

STATE OF NEW HAMPSHIRE  
BEFORE THE PUBLIC UTILITIES COMMISSION

Public Service Company of New Hampshire  
d/b/a Eversource Energy  
Energy Service Solicitation for  
February 2024 through July 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 Street, Berlin, Connecticut. I am a Senior  
7 Analyst 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.

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

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

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

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

10  
11 **II. PURPOSE**

12  
13 **Q. What is the purpose of your testimony?**

14 A. The purpose of our testimony is to support the Company's request for Commission  
15 approval of Eversource's planned procurements of full requirements power from  
16 wholesale energy providers and ES rates for both the Large and Small Customer  
17 groups for the period of February 1, 2024 through July 31, 2024. ES is provided to  
18 retail Eversource customers who are not taking service from a competitive electric  
19 power supplier or through a community power aggregation and is currently  
20 provided to approximately 70% of residential customers, 22% of commercial  
21 customers, and under 4% of industrial customers, which in the aggregate represent  
22 about 39% of Eversource's total distribution load. Load requirements may change  
23 from time to time—with a greater likelihood now that community power  
24 aggregations have launched and are continuing to launch—and winning suppliers  
25 are responsible for their share of Large or Small Energy Service supply regardless  
26 of 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 February 2024 through July 2024. Our testimony will describe the solicitation  
31 process used by Eversource to procure full requirements power, the results of the  
32 solicitation and selection of suppliers, and the development of the RPS rate adder.

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

- 2 A. LJL-1 Energy Service RFP for February 1, 2024 through July 31, 2024  
3 LJL-2 RFP Results and Selection of Suppliers  
4 LJL-3 Eversource Proxy Price  
5 LJL-4 RPS Rate Adder  
6 LJL-5 Executed Transaction Confirmation – HQUS Large  
7 LJL-6 Executed Transaction Confirmation – Constellation Small  
8 LJL-7 Executed Transaction Confirmation – NextEra Small  
9 LJL-8 Table: Weighted Customer Energy Service

10 **III. ENERGY SERVICE SOLICITATION PROCESS**

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

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

17 Consistent with the 2015 Agreement, on June 29, 2017, Eversource filed a petition  
18 and supporting testimony with the Commission seeking approval of a proposed  
19 process for procuring and providing default ES to customers on a competitive basis,  
20 rather than through its previous paradigm of a managed portfolio with owned  
21 generation resources. That filing initiated Docket No. DE 17-113, “Petition for  
22 Approval of Energy Service Supply Proposal.” Following discussions among the  
23 parties to that docket, a Settlement Agreement was reached which described the  
24 method of and timing for Eversource’s transition to competitively procured Energy  
25 Service. That Settlement Agreement was approved by Order No. 26,092  
26 (December 29, 2017).

27 Consistent with the Settlement Agreement in Docket No. DE 17-113, Eversource  
28 conducted its initial solicitation for full requirements ES (not including RPS  
29 obligations) for the period April 1 through July 31, 2018. Also consistent with that  
30 Settlement Agreement, going forward, subsequent solicitations would be made for

1 service effective in the August through January, and February through July service  
2 periods.

3  
4 The Company has continued its procurement process consistent with the Settlement  
5 Agreement in Docket No. DE 17-113, adhering to a process which includes a single  
6 procurement for 100% of the ES load for each of the two six-month service periods  
7 spanning February through July and August through January. Eversource's service  
8 periods were established for the purpose of splitting the typically highest-cost  
9 months of January and February in order to reduce price volatility.

10 **Q. Please describe the process Eversource used to procure its Energy Service**  
11 **supply for February 1, 2024 through July 31, 2024.**

12 A. Eversource conducted its procurement of ES supply in accordance with applicable  
13 law, Commission directives, and the Settlement Agreement approved by the  
14 Commission in Order No. 26,092, and consistent with the manner of similar  
15 solicitations for other companies throughout New England. On November 2, 2023,  
16 Eversource issued a request for proposals ("RFP" – Attachment L JL-1) for power  
17 supply services for Eversource's ES load covering both the Large and Small  
18 Customer groups. Notices of the issuance of the RFP were sent to prior participants  
19 in Eversource's wholesale supply solicitations and to numerous other ISO-NE  
20 wholesale market participants and potential suppliers, and the RFP was posted on  
21 Eversource's Wholesale Supply (New Hampshire) website. Therefore, the RFP had  
22 wide distribution throughout the New England energy supply marketplace.

23 Proposals were to be stated on an "as-delivered" energy basis to Pool Transmission  
24 Facilities ("PTF") within the Eversource metering domain, with prices stated  
25 monthly on a fixed \$/MWh basis. Prices could vary by calendar month but were  
26 required to be uniform for the entire calendar month and cover the entire delivery  
27 term. The Small Customer group was divided into eight tranches and the Large  
28 Customer group was divided into two tranches. This is a revision, first  
29 implemented in the Eversource ES solicitation for the service period of February 1,  
30 2023 through July 31, 2023, modifying previous solicitations that offered four  
31 tranches for the Small Customer group and just one tranche for the Large Customer  
32 group. This change is still consistent with the approved Settlement Agreement in

1 Docket No. DE 17-113, because that settlement did not contain a tranche  
2 requirement. The motivation to increase the number of tranches offered was to  
3 incentivize supplier participation by reducing the MWhs per tranche, therefore  
4 reducing the associated risk and load uncertainty for each individual tranche. Offers  
5 for the current RFP were due December 12, 2023, winning suppliers were selected  
6 the same day, and transaction confirmations were executed the following day.

7

8 **Q. In Order No. 26,851, the Commission encouraged the Company to explore, for**  
9 **its December energy service solicitation, the possibility of including a day-**  
10 **ahead and real-time ISO-NE market-based procurement element for a portion**  
11 **of its small customer group load, to include up to two 12.5% tranches of that**  
12 **load, is that correct?**

13

14 A. Yes, and the Company did consider that alternative approach to default service  
15 supply procurement for its November-December solicitation.

16

17 **Q. Please describe the issues considered by the Company with respect to that**  
18 **potential limited direct market participation alternative.**

19 A. The monthly tracking of wholesale market prices and related wholesale load cost  
20 components suggests that it may be appropriate for alternative approaches to default  
21 energy procurement to be evaluated in order to mitigate the so-called “risk  
22 premiums” being charged by wholesale suppliers. However, the Company’s  
23 current procurement process was approved by order of the Commission, and  
24 without a specific and detailed order expressly modifying that current process and  
25 authorizing the Company to do something different, we were not comfortable  
26 moving forward with the suggested alternative approach of limited direct market  
27 participation.

28

29 **Q. Is there currently a formal regulatory investigation addressing how utility**  
30 **default service supply procurement might be modified in New Hampshire?**

31 A. Yes, the Department of Energy (“DOE”) is currently conducting an investigation  
32 into regulated utilities’ default service energy supply procurement, involving the  
33 assistance of an outside consultant. That DOE investigation began following the  
34 issuance of a final report by Commission staff in Docket No. IR 22-053 and the

1 closing of that Commission docket.<sup>1</sup> The Company is actively participating in the  
2 DOE investigatory proceeding, and we believe it may result in recommendations  
3 regarding potential changes to the current procurement process. The DOE had  
4 indicated its “goal is to provide its report in December 2023 in order to inform  
5 policy makers on issues related to energy service procurement under the current  
6 paradigm of electric utility restructuring.”<sup>2</sup>

7  
8 **Q. Does the Company have other concerns regarding direct wholesale market**  
9 **participation to procure all or a portion of its default service power supply**  
10 **requirements?**

11 A. Yes, the Company remains concerned that engaging in direct wholesale market  
12 participation to obtain all or a portion of its default service energy supply would  
13 shift risks to customers that would otherwise be borne by third-party wholesale  
14 suppliers. Those risks include energy market price volatility and potential price  
15 spikes, as well as unforeseeable costs passed through to regional load-serving  
16 entities, such as costs related to the Mystic Station cost-of-service agreement or the  
17 ISO New England Inventoried Energy Program, which would subsequently flow  
18 through the Company to its customers through default energy service rates. The  
19 potential for greater energy market volatility is of particular concern during the  
20 winter months, when the availability of natural gas fuel supplies for electric  
21 generation in New England is most constrained. Under the Company’s current  
22 procurement process, all of those risks are borne by the wholesale suppliers, which  
23 accounts in part for the “risk premiums” charged by the suppliers and paid by the  
24 Company in connection with default service supply procurements.

25  
26 **Q. Based on those issues and concerns, what conclusion did the Company reach**  
27 **regarding direct market participation for a portion of the small customer**  
28 **group default service load in connection with its December solicitation?**

<sup>1</sup> In Order No. 26,826 (May 24, 2023), the Commission indicated that it was closing the investigation docket “pending future developments with an upcoming [DOE] investigation regarding these matters.”

<sup>2</sup> See DOE Comments filed on May 18, 2023 in Docket No. IR 22-053, viewable through this link: [https://www.puc.nh.gov/Regulatory/Docketbk/2022/22-053/LETTERS-MEMOS-TARIFFS/22-053\\_2023-05-18\\_NHDOE\\_RESPONSE-REGARDING-COMMISSION-STAFF-REPORT.PDF](https://www.puc.nh.gov/Regulatory/Docketbk/2022/22-053/LETTERS-MEMOS-TARIFFS/22-053_2023-05-18_NHDOE_RESPONSE-REGARDING-COMMISSION-STAFF-REPORT.PDF); DOE Order of Notice, INV 2023-001, Investigative Proceeding Relative to Energy Service Procurement (May 24, 2023).

1 A. As a result of our evaluation of the issues and concerns described above, the  
2 Company decided it was premature to engage in direct wholesale market  
3 participation to cover a portion of the small customer group default service load in  
4 connection with the competitive solicitation issued in November and concluded on  
5 December 12th. The Company remains open to considering implementation of  
6 alternative default service supply procurement processes, if such processes are  
7 approved in advance by the Commission, and we look forward to reviewing the  
8 conclusions of the DOE investigation.

9

#### 10 IV. ENERGY SERVICE SOLICITATION RESULTS

11 **Q. What are the decision-making criteria used by the Company to**  
12 **analyze the 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, and how the bid prices are  
16 clustered, or distributed. These criteria are particularly telling regarding the state of  
17 the market.

18

19 In this instance, the results for the Small Customer group satisfied all the main  
20 criteria: there were several bidders, a good number of bids, and the bid prices were  
21 clustered quite closely together. This combination gives the Company a high  
22 degree of confidence in recommending these bids as just and reasonable and that  
23 the bids and resulting rates should be approved by the Commission. Additionally,  
24 the bids also all came in below the proxy price.

25

26 The Large Customer group had fewer bidders, resulting in a lower number of bids.  
27 Historically, suppliers have been reluctant to bid on the Eversource Large Customer  
28 group load due to a relatively small amount of load that has a high degree of  
29 uncertainty and chance of customer migration, so it was not unexpected to receive  
30 the bids we did. Also, the prices for bids received for the Large Customer group  
31 load have historically been relatively higher than those received for the Small  
32 Customer group load. However, in this solicitation, the prices of the bids accepted  
33 for the Large Customer group load were below the Eversource proxy price, and the

1 Company is confident that those prices were indicative of market conditions for that  
2 load and are therefore just and reasonable and should be approved by the  
3 Commission.

4

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

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

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

27

28 **Q. What impact, if any, did community power aggregations coming online during**  
29 **the current service period have on the solicitation for the next service period?**

30 A. There are many communities within the Eversource service territory that are  
31 forming or have formed community power aggregations, so there has been  
32 significant migration of load to those aggregations and more is expected to occur.  
33 According to the most recent data available, approximately 74,000 customers in



1 PSNH’s service territory have enrolled in Community Power Aggregation.  
2 Additional migration could occur at a steady pace throughout the duration of the  
3 service period, or it could happen in large quantities within a relatively short period  
4 of time. Eversource is unable to determine if suppliers adjusted their bid prices for  
5 the next service period to account for past or future load migration to Community  
6 Power Aggregators.

7

8 **Q. Did Eversource receive a sufficient number of acceptable and competitive**  
9 **responses to the RFP to cover all of Eversource’s ES load?**

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

25

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

28 A. The offers received and the identification of the winning offers are shown in  
29 Confidential Attachment LJL-2. In addition to ranking by price and the ability to  
30 meet credit requirements, Eversource also considered the following regarding each  
31 supplier: experience in providing similar services to Eversource, demonstrated  
32 understanding of the market rules related to the provision of ES, demonstrated  
33 understanding of its obligations under the MPSA, and any past or present events  
34 that are known that may adversely affect a supplier’s ability to provide ES.

1 Eversource has previously experienced successful full requirements power supply  
2 transactions with all of the selected suppliers, and all of them performed  
3 competently during the service periods for which they were selected. No suppliers  
4 were downgraded by any prior experiences, and all have met the credit  
5 requirements outlined by the MPSA and RFP. Eversource concluded that all  
6 responding suppliers were qualified to provide ES, and therefore selections were  
7 based on offered prices, taking into account the current state of the competitive  
8 market.

## 9 **V. RENEWABLE PORTFOLIO STANDARD**

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

13 A. In accordance with the Settlement Agreement in Docket No. DE 17-113,  
14 Eversource will manage its RPS needs outside of the ES RFP process. Consistent  
15 with the manner employed by Eversource for ES customers in New Hampshire over  
16 many previous years, by Eversource Energy's affiliated companies in other  
17 jurisdictions, and by other New Hampshire utilities, Eversource will fulfill RPS  
18 requirements through purchases of Renewable Energy Certificates ("RECs") from  
19 the issuance of periodic RFPs, through purchases directly from REC producers,  
20 through the bilateral market for RECs, or through Alternative Compliance  
21 Payments ("ACPs") made to the DOE.

22  
23 Regarding fulfillment of Class I RPS requirements, Eversource will continue to  
24 purchase Class I RECs from the Burgess BioPower Wind facility under an existing  
25 PPA.<sup>3</sup> The REC amounts purchased from this source may more than meet ES  
26 obligation quantities, eliminating the need for other Class I purchases.

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

28 A. Eversource has established an RPS Adder rate based on REC class percentage  
29 requirements, current REC market price information as of the full requirements

<sup>3</sup> Eversource had previously also purchased RECs from the Lempster wind energy project pursuant to a PPA that expired by its terms on November 30, 2023.

1 power supply RFP due date, and any RECs currently existing in inventory.  
2 Development of the RPS Adder is outlined in Attachment LJL-4. The RPS  
3 component of ES rates will apply these factors to reflect the current expected cost  
4 of RPS compliance obligations. The RPS Adder and the rate developed to recover  
5 the costs of full requirements power supply procurements from suppliers comprise  
6 the two components of the overall ES rate. Please refer to Mr. Anderson's  
7 testimony which addresses ES rate development.

8 **Q. Are there any provisions unique to the Burgess BioPower PPA due to the**  
9 **purchase requirements discussed above?**

10 A. Since the 2015 Agreement calls for the costs of such a PPA to be recovered through  
11 the Stranded Cost Recovery Charge ("SCRC"), a transfer price must be set for  
12 Class I RECs obtained under the PPA which are used to satisfy the RPS compliance  
13 needs of ES customers. Eversource has established the Class I transfer price  
14 according to the Settlement Agreement approved in Docket No. DE 17-113 and the  
15 methodology described in the June 28, 2017 Joint Testimony of Shuckerow, White,  
16 and Goulding in Docket No. DE 17-113. The \$/REC transfer price is the current  
17 market price for Class I RECs shown in Attachment LJL-4, and the volume of Class  
18 I RECs needed for RPS compliance for ES during February 2024 through July  
19 2024, will be transferred at that price.

## 20 VI. CONCLUSION

21

22 **Q. How does Eversource view the outcome of its solicitation for the provision of**  
23 **Energy Service for February 1, 2024 through July 31, 2024?**

24 A. Eversource believes the outcome of the recent RFP to be reflective of market  
25 conditions, and that the bids recommended by the Company for approval in this  
26 filing represent market-competitive supply rates for the Company's ES customers.  
27 Eversource also urges the Commission to accept all of the proposed bids for both  
28 the Small and Large Customer Groups.

29

30 **Q. Does the Company believe that the bids recommended for approval in this**  
31 **filing will result in just and reasonable Energy Service rates?**

1 A. Yes.

2

3 **Q. What is the Company's schedule for the solicitation for the Energy Service**  
4 **period of August 2024 through January 2025?**

5 A. Eversource plans to issue an RFP for the Small and Large Customer groups in May  
6 2024 for Energy Service over the period August 1, 2024 through January 31, 2025.  
7 For purposes of notice to the Commission, the following illustrates Eversource's  
8 proposed schedule for the next RFP:

9 Issue RFP Thursday, May 9, 2024

10 Final Offers Due Tuesday, June 11, 2024

11 Filing Thursday, June 13, 2024

12 Requested PUC Decision No Later Than Thursday, June 20, 2024

13

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

15 A. Yes, it does.