

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

Docket No. DE 23-091

**Public Service of New Hampshire, d/b/a Eversource Energy
Petition for Adjustment to Stranded Cost Recovery Charge**

Technical Statement of Stephen R. Eckberg
Regarding Eversource's Proposed Approach to Burgess Biomass Issues
Department of Energy, Division of Regulatory Support

January 5, 2024

The Department of Energy (Department) has reviewed materials related to costs incurred due to the Purchase Power Agreement (PPA) with the Burgess Biomass power plant in Berlin, NH, included with the Company's filing in Petition for Adjustment to Stranded Cost Recovery Charge (SCRC) made on December 15, 2023 and docketed as DE 23-091. This Technical Statement provides details of the Department's review for the Commission's consideration during the regulatory review process of the PPA related costs proposed for inclusion in Eversource's SCRC rate adjustment for effect February 1, 2024.

Procedural Background

On December 15, 2023, Public Service of New Hampshire, d/b/a Eversource Energy (Eversource or Company) submitted testimony and supporting schedules of Yi-An Chen and Edward A. Davis which comprise the Company's proposed adjustment to its Stranded Cost Recovery Charge for effect February 1, 2024. On December 22, 2023, The Public Utilities Commission (PUC) issued a Notice of Commencement of Adjudicative Proceeding (Notice) which included three data requests to the Company seeking additional information regarding costs incurred by the Company due to its PPA with the Burgess Biomass power plant (Burgess) in Berlin, NH. On December 29, 2023 the Company filed its responses to the PUC's data requests. Finally, in its Notice, the PUC requested that the DOE, and any other interested parties, file their position statement(s) regarding the Eversource approach for the Burgess Plant issues not later than January 5, 2024). *See* Notice at 5.

DOE's Analysis

The Department reviewed the following materials related to the Company's PPA with the Burgess plant:

1. The Company's filing, including testimony of Yi-An Chen and Edward A. Davis and accompanying schedules, particularly, Attachments YC/EAD-1, YC/EAD-2, and YC/EAD-3, pages 6 of 7 in each.

2. The live Excel spreadsheet version of these Attachments and included work paper schedules provided by the Company.
3. The Company's detailed and informative responses to the PUC's three data requests filed in the docket. *See* [DE 23-091](#) at Tab 9.

In addition, the Department participated in a Technical Session with the Company and the OCA¹ on January 3, 2024 at which time various aspects of the Company filing specifically related to the Burgess PPA were discussed and reviewed. The Technical Session focused only on Burgess PPA issues to assist and inform the Department's review. It is anticipated that another Technical Session will take place to discuss other elements of the Company's SCRC filing after it makes its planned update filing in early-mid January.

In its Notice, the PUC identified several specific issues related to the Burgess PPA which the Department has paid attention to in the course of its ongoing review of the Burgess PPA costs and the SCRC filing as a whole. These include:

1. [W]hether the Chapter 340 Adder calculations and reconciliations presented [...] are accurate [...] and in conformity with the provisions of the Burgess Plant PPA
2. [W]hether the Burgess plant refund [...] and all other credits and debits are accurate [...] and in conformity with the provisions of the Burgess Plant PPA
3. [T]he provenance of all monies provided to Eversource ratepayers through the SCRC in connection with the Burgess Plant refund and
4. [W]hether these arrangements proposed by Eversource are [...] in conformity with the provisions of the Burgess Plant PPA

See Notice at 4.

The original PPA agreement between the Company and Burgess required Eversource to purchase Burgess' energy output; to pay the plant for its generating capacity (which Eversource could bid into ISO-NE's Forward Capacity Market to recapture value); and to buy the Class I Renewable Energy Certificates (RECs) which would be generated by the plant corresponding to the verified energy produced with the renewable fuel – wood chips – used to produce the energy. The PPA contains specific price mechanisms for each of these three products.

The Department has reviewed the original PUC approved Burgess PPA, as filed in PUC Docket DE 10-195, and the subsequent two PUC approved amendments and determined that the prices for energy, capacity and RECs as used in the Company's calculations of Burgess costs and reconciliations are appropriate.

The Department believes that the Company's responses to the PUC's data requests issued in its Notice provide thorough explanations of the issues explored by those requests. In particular, the Company's response to PUC 1-001 provides useful regulatory history and closely matches the Department's understanding of the implementation of the PPA's Cumulative Reduction Fund (CRF).

In the current filing, the CRF implementation will, for the first time, return excess CRF funds to ratepayers. Since the commencement of Burgess' commercial operation, the Company has tracked

¹ The OCA filed a letter of participate in this matter on November 13, 2023. *See* [DE 23-091](#) at Tab 3.

the amounts it has paid for energy (and for which its customers have paid the Company) produced by Burgess and how that amount has compared to the then corresponding hourly Locational Marginal Price (LMP) in the ISO-NE Real Time energy market. The cumulative over/under price comparison is the corresponding amount of the CRF. Under the original PPA, the CRF was capped at \$100 million. Subsequent amendments to the PPA, reviewed and approved by the PUC, have suspended that CRF cap amount and it has, therefore, grown to approximately \$170 million. That amount is reflected in the table provided in the Company's response to PUC 1-003 which shows the Burgess PPA "Excess Cumulative Reduction" (ECR) to be an estimated \$70,595,000. This estimated amount of ECR is over and above the original \$100 million CRF. It is this ECR amount which is now being returned to the Company's ratepayers in accordance with the terms of the approved, amended Burgess PPA.

It is useful to note that the return of these funds is an accounting mechanism which, over time, and per the terms of the amended Burgess PPA, returns an amount that ratepayers have already paid to Eversource as compensation for amounts paid to Burgess per the terms of the approved, amended PPA. The amount that is returned monthly is, in effect, an offset, or reduction, to the ongoing amounts that Eversource will otherwise continue to pay to Burgess for energy produced by the plant. This is a different type of "return to ratepayers" than, for example, the RGGI Rebate, which is also a component of this SCRC filing, though separate, and not implicated in any way by the Burgess PPA. The RGGI rebate is described in the testimony of Chen and Davis at Bates 23-24 with details presented on attached Schedules as explained. The RGGI rebate to ratepayers represents funds which the State of New Hampshire receives via its participation in this regional initiative. RGGI, Inc. conducts quarterly auctions of CO₂ allowances which limit the amount of emissions for the regional power generation sector.² The auctions result in funds which are allocated to states based on energy consumption and those funds, when received by the State Treasury, are then proportionally allocated, and returned to each of New Hampshire's utilities, member-owned energy cooperatives, and municipal energy delivery agencies for return to their customers. In compliance with applicable statutes, all auction proceeds received by New Hampshire over and above the first dollar per auction allowance are returned to ratepayers.

Conclusion

The Department will continue to review the details of the Company's SCRC filing, as discussed above and intends to conduct another Technical Session with the Company following its update filing which is expected soon. The Department appreciates the Company's thorough and informative responses to the PUC's data requests as well as the Company's ongoing engagement to ensure that the Department's questions related to the Burgess PPA and all elements of its SCRC filing are fully addressed.

The Department intends to participate in the Status Conference currently scheduled for January 11, 2024 as well as the hearing scheduled for January 19, 2024. The Department intends to present its final recommendation and position at the January 19th hearing.

² See <https://www.rggi.org/> for additional information.