COMMUNITY POWER COALITION OF NEW HAMPSHIRE
For communities, by communities.

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New Hampshire Public Utilities Commission
21 South Fruit Street, Suite 110
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Via email to: ClerksOffice@puc.nh.gov

RE: DE 23-063, Joint Utilities Petition for Waiver of Certain Provisions of the Puc 2200 Rules,

Reply to Joint Utilities Objection to Community Power Coalition of New Hampshire and Conservation Law Foundation Motion

To the Commission,

On behalf of the Community Power Coalition of New Hampshire ("CPCNH"), please treat this letter as a response to: (1) the Investor Owned Utilities' ("IOUs")[1] "*Joint Utilities Objection to Community Power Coalition of New Hampshire and Conservation Law Foundation Motion*" ("IOU Objection") (tab 38, filed on 4/5/24) that disputed certain recommendations in the "*Motion for a Supplemental Order of Notice, Testimony, and Pre-Hearing Conference, and to Grant Additional Temporary Waivers to Eversource, Unitil, and Liberty Utilities*" previously filed by CPCNH and the Conservation Law Foundation ("CPCNH-CLF Motion") (tab 35, filed 3/28/23); and (2) the letter submitted by the New Hampshire Department of Energy ("DOE's Letter") (tab 37, filed on 4/3/24. We hope this provides useful context for the upcoming pre-hearing conference on 5/2/24.

Re: Choice of Billing Methods to Implement

CPCNH's focus has and continues to be how to most expeditiously and cost-effectively enable innovation in rates and products in service of lowering bills for customers in addition to offering them opportunities to adopt and maximize the value of distributed energy resources (DER) and beneficial electrification technologies through market-based price signals, while providing net benefits to the electric grid.

The IOU Objection and DOE's Letter suggest that the choice for billing methods is between adoption of CPCNH's proposal to enable dual billing (a.k.a. "separate" or "pass-through" billing) for Community Power Aggregators ("CPAs") and Competitive Electric Power Suppliers ("CEPS") to offer Time-of-Use ("TOU") rates and net metering ("NM") generation export credits to customers, or to adopt the IOU's proposal to implement bill-ready utility consolidated billing.[2] There are additional ways to enable NM and TOU rates

[1] Eversource, Unitil, and Liberty Utilities.

[2] *See* DOE's Letter, p. 2, and IOU Objection, p. 5

(described below). The CPCNH proposal for dual billing is an attempt to provide a solution for NH customers as soon as possible. The proposal addresses the difficulties expressed by the IOUs by mitigating the need for the IOUs to do rate calculations or produce bills for CPAs or CEPS for rates that are not simple flat rates.

Our position was and remains that the IOU's $8.9 million proposal to implement bill-ready utility consolidated billing is premature, in large part because for CEPS/CPAs to serve TOU/NM customers — via a separate supply bill **or** a consolidated bill — there are two reforms that first need to be implemented, regardless of billing method:[3]

- Load settlements will need to be reformed to allocate TOU usage by time period and NM exports to their respective suppliers rather than socializing and not accounting for NM exports and ignoring TOU load shapes through the use of general class average load shapes applicable to customers not on TOU rates; and
- Utilities need to provide suppliers with TOU/NM customer billing determinants (i.e., simple usage in kWh by available time period for TOU customers and negative usage for NM customers).

Both reforms are necessary regardless of billing method. The NM/TOU customer could receive a separate supply bill from their supplier or a consolidated bill — but in either case, the customer's utility would need to provide their supplier with the customer's billing determinants and allocate the customer's NM exports and usage by TOU period in their supplier's wholesale load settlements.

As such, at the initial pre-hearing conference in this docket, CPCNH recommended prioritizing implementation of these two reforms. Doing so would have the advantage of enabling dual billing for TOU/NM customers. This is a particularly acute priority for CPAs, which are default service providers with no practical means to serve TOU/NM customers at present. CPCNH anticipates that certain of its member CPAs will begin offering TOU rates and NM credits via dual billing to customers as soon as IOUs begin providing the billing determinants necessary to do so, (which we understand can be done with minimal updates to utility EDI and billing systems, even in advance of fully implementing the corresponding reforms to wholesale load settlement. [4]

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[3] Utilities also need to identify NM/TOU customers to CPAs prior to enrollment, given that CPAs are default service providers and would need to identify NM/TOU customers to elect dual billing prior to enrollment — but as noted in the CPCNH-CLF Motion, all utilities are currently doing so on a voluntarily basis already, and thus formalizing the requirement should be the next logical step in order to prevent harm to consumers.

[4] Specifically, CPCNH member CPAs in Unitil and Liberty territories may elect to serve TOU/NM customers in advance of load settlement reforms particularly given that CPCNH anticipates that it may soon be serving most of the small customer load in both utility service territories as additional CPAs launch over the near term, with the corollary benefit that CPCNH's CPA load assets would begin capturing most of the benefits of TOU/NM

The preferred approach from a customer perspective is to evaluate how to provide TOU/NM customers with the convenience of a consolidated bill, and more broadly, which consolidated billing option would best support the provision of dynamic rates and innovative products. There are at least four options, which we describe below:

1. **Utility Rate-Ready Consolidated Billing**: CPAs/CEPS would provide utilities with TOU rates conforming to distribution tariff rate TOU periods (i.e., the periods that customer meters have been programmed to record already and that the utility is using for customers on TOU rates) and rates to credit customers for NM exports to the distribution grid (which could be a flat monthly rate, or variable by the aforementioned TOU periods). Utilities would then apply the CPA/CEPS rate to customer billing determinants to calculate supply charges for bill presentation. CPAs/CEPS would receive billing determinants via EDI from the utility to independently calculate supply charges (and subsequently verify load settlement invoices from ISO-NE and receipt of revenues owed from the utility).

   Note that dual billing would be utilized by CPAs/CEPS to offer customers more advanced rate products not supported by utility billing systems such as Transactive Energy rates or other dynamic or time varying rate structures for customers with hourly interval meters.

   CPCNH anticipates that this option might well prove to be the most sensible to implement over the near term from a cost-benefit perspective as much of this functionality was arguably required pursuant to the NH EDI Standards adopted by Order No. 22, 919 (issued May 4, 1998).

2. **Utility Bill-Ready Consolidated** Billing (the IOU proposal): CPAs / CEPS would receive billing determinants from the utility, calculate supply charges, and transmit the charges back to the utility via EDI along with additional relevant information for the utility to present on a consolidated bill. The IOU proposal suggests that substantial changes to EDI and billing systems/processes would be required for this option.

   Note that the extent to which CPAs/CEPS would be able to offer customers additional options beyond TOU rates and NM export credits is dependent upon the utility providing the supplier with more granular billing determinants produced by interval meters and changing load settlement to account for changes in customer load shape as a result of such rates. For example, provision of billing-quality hourly interval meter data would allow CPAs/CEPS to charge customers dynamic rates.

   However, CPCNH's current understanding is that: (1) the interval data access options under utility tariffs do not provide billing quality interval meter data to suppliers; (2)

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export impacts even absent reforms to load settlement. However, load settlement reforms would still be necessary to enable NM/TOU service for CPCNH's CPAs in Eversource and NHEC territories, and for non-CPCNH CPAs in Unitil and Liberty territories, and for CEPS across all four utility territories.

Eversource and Liberty have recently indicated that they do not intend to initially provide interval data (of any quality) via the Statewide Energy Data Platform — contrary to the what we expected based on the "minimum viable product" requirements in the settlement agreement adopted by Order No. 26,589; and (3) the IOU proposal for bill-ready consolidated billing did not appear to anticipate provision of billing-quality interval meter data via EDI or any other means.

Consequently, the value proposition of implementing bill-ready consolidated billing will vary by IOU, contingent upon each utility's timeline of deploying interval meters for small customers and enabling provision of billing-quality interval data to CPAs/CEPS suggesting that that it may be premature to adjudicate the IOU proposal at this time.

3. **Supplier Consolidated Billing**: CPAs and CEPS would be responsible for receiving non-supply charges from utilities, issuing a consolidated bill to customers and collecting payments. CPAs/CEPS would likely be required to purchase the utilities' receivables. There are a number of consumer protection concerns that would additionally need to be addressed under this option.

4. **Third Party Statewide Consolidated Billing**: An expert third party billing platform provider would be responsible for consolidated billing across all four utility territories.

   This option was recommended for further evaluation by Commission Staff in Docket No.. IR 15-296,[5] and endorsed by the Commission in Order 26,358 (issued 5/22/20), which listed the issue as one that the Grid Modernization Stakeholder Group was expected to explore,[6] and Order No. 26,575 (issued 2/3/22), which clarified that the Grid Modernization Stakeholder Group wouldn't be formed and that the issues would be examined in a new adjudicated docket instead (which has yet to be announced).[7]

   If the IOUs want to proceed to adjudicate their bill ready consolidated billing proposal then CPCNH recommends evaluation of this option in this proceeding as well, given that it is a logical alternative to the IOU proposal for each individual utility to administer an expanded form of consolidated billing and could well yield non-trivial gains in economies of scale (by operating on a statewide basis) and economies of scope (by lowering the cost of product diversification for suppliers, and potentially utilities as well). This option would also mitigate market power concerns of the IOUs continuing to control market rate innovations.

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[5] Docket No. 15-296, Staff Recommendation on Grid Modernization (12/31/19), p. 62. https://www.puc.nh.gov/regulatory/Docketbk/2015/15-296/LETTERS-MEMOS-TARIFFS/15-296_2019-02-12_STAFF_REPORT_AND_RECOMMENDATION.PDF

[6] Docket No. IR 15-296, Order No. 26,358 (5/22/20), p. 76. https://www.puc.nh.gov/regulatory/Docketbk/2015/15-296/ORDERS/15-296_2020-05-22_ORDER_26358.PDF.

[7] Docket No. IR 15-296, Order No. 26,575 (2/3/22), p. 7. https://www.puc.nh.gov/regulatory/Docketbk/2015/15-296/ORDERS/15-296_2022-02-03-ORDER-26575.PDF

To the extent the Commission, the IOUs, or other parties want to consider billing options other than dual billing at this time, then the above four consolidated billing options should be evaluated to arrive at the most efficient way to allow rate innovation for NH electric customers. It is not in the public interest to evaluate the IOU proposal to implement bill-ready consolidated billing and exclude options that might yield greater value at lower cost for ratepayers over the near-term (such as updates to rate-ready billing) and the long-term (such as the Third Party Statewide Consolidated Billing or Supplier Consolidated Billing options). The priority in this docket should be to consider the two reforms that are foundational to all billing options not presently enabled, which coupled with separate billing that does not implicate utility costs, is the most direct path to enabling rate innovation that is the purpose bill-ready billing.

Re: Reforms to Wholesale Load Settlements

The IOU Objection represents that enabling dual-billing "*may likely be more costly than the Utilities' bill-ready proposal*" because of the "*addition and inclusion of modifying how load is settled…*"[8] and asserts that "*modifying load settlement is not a necessary consideration for making a determination regarding*" whether to implement the IOU's bill-ready consolidated billing proposal.[9] Similarly, DOE's Letter conveys that "*The Department believes this issue [load settlement reform] to be independent of a decision relative to bill-ready or dual-billing*."

CPCNH would like to emphasize that reforms to load settlements are necessary regardless of the way NM/TOU customers on CPA/CEPS service will be billed. Rates charged by suppliers to customers are reflective of the hourly wholesale market costs that the supplier expects to incur for the electricity used by those customers. This a fundamental principle that rates should be reflective of cost causation.[10] As such:

- Rates that vary by time of day, or hourly, etc., need to reflect the wholesale market costs that the supplier expects to incur during the corresponding time of day, or hour, etc., as this is how the rates are developed. If the wholesale costs that the supplier

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[8] IOU Objection, at 4.

[9] IOU Objection, at 5.

[10] This principle is reinforced by basic electric utility restructuring principles found in RSA 374-F:3, including: "II. Customer Choice. Allowing customers to choose among electricity suppliers will help ensure fully competitive and innovative markets. Customers should be able to choose among options such as levels of service reliability, real time pricing, and generation sources, including interconnected self generation. Customers should expect to be responsible for the consequences of their choices. … IV. Open Access to Transmission and Distribution Facilities. Non-discriminatory open access to the electric system for wholesale and retail transactions should be promoted. The commission and the department should monitor companies providing transmission or distribution services and take necessary measures to ensure that no supplier has an unfair advantage in offering and pricing such services."

incurs are the same regardless of whether customers shift their electricity usage from high-price to low-price periods, then there is no reason to send a price signal to the customer. The use of class average load profiles instead of individual customer TOU interval meter data in settlement calculations provides no economic basis for the supplier to offer time-varying rates to retail customers.

- Similarly, credits for NM generation exports need to be based on the wholesale market cost savings that accrue to the supplier. If a utility does not lower a supplier's hourly load settlements to reflect the electricity exported by NM customers served by the supplier, then the supplier will pay twice for the same exported energy. There is no economic basis for the supplier to offer NM generation export credits to NM customers if the value that those customers create cannot be realized by the supplier.

At present, the utilities are: (1) inaccurately accounting for small customer NM generation that offsets onsite usage by ratcheting supplier load shapes down on a 24/7 basis (which has the practical effect of ignoring the fact that solar PV systems only generate during daylight hours); (2) indirectly accounting for NM generation exports by socializing it across all suppliers in proportion to their share of inaccurately profiled load in each hour (even for larger NM customers with interval meters); and (3) continuing to apply class average profiles to settle small customers with meters capable of recording TOU and hourly (or sub-hourly) intervals.[11]

It is clear that utility-administered load settlements have not "kept up with the times." Load profiling works best for large numbers of relatively homogenous customers, who are grouped into a class, which can then be statistically sampled by interval metering a small subset of the population to derive a class average load profile of hourly electricity usage and then scaling based on overall monthly load. Customers who net meter have a significantly different load shape than customers who do not net meter. The accuracy of the current approach is entirely based upon the assumed <u>lack</u> of significant variability across the individual customers that comprise the class. As such, errors are introduced into the load profiling process by customers whose load patterns deviate significantly from the class average load profile. Furthermore, load settlements across NH are performed in a manner that is contrary to the principles of cost causation, accountability, customer choice, and a competitive market in electricity supply in favor of structural inaccuracies based on antiquated methods from an era when utilities monopolized the generation market. As such, these methods have become increasingly divorced from reality as NH residents and businesses seek to maximize their investment in DER and beneficial electrification technologies through participating in innovative rate and program designs. This has implications for the ability of suppliers to accurately forecast usage by time of day to optimize power purchases. Additionally, it raises cost-shifting implications for utility default supply customers., which has been acknowledged by the

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[11] *See* CPCNH-CLF Motion, pp 16-17.

IOUs.[12] It also raises concerns of potentially unnecessary investments in transmission and distribution systems when flexible load strategies are not enabled through proper pricing signals.

Given this context, it is apparent that there is little to no economic basis for CPAs/CEPS to offer TOU rates or NM export credits to most customers absent reforms to load settlements. As such it is clear that reforms to load settlements, consistent with RSA 362-A:9, II, as a means to enable rate innovation by CPAs, which is the purpose of Puc 2205.16(d)(1), should be considered in advance of spending more of the Commission's, utilities' and other parties' time considering the IOUs' bill-ready consolidated billing proposal.

Furthermore, the inter-dependency of load settlements and retail product innovation has been understood since the very beginning of electric restructuring in the mid-1990s. Below are relevant quotations from Order No. 22,514 (issued 2/28/97), adopting the Statewide Electric Utility Restructuring Plan for New Hampshire, and Order No. 23,433 (issued 4/19/2000), adopting Public Service Company of New Hampshire's Restructuring Plan:

> *"Rather than require distribution companies to install hourly meters and related communications equipment for small customers, a process that some believe is not technically feasible nor economically justifiable at this time, we shall require utilities to continue the practice established in the Pilot Program of estimating hourly loads using load profiles for the relevant small customer classes."*[13]

> *"While load estimation removes the option of real-time pricing, and thus the ability of customers to reduce costs through load shifting, we nevertheless see opportunities for marketers to aggregate loads of small customers with similar load profiles (e.g., electric space heating customers) and price that group on a time-of-use basis."*[14]

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[12] In response to CPCNH's proposal to reform load settlements to explicitly assign NM customer generation exports to suppliers, the IOUs confirmed that "*The proposed calculation would favor (give some credit to) load assets with higher amounts of excess generation; and would give less or no credit to load assets with lower amounts of excess generation, compared to current methodology which distributes all excess generation credit uniformly according to a supplier's share of the total utility profiled load*." Given that almost all NM customers are on IOU default supply service, the implication is that default supply load asset IDs stand to benefit from load settlement reforms. *See* Joint Utilities response to CENH 3-002, section f, in Docket No. DE 22-060, Joint Rebuttal Testimony of Eversource, Liberty and Unitil, Attachment A, p. 4. https://www.puc.nh.gov/regulatory/Docketbk/2022/22-060/TESTIMONY/22-060_2024-01-30_JT_UTILITIES_ATT-JT-REBUTTAL-TESTIMONY.PDF

[13] Docket No. DR 96-150, Order No. 22,514 (2/28/97), at Bates p. 240 of: https://www.puc.nh.gov/Regulatory/Orders/1973-1997orders/1997orders.pdf

[14] *Ibid.,* Bates p. 387 footnote 22.

"Distribution companies also shall be responsible for reading meters of small customers and transferring data expeditiously to competitive power suppliers. Competitive power suppliers could then prepare and issue their own bills or purchase billing services from the distribution company, in which case customers could receive a single bill incorporating charges for transmission, distribution, and power supply services."[15]

"…we see little benefit in requiring distribution companies to offer real time rate options. This, of course, should not prevent competitive suppliers from offering real-time power pricing options to customers who have the appropriate metering equipment. Allowing customers to respond intelligently to variations in market power prices will produce savings for any customer who is able to shift demand from peak to off-peak hours."[16]

"[Public Service Company of New Hampshire] states that, because it will no longer be in the generation business, it intends to begin eliminating "generation-related" pricing structures (e.g. time-differentiated, controlled or interruptible rates). It claims it is not meaningful for a delivery company to offer such generation related rates, although it concedes that it may be useful in the future for delivery companies to cooperate with suppliers in facilitating interruptible services. The Company also anticipates that competitive suppliers will offer time-differentiated pricing in the future."[17]

These select quotes serve to underscore how the Commission (1) understood that load profiling and settlement processes were determinative to a supplier's ability to offer time-varying prices, (2) that suppliers, rather than utilities, were expected to offer innovative supply products to customers, and (3) that utilities were expected to enable suppliers to do so with access to data and supportive load profiling and billing services.

For these reasons, CPCNH believes that it was imprudent for the IOUs to propose — a quarter-century later — investing $8.9 million in their billing systems to enable bill-ready consolidated billing without consideration of the load settlement reforms necessary for CPAs/CEPS to offer NM/TOU and other advanced dynamic rates and products to customers in practice. The proposal as presented would result in ratepayer expense while enabling little to no additional retail innovation or value for customers.

CPCNH reiterates here its recommendation in IR 22-076 that the Commission evaluate in this proceeding whether load settlements would be more efficiently, effectively, and

[15] *Ibid.,* Bates p. 241.

[16] *Ibid.,* Bates pp. 249-50.

[17] Docket DE 99-099, Order No. 23,443 (April 19, 2000), p. 247.
https://www.puc.nh.gov/Regulatory/Docketbk/1999/99-099/ORDERS/99-099%202000-04-19%20ORDER%20NO%2023-443.PDF

transparently performed by a single, neutral third-party platform operator, or alternatively how each utility could better and most cost effectively provide this service[18]

Re: Status of the EDI-EBT Working Group

DOE's Letter indicated that the EDI-EBT Working Group had been "*suspended … pending a decision in this docket from the Commission*."[19] This seemed to contradict the prior representation in the CPCNH-CLF Motion that the EDI-EBT Working Group was continuing to meet for the purposes of reviewing and finalizing the technical proposal developed by CPCNH and Calpine Energy Solutions regarding the specific changes to each utilities' EDI systems necessary to enable CPAs and CEPS the ability to provide dual-billing for its TOU and NM customers.[20]

As context, the EDI-EBT Working Group had previously formed two subgroups: a Business Rules Subgroup and an EDI Technical Standards Subgroup. CPCNH would like to clarify that participants in the Business Rules Subgroup agreed that meetings should be temporarily suspended pending direction from the Commission in this proceeding — while the EDI Technical Standards Subgroup would continue to meet as scheduled.

DOE confirmed this in a subsequent email sent to the EDI-EBT Working Group on 4/5/24, which acknowledged that "*there has been some confusion regarding the Department of Energy's letter filed with the NH Public Utilities Commission in docket DE 23-063*" and clarified that "*Meetings of the business rules subgroup have been suspended pending Commission direction in DE 23-063; however, meetings of the [EDI] technical standards subgroup will continue to allow for the vetting of the CPCNH dual billing proposal and final documentation of each utility's EDI capabilities*."

The next meeting of the EDI Technical Standards Subgroup is scheduled for 4/30/24. As of this writing, it is uncertain whether the EDI Technical Standards Subgroup co-chairs are willing to include the technical review of the CPCNH-Calpine dual billing proposal on the agenda. Should that be the case, CPCNH's update to the Commission regarding this matter may be limited.

Yours truly,

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cc: DE 23-063 Service List, via email

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[18] Docket No. IR 22-076, CPCNH EDI WG Process Recommendations, pp. 10-11.

[19] DOE's Letter., p. 2.

[20] CPCNH-CLF Motion, at 12.