

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 2024 through January 2025
Docket No. DE 24-046

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. Have you previously testified before the Commission?**

18 A. Yes, I have testified in prior energy service rate dockets

19

20 **Q. Please state your name.**

21 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 Drive, 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 fulfillment of RPS obligations. I will also be
10 overseeing the 12.5% small customer load tranche that will be procured through direct
11 wholesale market participation. I also manage this process for Eversource Energy
12 affiliates CL&P of Connecticut and NSTAR of Massachusetts.

13

14 **Q. Have you previously testified before the Commission?**

15 A. Yes, I have testified in prior energy service rate dockets

16

17

18 **II. PURPOSE**

19

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

21 A. The purpose of our testimony is to support the Company's request for Commission
22 approval of Eversource's planned procurements of full requirements power from
23 wholesale energy providers and ES rates for both the Large and Small Customer
24 Groups for the period of August 1, 2024 through January 31, 2025. ES is provided
25 to retail Eversource customers who are not taking service from a competitive
26 electric power supplier or through a community power aggregation and is currently
27 provided to approximately 62% of residential customers, 18% of commercial
28 customers, and under 4% of industrial customers, which in the aggregate represent
29 about 36% of Eversource's total distribution load. Load requirements may change
30 from time to time—with a greater likelihood now that community power
31 aggregations have launched and are continuing to launch—and winning suppliers
32 are responsible for their share of Large or Small Energy Service supply regardless

1 of changes in customer demand for any reason, including daily load fluctuations,
2 increased or decreased usage, demand-side management activities, load migration
3 as community power aggregations come online, extreme weather and similar
4 events. Suppliers are required to supply their share of load for the full delivery term
5 of August 2024 through January 2025. Our testimony will describe the solicitation
6 process used by Eversource to procure full requirements power, the results of the
7 solicitation and selection of suppliers, the self-supply Small Customer Group load
8 tranche, the development of the proxy price applicable to the market-based self-
9 supply tranche, and the development of the RPS rate adder.

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

11 A.	LJL-1	Energy Service RFP for August 1, 2024 through January 31, 2025
12	LJL-2	RFP Results and Selection of Suppliers
13	LJL-3	Eversource Proxy Price for Solicitation
14	LJL-4	Eversource Proxy Price for Market-Based Tranche
15	LJL-5	RPS Rate Adder
16	LJL-6	Executed Transaction Confirmation – HQ - Large
17	LJL-7	Executed Transaction Confirmation - Constellation – Small
18	LJL-8	Executed Transaction Confirmation - NextEra – Small
19	LJL-9	Table: Weighted Customer Energy Service

20 **III. ENERGY SERVICE SOLICITATION PROCESS**

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

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

27 Consistent with the 2015 Agreement, on June 29, 2017, Eversource filed a petition
28 and supporting testimony with the Commission seeking approval of a proposed
29 process for procuring and providing default ES to customers on a competitive basis,
30 rather than through its previous paradigm of a managed portfolio with owned

1 generation resources. That filing initiated Docket No. DE 17-113, “Petition for
2 Approval of Energy Service Supply Proposal.” Following discussions among the
3 parties to that docket, a Settlement Agreement was reached which described the
4 method of and timing for Eversource’s transition to competitively procured Energy
5 Service. That Settlement Agreement was approved by Order No. 26,092
6 (December 29, 2017).

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

13
14 The Company has continued its procurement process consistent with the Settlement
15 Agreement in Docket No. DE 17-113, adhering to a process which includes a single
16 procurement for 100% of the ES load for each of the two six-month service periods
17 spanning February through July and August through January. Eversource’s service
18 periods were established for the purpose of splitting the typically highest-cost
19 months of January and February in order to reduce price volatility. Per Order No.
20 26,994, one 12.5% small customer load tranche will be procured through direct
21 wholesale market participation, while the remaining seven tranches, totaling 87.5%
22 of the ES load for the Small Customer load, will be procured through a competitive
23 solicitation process, for this next service period beginning on August 1, 2024.

24 **Q. Please describe the process Eversource used to procure its Energy Service**
25 **supply for August 1, 2024 through January 31, 2025.**

26 A. Eversource conducted its procurement of ES supply in accordance with applicable
27 law, Commission directives, and the Settlement Agreement approved by the
28 Commission in Order No. 26,092, and consistent with the manner of similar
29 solicitations for other companies throughout New England. On May 9, 2024,
30 Eversource issued a request for proposals (“RFP” – Attachment LJJ-1) for power
31 supply services for Eversource’s ES load covering both the Large and Small
32 Customer Groups. Notices of the issuance of the RFP were sent to prior

1 participants in Eversource’s wholesale supply solicitations and to numerous other
2 ISO-NE wholesale market participants and potential suppliers, and the RFP was
3 posted on Eversource’s Wholesale Supply (New Hampshire) website. Therefore,
4 the RFP had wide distribution throughout the New England energy supply
5 marketplace.

6 Proposals were to be stated on an “as-delivered” energy basis to Pool Transmission
7 Facilities (“PTF”) within the Eversource metering domain, with prices stated
8 monthly on a fixed \$/MWh basis. Prices could vary by calendar month but were
9 required to be uniform for the entire calendar month and cover the entire delivery
10 term. The Small Customer Group was divided into eight tranches and the Large
11 Customer Group was divided into two tranches. This is a revision, first
12 implemented in the Eversource ES solicitation for the service period of February 1,
13 2023 through July 31, 2023, modifying previous solicitations that offered four
14 tranches for the Small Customer Group and just one tranche for the Large Customer
15 Group. This change is still consistent with the approved Settlement Agreement in
16 Docket No. DE 17-113, because that settlement did not contain a tranche
17 requirement. The motivation to increase the number of tranches offered was to
18 incentivize supplier participation by reducing the MWhs per tranche, therefore
19 reducing the associated risk and load uncertainty for each individual tranche. Offers
20 for the current RFP, which consisted of procuring 87.5% of the Small Customer
21 Group and 100% of the Large Customer Group, were due on June 11, 2024,
22 winning suppliers were selected the same day, and transaction confirmations were
23 executed the following day.

24

25 **Q. In Order No. 26,994 (April 12, 2024), the Commission approved the**
26 **Company’s proposal to implement a self-supply, direct wholesale market**
27 **participation process for one 12.5 percent tranche of its Small Customer**
28 **Group for the August 1, 2024 to January 31, 2025 Energy Service period.**
29 **Please describe that process.**

30 A. Eversource withheld one tranche (12.5%) from the RFP to serve its Small Customer
31 Group load and that tranche will be supplied through a market-based self-supply
32 process. Eversource will obtain a daily load forecast for that 12.5 percent market-
33 procurement tranche from a third-party software vendor and procure that portion

1 from the Day-Ahead ISO-New England market, except that any load amounts that
2 deviate from this forecast would be sold into or purchased from the ISO New
3 England Real-Time market.

4

5 **Q. In Order No. 26,994, the Commission also directed Eversource to “present an**
6 **alternative proposal for the development of its proxy price element for the**
7 **market-based supply tranche using NYMEX future prices for the upcoming**
8 **August 2024 through January 2025 Energy Service rate period for the**
9 **Commission's consideration at the upcoming June 2024 Energy Service Rate**
10 **hearing.” Please describe the Company’s alternative proxy price proposal**
11 **developed at the Commission’s direction.**

12 A. Eversource has independently prepared a “proxy” supplier price using the
13 Company’s internal analysis, used to evaluate the reasonableness of offers received
14 through its RFPs since the current Energy Service Procurement process commenced
15 in 2018. Eversource calculates the cost of energy and capacity components and
16 then applies a multiplier to account for other cost elements, as described in more
17 detail below. The energy component represents NYMEX forward energy prices for
18 the relevant six-month period, and the capacity component represents known
19 regional forward capacity market costs. When comparing the internal proxy price
20 against supplier bids, the multiplier also includes an estimate for supplier margins
21 and risk premiums.

22

23 For the upcoming six-month energy service rate period, Eversource also calculated
24 a proxy price applicable to the market-based 12.5% Small Customer Group self-
25 supply tranche, the calculation of which will remain the same with the exception
26 that the multiplier for the proxy price for the market-based tranche will omit the
27 estimate for supplier margins and risk premiums. The multiplier will continue to
28 include other wholesale load cost elements, such as Net Commitment Period
29 Compensation, Ancillary Service Market prices, Wholesale Market Service Charge,
30 costs for the Inventoried Energy Program (IEP), and other ISO-NE miscellaneous
31 credit/charges, all of which are estimated based upon a relationship between energy
32 costs and other wholesale load cost elements, determined with reference to the
33 Wholesale Market Price Comparison Tables for the August 2023 – January 2024

1 period. The relevant components and calculations are summarized in Attachment
2 LJL-4 Eversource Proxy Price for Market-Based Tranche.

3

4 **IV. ENERGY SERVICE SOLICITATION RESULTS**

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

7 A. Eversource takes into account the totality of the circumstances surrounding the
8 RFP and the service period that it covers. The main criteria are the number of
9 bidders participating, the number of bids received, and how the bid prices are
10 clustered, or distributed. These criteria are particularly telling regarding the state of
11 the market.

12

13 In this instance, the results for the Small Customer Group satisfied all the main
14 criteria: there were several bidders, a good number of bids, and the bid prices were
15 clustered quite closely together. This combination gives the Company a high
16 degree of confidence in recommending these bids as just and reasonable for
17 approval by the Commission. Additionally, the bids also all came in below the
18 estimated proxy price described above.

19

20 The Large Customer Group had fewer bidders, resulting in a lower number of bids.
21 Historically, the Eversource Large Customer Group has been load that suppliers are
22 reluctant to bid on due to a relatively small amount of load that has a high degree of
23 uncertainty and chance of customer migration; so, it was not unexpected to receive
24 the lower number of bids for that load. The prices of the bids accepted was below
25 the Eversource estimated proxy price and the Company is confident they are
26 indicative of market conditions for this load and therefore are just and reasonable
27 and should be approved by the Commission.

28

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

31 A. In support of the decision-making criteria discussed above, Eversource
32 independently prepares a “proxy” supplier price using the Company’s internal
33 analysis to evaluate the reasonableness of the offers received, as described generally

1 above. The proxy price is prepared on the same date that suppliers' bids are due, so
2 that the Company is using the most current and analogous market information to
3 analyze the reasonableness of the offers received. While a sound process properly
4 run and robust participation are the most preferred attributes of any open
5 solicitation, a consistently calculated proxy price provides a reference point that
6 facilitates analysis of the degree of market reflectiveness, and therefore overall
7 reasonableness, of those supply offers. Eversource uses the approach described
8 below to develop such proxy prices for supplier bid comparison.

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

20

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

23 A. There are many communities within the Eversource service territory that are
24 forming or have formed community power aggregations, so there has been
25 significant migration of load to those aggregations, and more is expected to occur.
26 According to the most recent data available, approximately 112,000 customers in
27 the Company's service territory have enrolled in community power aggregation.
28 Additional migration could occur at a steady pace throughout the duration of the
29 upcoming service period, or it could happen in large quantities within a relatively
30 short period of time. Eversource is unable to determine if suppliers adjusted their
31 bid prices for the next service period to account for past or future load migration to
32 community power aggregators.

33

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

3 A. Eversource received sufficient bids for both the Small Customer Group and the
4 Large Customer Group. Eversource evaluated these offers and selected winning
5 suppliers using Eversource’s decision-making criteria, further supported by the
6 proxy prices by customer group, and accounting for current market conditions, as
7 well as compliance with non-price bidding requirements and bidder qualifications,
8 and risk relative to price and ability to serve the load. For all bids the Company
9 accepted on June 11, 2024, Eversource entered into Transaction Confirmations for
10 the service period of August 1, 2024 through January 31, 2025 with the winning
11 suppliers for the Large and Small Customer Groups. Together, a Transaction
12 Confirmation and a Master Power Supply Agreement (“MPSA”) provide the terms
13 for the purchase of ES supply from a supplier, and both have been executed for all
14 the winning suppliers. Copies of executed Transaction Confirmations are included
15 in this filing as Confidential Attachments LJL-6, LJL-7, and LJL-8. Executed
16 MPSAs with winning bidders were previously provided in Docket No. DE 18-002.

17
18 **Q. Please discuss the offers received and the analysis leading to the selection of**
19 **winning suppliers.**

20 A. The offers received, and the identification of the winning offers are shown in
21 Confidential Attachment LJL-2. In addition to ranking by price and the ability to
22 meet credit requirements, Eversource also considered the following regarding each
23 supplier: experience in providing similar services to Eversource, demonstrated
24 understanding of the market rules related to the provision of ES, demonstrated
25 understanding of its obligations under the MPSA, and any past or present known
26 events that may adversely affect a supplier’s ability to provide ES. Eversource has
27 previously experienced successful full requirements power supply transactions with
28 all of the selected suppliers, and all of them performed competently during the
29 service periods for which they were selected. No suppliers were downgraded based
30 on any prior experiences, and all have met the credit requirements outlined by the
31 MPSA and RFP. Eversource concluded that all responding suppliers were qualified
32 to provide ES, and therefore selections were based on offered prices, taking into
33 account the current state of the competitive market.

1 **V. RENEWABLE PORTFOLIO STANDARD**

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

5 A. In accordance with the Settlement Agreement in Docket No. DE 17-113,
6 Eversource will manage its RPS needs outside of the ES RFP process. Consistent
7 with the manner employed by Eversource for ES customers in New Hampshire over
8 many previous years, by Eversource Energy’s affiliated companies in other
9 jurisdictions, and by other New Hampshire utilities, Eversource will fulfill RPS
10 requirements through purchases of Renewable Energy Certificates (“RECs”) from
11 the issuance of periodic RFPs, through purchases directly from REC producers,
12 through the bilateral market for RECs, or through Alternative Compliance
13 Payments (“ACPs”) made to the Department of Energy (“DOE”).

14
15 Regarding fulfillment of Class I RPS requirements, as a result of the termination of
16 the Burgess Biopower power purchase agreement (“PPA”) earlier this year,
17 Eversource will begin purchasing Class I RECs from the issuance of periodic RFPs,
18 through purchases directly from REC producers, through the bilateral market for
19 RECs, or through ACPs made to the DOE.

20
21 **Q. Regarding Class I REC purchases under the PPA between Eversource and the**
22 **Burgess BioPower facility, will there be any additional purchases from that**
23 **facility?**

24 A. No, Eversource purchased 2023 Class I RECs under the PPA to fulfill its 2023 RPS
25 compliance and will have a carryover of those RECs that can be used against 2024
26 RPS compliance. But there will no additional REC purchases from the Burgess
27 BioPower facility, which filed for bankruptcy on February 9, 2024. In connection
28 with the bankruptcy, the PPA was terminated effective as of February 29, 2024. All
29 future Class I REC purchases for RPS compliance will be purchased through an
30 RFP or directly through a broker.

31 **Q. How will RPS requirements be reflected in Energy Service customers’ rates?**

1 A. Eversource has established an RPS Adder rate based on REC class percentage
2 requirements, current REC market price information as of the full requirements
3 power supply RFP due date, and any RECs currently existing in inventory.
4 Development of the RPS Adder is outlined in Attachment LJL-5. The RPS
5 component of ES rates will apply these factors to reflect the current expected cost
6 of RPS compliance obligations. The RPS Adder and the rate developed to recover
7 the costs of full requirements power supply procurements from suppliers, including
8 prior period reconciliations, comprise the two components of the overall ES rate.
9 Please refer to Ms. Chen’s and Mr. Anderson’s testimony, which addresses ES rate
10 development.

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

13 A. Since the 2015 Agreement calls for the costs of such a PPA to be recovered through
14 the Stranded Cost Recovery Charge (“SCRC”), a transfer price must be set for the
15 remainder of Class I RECs obtained under the PPA, which RECs will be used to
16 meet the RPS compliance needs of ES customers. Eversource has established the
17 Class I transfer price according to the Settlement Agreement approved in Docket
18 No. DE 17-113 and the methodology described in the June 28, 2017 Joint
19 Testimony of Shuckerow, White, and Goulding in Docket No. DE 17-113. The
20 \$/REC transfer price is the current market price for Class I RECs as shown in
21 Attachment LJL-5, and the quantity of any 2023 Class I RECs purchased from
22 Burgess, and used for RPS compliance for ES during August 2024 through January
23 2025, will be transferred at that price.

24 **VI. CONCLUSION**

25

26 **Q. How does Eversource view the outcome of its solicitation for the provision of**
27 **Energy Service for August 1, 2024 through January 31, 2025?**

28 A. Eversource believes the outcome of the recent RFP to be reflective of market
29 conditions, and that the bids recommended by the Company for approval in this
30 filing represent market-competitive supply rates for the Company’s ES customers.
31 Eversource also urges the Commission to accept all of the proposed bids for both

1 the Small and Large Customer Groups, as well as the proxy price determined for the
2 market-based self-supply tranche for the Small Customer Group.

3

4 **Q. Does the Company believe that the bids recommended for approval in this**
5 **filing, together with such self-supply proxy price, will result in just and**
6 **reasonable Energy Service rates?**

7 A. Yes.

8

9 **Q. What is the Company's schedule for the solicitation for the Energy Service**
10 **period of February 2025 through July 2025?**

11 A. Eversource plans to issue an RFP for the Small and Large Customer Groups in
12 November 2024 for Energy Service over the period from February 1, 2025 through
13 July 31, 2025. For purposes of notice to the Commission, the following illustrates
14 Eversource's proposed schedule for the next RFP:

15 Issue RFP	Thursday, October 31, 2024
16 Final Offers Due	Tuesday, December 10, 2024
17 Filing	Thursday, December 12, 2024
18 Requested PUC Decision	No Later Than Thursday, December 19, 2024

19

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

21 A. Yes, it does.