 10 | Projected Medium and Large C&I Energy Service kWhs | 7,429,182 | 7,208,012 | 14,637,194 |
| 11 | Loss Factor | | | |
| 12 | Forecasted Wholesale Price (\$/MWh) | | | |
| 13 | Base Energy Service Rate (\$/kWh) | \$0.07253 | \$0.05897 | |
| 14 | Energy Service Reconciliation Adjustment Factor (\$/kWh) | \$0.00096 | \$0.00096 | |
| 15 | Energy Service Cost Reclassification Adjustment Factor (\$/kWh) | \$0.00250 | \$0.00250 | |
| 16 | <u>Renewable Portfolio Standard Adder (\$/kWh)</u> | <u>\$0.00781</u> | <u>\$0.00781</u> | |
| 17 | Total Estimated Medium and Large C&I Energy Service Price per kWh | \$0.08380 | \$0.07024 | |
| 2 | Per Monthly Energy Service Revenue Reports (Rates G-1 and G-2) | | | |
| 3 | Per Monthly Total Revenue Reports (Rates G-1 and G-2) | | | |
| 4 | Line (2) ÷ Line (3) | | | |
| 6 | Per Company forecast for medium and large C&I rates (Rates G-1 and G-2) | | | |
| 7 | Line (4) | | | |
| 8 | Line (6) x Line (7) | | | |
| 10 | Line (8) | | | |
| 11 | Projected Wholesale Load divided by Projected Retail Load, rounded to five decimal places | | | |
| 12 | Schedule JDW-2 Exhibit 5 (December 16, 2022 filing) | | | |
| 13 | Line (11) x Line (12) / 1000, truncated to five decimal places | | | |
| 14 | DE 22-024 (6/13/22) Attachment HMT/AMH-5 Page 1, Line 6 (Bates 125) | | | |
| 15 | DE 22-024 (6/13/22) Attachment HMT/AMH-6 Page 1, Line 5 (Bates 127) | | | |
| 16 | Schedule JDW-2 Exhibit 11 (June 13, 2022 filing) | | | |
| 17 | Line (13) + Line (14) + Line (15) + Line (16) | | | |

Liberty Utilities (Granite State Electric) Corp. D/b/a Liberty
Schedule TOU-EV-L Rate Development
Effective March 1, 2023 Rates and Ratios
Consistent with methodology approved in Docket No. DE 20-170, Exh. 24 Revised Attachment A

Summer
(May 1, 2023 - Oct 31, 2023)

Winter
(Mar 1, 2023 - Apr 30, 2023)

| | Volumetric Rates | Ratio to Mid-Peak | Ratio to Peak | Ratio to Off-Peak | Volumetric Rates | Ratio to Mid-Peak | Ratio to Peak | Ratio to Off-Peak |
|--|---------------------|----------------------|------------------|----------------------|---------------------|----------------------|------------------|----------------------|
|--|---------------------|----------------------|------------------|----------------------|---------------------|----------------------|------------------|----------------------|

| | | | | | | | | |
|---|---|------------|------|------|------|------------|------|------|
| 1 | | | | | | | | |
| 2 | | | | | | | | |
| 3 | Energy Service Charge: | | | | | | | |
| 4 | Off Peak kWh (8pm - 8am) | \$ 0.13213 | 78% | 19% | 100% | \$ 0.15863 | 96% | 78% |
| 5 | Mid Peak kWh (8am-3pm, M-F; 8am-8pm, weekends/holidays) | \$ 0.16928 | 100% | 25% | 128% | \$ 0.16455 | 100% | 81% |
| 6 | On Peak kWh (3pm-8am, M-F) | \$ 0.67813 | 401% | 100% | 513% | \$ 0.20404 | 124% | 100% |
| 7 | | | | | | | | |
| 8 | | | | | | | | |
| 9 | Note: Small variance in ratios due to rounding | | | | | | | |

Liberty Utilities (Granite State Electric) Corp. D/b/a Liberty
Schedule TOU-EV-M Rate Development
Effective March 1, 2023 Rates and Ratios
Consistent with methodology approved in Docket No. DE 20-170, Exh. 24 Revised Attachment A

Summer
(May 1, 2023 - Oct 31, 2023)

Winter
(Mar 1, 2023 - Apr 30, 2023)

| | | Volumetric Rates | Ratio to Mid-Peak | Ratio to Peak | Ratio to Off-Peak | | Volumetric Rates | Ratio to Mid-Peak | Ratio to Peak | Ratio to Off-Peak | |
|---|---|---------------------|----------------------|------------------|----------------------|------|---------------------|----------------------|------------------|----------------------|------|
| 1 | | | | | | | | | | | |
| 2 | | | | | | | | | | | |
| 3 | Energy Service Charge: | | | | | | | | | | |
| 4 | Off Peak kWh (8pm - 8am) | \$ | 0.13092 | 79% | 19% | 100% | \$ | 0.15879 | 97% | 78% | 100% |
| 5 | Mid Peak kWh (8am-3pm, M-F; 8am-8pm, weekends/holidays) | \$ | 0.16626 | 100% | 25% | 127% | \$ | 0.16427 | 100% | 81% | 103% |
| 6 | On Peak kWh (3pm-8am, M-F) | \$ | 0.67524 | 406% | 100% | 516% | \$ | 0.20393 | 124% | 100% | 128% |

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8

9 Note: Small variance in ratios due to rounding