

STATE OF NEW HAMPSHIRE
BEFORE THE PUBLIC UTILITIES COMMISSION

Public Service Company of New Hampshire
d/b/a Eversource Energy
Energy Service Solicitation for
August 2023 through January 2024

DIRECT TESTIMONY OF
LUANN J. LAMONTAGNE and
PARKER LITTLEHALE

1 **I. INTRODUCTION**

2

3 **Q. Please state your name.**

4 A. My name is Luann J. LaMontagne.

5 **Q. Ms. LaMontagne, please provide your business address and title.**

6 A. My business address is 107 Selden St, Berlin, Connecticut. I am a Senior Analyst
7 in the Electric Supply department of Eversource Energy Service Company.

8 **Q. Ms. LaMontagne, please describe your responsibilities at Eversource Energy.**

9 A. I perform the activities required to fulfill the power supply requirement obligations
10 of Public Service of New Hampshire, d/b/a Eversource Energy (“Eversource” or the
11 “Company”), including conducting solicitations for the competitive procurement of
12 power for Energy Service (at times referred to herein as “ES”) and for fulfilling
13 Renewable Portfolio Standards (“RPS”) obligations. I am also responsible for
14 ongoing activities associated with independent power producers and purchase
15 power agreements.

16

17 **Q. Please state your name.**

18 A. My name is Parker Littlehale.

1 **Q. Mr. Littlehale, please provide your business address and title.**

2 A. My business address is 247 Station Dr., Westwood, MA. I am a Manager,
3 Wholesale Power Supply in the Electric Supply department of Eversource Energy
4 Service Company.

5 **Q. Mr. Littlehale, please describe your power procurement responsibilities at**
6 **Eversource Energy.**

7 A. I oversee the process required to fulfill the power supply requirement obligations of
8 the Company, including overseeing solicitations for the competitive procurement of
9 power for ES, and supervising the fulfilling RPS obligations. I also manage this
10 process for Eversource Energy affiliate NSTAR of Massachusetts.

11

12 **II. PURPOSE**

13

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

15 A. The purpose of our testimony is to support the Company's request for Commission
16 approval of Eversource's planned procurements of full requirements power from
17 wholesale energy providers and ES rates for both the Large and Small Customer
18 groups for the period of August 1, 2023 through January 31, 2024. ES is provided
19 to retail Eversource customers who are not taking service from a competitive
20 supplier and is currently provided to approximately 76% of residential customers,
21 26% of commercial customers, and under 5% of industrial customers, which in the
22 aggregate represent about 44% of Eversource's total distribution load. Load
23 requirements may change from time to time—with a greater likelihood now that
24 community power aggregations are launching—and winning suppliers are
25 responsible for their share of Large or Small Energy Service supply regardless of
26 changes in customer demand for any reason, including daily load fluctuations,
27 increased or decreased usage, demand-side management activities, load migration
28 as community power aggregations come online, extreme weather and similar
29 events. Suppliers are required to supply their share of load for the full delivery term
30 of August 2023 through January 2024. Our testimony will describe the solicitation

1 process used by Eversource to procure full requirements power, the results of the
2 solicitation and selection of suppliers, and the development of the RPS rate adder.

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

- 4 A. LJL-1 Energy Service RFP for August 1, 2023 through January 31, 2024
5 LJL-2 RFP Results and Selection of Suppliers
6 LJL-3 Eversource Proxy Price
7 LJL-4 RPS Rate Adder
8 LJL-5 Executed Transaction Confirmation –Large
9 LJL-6 Executed Transaction Confirmation –Small
10 LJL-7 Executed Transaction Confirmation –Small
11 LJL-8 Executed Transaction Confirmation –Small
12 LJL-9 Executed Transaction Confirmation –Small
13 LJL-10 Table: Weighted Customer Energy Service Rates – proposed,
14 current, and previous service periods

15 **III. ENERGY SERVICE SOLICITATION PROCESS**

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

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

22 Consistent with the 2015 Agreement, on June 29, 2017 Eversource filed a petition
23 and supporting testimony with the Commission seeking approval of a proposed
24 process for procuring and providing default ES to customers on a competitive basis,
25 rather than through its previous paradigm of a managed portfolio with owned
26 generation resources. This filing-initiated Docket No. DE 17-113, “Petition for
27 Approval of Energy Service Supply Proposal.” Following discussions among the
28 parties to that docket, a Settlement Agreement was reached which described the

1 method of and timing for Eversource's transition to competitively procured Energy
2 Service. That Settlement Agreement was approved by Order No. 26,092
3 (December 29, 2017).

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

10
11 The Company has continued its procurement consistent with the Settlement
12 Agreement from Docket No. DE 17-113, adhering to the process which includes a
13 single procurement for 100% of the ES load for each of the two six-month service
14 periods spanning February through July, and August through January. Eversource's
15 service periods were established for the purpose of splitting the typically highest-
16 cost months of January and February to reduce price volatility.

17 **Q. Please describe the process Eversource used to procure its Energy Service**
18 **supply for August 1, 2023 through January 31, 2024.**

19 A. Eversource conducted its procurement of ES supply in accordance with applicable
20 law, Commission directives, and the Settlement Agreement approved by the
21 Commission in Order No. 26,092, and consistent with the manner of similar
22 solicitations for other companies throughout New England. On May 11, 2023,
23 Eversource issued a request for proposals ("RFP" – Attachment LJJ-1) for power
24 supply services for Eversource's ES load covering both the Large and Small
25 Customer groups. Notices of the issuance of the RFP were sent to prior participants
26 in Eversource's wholesale supply solicitations, numerous other ISO-NE wholesale
27 market participants and potential suppliers, and the RFP was posted on
28 Eversource's Wholesale Supply (New Hampshire) website. Therefore, the RFP had
29 wide distribution throughout the New England energy supply marketplace.

1 Proposals were to be stated on an “as-delivered” energy basis to Pool Transmission
2 Facilities (“PTF”) within the Eversource metering domain, with prices stated
3 monthly on a fixed \$/MWH basis. Prices could vary by calendar month but were
4 required to be uniform for the entire calendar month and cover the entire delivery
5 term. The Small Customer group was divided into eight tranches and the Large
6 Customer group was divided into two tranches. This is a revision, first
7 implemented in the most recent Eversource ES solicitation for the service period of
8 February 1, 2023 through July 31, 2023, modifying previous solicitations that
9 offered four tranches for the Small Customer group and one tranche for the Large
10 Customer group. This change is still consistent with the settlement agreement in
11 Docket No. DE 17-113 because the settlement did not contain a tranche
12 requirement. The motivation to increase the number of tranches offered was to
13 incentivize supplier participation by reducing the MWh’s per tranche, therefore
14 reducing the associated risk and load uncertainty for each individual tranche. Offers
15 for the current RFP were due on June 13, 2023, winning suppliers were selected the
16 same day, and transaction confirmations were executed the following day.

17 **IV. ENERGY SERVICE SOLICITATION RESULTS**

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

20 A. Eversource takes into account the totality of the circumstances surrounding the
21 RFP and the service period that it covers. The main criteria however, in addition to
22 the proxy price, are the number of bidders participating, the number of bids
23 received, and how the bid prices are clustered, or distributed. These criteria are
24 particularly telling regarding the state of the market.

25

26 In this instance, the results for both groups satisfied all the main criteria: there were
27 several bidders, a good number of bids, and the bid prices were clustered quite
28 closely together. This combination gives the Company a high degree of confidence
29 in recommending these bids as just and reasonable.

30

1 **Q. Did Eversource have a market price expectation as to the results of the**
2 **procurement?**

3 A. In support of the decision-making criteria discussed above, Eversource
4 independently prepares a “proxy” supplier price using the Company’s internal
5 analysis to evaluate the reasonableness of the offers received. The proxy price is
6 prepared on the same date that suppliers’ bids are due so that the Company is using
7 the most current and analogous market information to analyze the reasonableness of
8 the offers received. While a sound process properly run and robust participation are
9 the most preferred attributes of any open solicitation, a consistently calculated
10 proxy price provides a reference point that facilitates analysis of the degree of
11 market reflectiveness, and therefore reasonableness, of those offers. Eversource
12 uses the approach described below to develop such proxy prices.

13 Eversource calculates the cost of energy and capacity components (*See* LJL-3-
14 Eversource Proxy Price) and then applies a multiplier to account for other cost
15 elements. The energy component represents forward energy prices, and the
16 capacity component represents known regional capacity costs. The multiplier—a
17 representation of other cost elements including ancillary services, ISO-NE
18 administrative costs, and supplier risk premiums developed from recent winning
19 offers received in recent solicitations—is applied to the energy and capacity cost
20 components and the result provides an estimate of where supplier offers are
21 expected to fall, which allows the Company to assess the market-reflectiveness of
22 bids received with a reasonable degree of certainty.

23

24 **Q. What impact, if any, did community power aggregations coming online during**
25 **this service period have on this solicitation?**

26 A. There are many communities within our service territory that are forming or have
27 formed community power aggregations, so there is significant migration expected.
28 As the aggregations begin to serve customers, there is a likelihood of a steady roll
29 off of customers from utility default service. Migration could occur at a steady pace
30 throughout the duration of the service period, or it could happen in large quantities
31 within a relatively short period of time. This migration adds an additional variable

1 into an area where suppliers already feel there is risk. However, this seems not to
2 have been an impediment to a successful solicitation.

3

4 **Q. Did Eversource receive a sufficient number of acceptable and competitive**
5 **responses to the RFP to cover all of Eversource's ES load?**

6 A. Eversource received sufficient bids for both customer groups. Eversource evaluated
7 these offers and selected winning suppliers using Eversource's decision-making
8 criteria, further supported by the proxy prices by customer group and accounting for
9 current market conditions, as well as compliance with non-price bidding
10 requirements and bidder qualifications, and risk relative to price and ability to serve
11 the load. For all bids the Company accepted on June 13, 2023, Eversource entered
12 into Transaction Confirmations for the service period of August 1, 2023 through
13 January 31, 2024 with the winning suppliers for the Large and Small Customer
14 groups. Together, a Transaction Confirmation and a Master Power Supply
15 Agreement ("MPSA") provide the terms for the purchase of ES from a supplier, and
16 both have been executed for all the winning suppliers. Copies of executed
17 Transaction Confirmations are included in this filing as Confidential Attachments
18 LJL-5, LJL-6, LJL-7, LJL-8, and LJL-9. Executed MPSAs with winning bidders
19 were previously provided in Docket No. DE 18-002.

20

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

23 A. The offers received and the identification of the winning offers are shown in
24 Confidential Attachment LJL-2. In addition to ranking by price and the ability to
25 meet credit requirements, Eversource also considered the following regarding each
26 supplier: experience in providing similar services to Eversource, demonstrated
27 understanding of the market rules related to the provision of ES, demonstrated
28 understanding of its obligations under the MPSA, and any past or present events
29 that are known that may adversely affect a supplier's ability to provide ES.
30 Eversource has previously experienced successful full requirements power supply
31 transactions with all of the selected suppliers, and all of them performed
32 competently during the service periods for which they were selected. No suppliers

1 were downgraded by any prior experiences, and all have met the credit
2 requirements outlined by the MPSA and RFP. Eversource concluded that all
3 responding suppliers were qualified to provide ES and therefore selections were
4 based on prices taking into account the current state of the competitive market.

5 **V. RENEWABLE PORTFOLIO STANDARDS**

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

9 A. In accordance with the Settlement Agreement in Docket No. DE 17-113,
10 Eversource will manage its RPS needs outside of the ES RFP process. Consistent
11 with the manner employed by Eversource for ES customers in New Hampshire over
12 many previous years, by Eversource Energy's affiliated companies in other
13 jurisdictions, and by other New Hampshire utilities, Eversource will fulfill RPS
14 requirements through purchases of Renewable Energy Credits ("RECs") from the
15 issuance of periodic RFPs, through purchases directly from producers, through the
16 bilateral market, or through Alternative Compliance Payments ("ACPs") to RECs.
17 Eversource will manage RPS compliance in this matter for all Eversource ES load,
18 whether covered by competitive suppliers or through Market-Based Procurement by
19 the Company.

20 Regarding fulfillment of Class I Renewable Energy Certificate ("REC")
21 requirements, Eversource will continue to purchase Class I RECs from the Burgess
22 BioPower and Lempster Wind facilities under existing PPAs. The REC amounts
23 purchased from these sources may more than meet Energy Service obligation
24 quantities, eliminating the need for other Class I purchases.

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

26 A. Eversource has established an RPS Adder rate based on REC class percentage
27 requirements, current market price information as of the full requirements power
28 supply RFP due date, and any RECs currently existing in inventory. Development

1 of the RPS Adder is outlined in Attachment LJL-4. The RPS component of ES
2 rates will apply these factors to reflect the current expected cost of RPS compliance
3 obligations. The RPS Adder and the rate developed to recover the costs of full
4 requirements power supply procurements from suppliers comprise the two
5 components of the overall ES rate. Please refer to Ms. Paruta’s testimony which
6 addresses ES rate development.

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

9 A. Since the 2015 Agreement calls for the costs of those PPAs to be recovered via the
10 Stranded Cost Recovery Charge (“SCRC”), a transfer price must be set for Class I
11 RECs obtained under those PPAs which are used to satisfy the RPS compliance
12 needs of ES customers. Eversource has established the Class I transfer price
13 according to the Settlement Agreement from Docket No. DE 17-113 and the
14 methodology described in the June 28, 2017 Joint Testimony of Shuckerow, White
15 and Goulding in Docket No. DE 17-113. The \$/REC transfer price is the current
16 market price for Class I RECs shown in Attachment LJL-4, and the volume of Class
17 I RECs needed for RPS compliance for ES during February 2023 through July
18 2023, will be transferred at that price.

19 **VI. CONCLUSION**

20
21 **Q. How does Eversource view the outcome of its solicitation for the provision of**
22 **Energy Service for August 1, 2023 through January 31, 2024?**

23 A. Eversource believes the outcome of this RFP to be reflective of market conditions,
24 and recommends the Commission approve all selected bids.

25
26 **Q. Does the Company believe that the bids recommended for approval in this**
27 **filing will result in just and reasonable rates?**

28 A. Yes.

29

1 **Q. What is the Company’s schedule for the solicitation for the Energy Service**
2 **period of February 2024 through July 2024?**

3 A. Eversource plans to issue an RFP for the Large and Small Customer groups in
4 November 2023 for Energy Service over the period February 1, 2024 through July
5 31, 2024. For purposes of notice to the Commission, the following illustrates
6 Eversource’s proposed schedule for the next RFP:

7 Issue RFP	Thursday, November 2, 2023
8 Final Offers Due	Tuesday, December 12, 2023
9 Filing	Thursday, December 14, 2023
10 Requested PUC Decision	No Later Than, Thursday, December 21, 2023

11
12 **Q. Does that complete your testimony?**

13 A. Yes, it does.