

UNITIL ENERGY SYSTEMS, INC.

DIRECT TESTIMONY OF

JEFFREY M. PENTZ

New Hampshire Public Utilities Commission

Docket No. DE 24-065

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1 **I. INTRODUCTION**

2 **Q. Please state your name and business address.**

3 A. My name is Jeffrey M. Pentz. My business address is 6 Liberty Lane West, Hampton,
4 NH 03842.

5 **Q. What is your relationship with Unitil Energy Systems, Inc.?**

6 A. I am employed by Unitil Service Corp. (“USC”) as Supervisor, Energy Supply. USC
7 provides management and administrative services to Unitil Energy Systems, Inc.
8 (“UES”, “Unitil” or the “Company”) and Unitil Power Corp. (“UPC”).

9 **Q. Please briefly describe your educational and business experience.**

10 A. I received my Bachelor of Arts degree in Economics from the University of
11 Massachusetts. Before joining USC, I worked as a Contracting and Transaction
12 Analyst with Mint Energy, a retail electric supplier. My range of responsibilities
13 included contract negotiation with brokers and customers, retail billing, and sales.
14 Prior to Mint Energy, I worked as a data analyst for Energy Services Group. My
15 responsibilities included supplier business transaction testing and integration with
16 regulated utilities. I began working for USC in February 2016 as an Energy Analyst
17 with the Energy Contracts department. In January 2019 I was promoted to Senior
18 Energy Analyst and in January 2024 I was promoted to Supervisor, Energy Supply. I
19 have primary responsibilities in the areas of load settlement, renewable energy credit
20 procurement, renewable portfolio standard compliance, default service procurement,
21 market research and operations, and monitoring renewable energy policy.

1 **Q. Have you previously testified before the New Hampshire Public Utilities**
2 **Commission ("Commission")?**

3 A. Yes, I have testified before the Commission in numerous previous Default Service
4 Solicitation proceedings.

5 **II. BACKGROUND**

6 **Q. How does the Company solicit default service supply?**

7 A. UES currently acquires default service power supplies for its Non-G1 customers as
8 approved by the Commission in Order No. 27,059, dated October 7, 2024 (the
9 "Order") granting UES's proposal, filed in accordance with the Commission's
10 directives in Order No. 27,020, for self-supplying 30% of its Non-G1 group and
11 procuring fixed pricing for the remaining 70% of load requirements. UES acquires
12 power supplies for its G1 customers as approved by the Commission in Order No.
13 25,397 dated July 31, 2012. The Company solicits a fixed adder from suppliers to
14 cover all non-energy related costs. Energy costs are a pass-through under variable
15 monthly pricing for G1 customers. Acquisition of fixed pricing is done via the RFP
16 process for 70% of its small customer group (Non-G1); 70% of its medium customer
17 group (Non-G1); and 100% of its large customer group (G1) service requirements for
18 a six-month supply period.

19 **Q. What is Unitil proposing in response to Commission order no. 27,086 in this**
20 **docket requiring the Company to submit a proposal for an expanded ISO-New**

1 **England market-based procurement tranche for the August 2025 – January 2026**
2 **default service period for its Non-G1 customer group?**

3 A. The Company now proposes to use its existing RFP process to procure full
4 requirements service for 50% of its default service load requirements via fixed price
5 contracts with wholesale suppliers for its Non-G1 customer group. The remaining
6 50% of load requirements will be procured via the self-supply process, whereby the
7 Company would make direct purchases and settlement in the ISO-NE real-time
8 markets. The Company will continue to utilize the pricing approach and application of
9 proxy-price methodology as established in Order No. 27,059.

10 **Q. Is the Company proposing any procurement changes for the large customer**
11 **group in response to Commission order no. 27,086?**

12 A. Yes. The Company discussed future plans and reasoning for a proposal to change the
13 procurement method in its default service filing filed on December 6, 2024. The
14 Company is proposing a full 100% ISO-New England market-based procurement with
15 a continuation of the monthly pricing approach based on the application of the proxy-
16 price methodology used for the small and medium customer groups established by
17 Order No. 27,059.

18 **III. DESCRIPTION OF PROPOSED PROCUREMENT PLAN**

19 **Q. Please describe the Company’s proposed procurement plan for its Non-G1 and**
20 **G1 customer groups.**

1 A. The Company plans on using the same methodology as approved in order 27,059 with
2 the exception that direct market purchases would be increased to 50% of estimated
3 load requirements for the Non-G1 group. The Company has chosen the minimum self-
4 supply requirement of 50% with the intention of reducing market exposure to mass
5 market customers while complying with the Commission’s directives. The Company
6 would make all its purchases in the real-time markets. Additional charges that are
7 assessed to “Load Serving Entities” include Forward Capacity, Ancillary Services, and
8 other charges such as the Inventoried Energy Program. The Company would be
9 responsible for payment of these services, along with the energy component twice per
10 week on the ISO-NE invoices. The Company will procure power supplies for the G1
11 customer group in the same manner as the Non-G1 group, except that direct market
12 purchases will be for 100% requirements and costs would be reflected in default
13 service. Schedule JMP-2 illustrates the self-supply estimation calculations. The energy
14 component of the wholesale rate would be an average of (a) the four-year rolling
15 weighted average of ISO New England market prices in the New Hampshire Load
16 zone, and (b) the NYMEX futures price for the upcoming six-month default service
17 period. The Company will use historical data from 2024 to determine the allocation of
18 loads to on-peak and off-peak consumption for procurements in 2025, and will be
19 updated on an annual basis thereafter. Capacity prices are estimated using projected
20 peak contribution tags along with charge rate estimates as published by the ISO-NE
21 Forward Capacity Market Cost Allocation forecast. The Company would use twelve-
22 month historical data from the ISO-NE Wholesale Load Cost Report (“WLC”) to

1 estimate all other cost components such as Ancillary Market and Net Period
2 Commitment Compensation charges. The Company is comfortable with using
3 historical data from the WLC report as these costs are de minimus when compared to
4 Energy and Capacity costs. Schedule JMP-3 details the total wholesale supply rate
5 estimate, including a weighted 50% contract pricing and a 50% market tranche
6 estimate.

7 **Q. In order 27,086, the Commission directed the Company to include a discussion of**
8 **additional resources necessary for application of full Day-Ahead market**
9 **participation. The Company currently purchases self-supply energy solely in the**
10 **ISO-NE Real-Time energy market. What additional resources would be needed**
11 **for the application of a full Day – Ahead self-supply purchase Component?**

12 A. Participation in the Day-Ahead energy market would require the use of a daily load
13 forecast, which would require the use of forecasting tools through an external vendor.
14 The forecasted load would then be bid into the Day-Ahead energy market, with any
15 deviations between forecasted and load and actual load settling in the Real-Time
16 market. Historical load data and customer characteristic profiles would likely need to
17 be integrated into a hypothetical forecasting model. Data transfers to the external
18 vendor will likely require additional information technology resources in order to
19 maintain the model. The Company would need to reach out to various service
20 providers for initial consultations and obtain a price estimate.

1 **Q. How will the proposed changes in self-supply requirements impact the**
2 **Company's next scheduled default service solicitation?**

3 A. The Company's next solicitation is scheduled for release on May 6, 2025 with final
4 bids due on June 3, 2025. Given the changes proposed for self-supply, the Company
5 requests the Commission issue a decision regarding this proposal no later than April 8,
6 2025.

7 **Q. Would the Company's plan to self-supply its large customer group require a**
8 **tariff change?**

9 A. Yes, the Company's Default Service tariff would require changes as the current tariff
10 states that the G1 class Power Supply Charge is determined as the sum of the average
11 ISO-New England real time hourly locational marginal prices for the New Hampshire
12 load zone, weighted by the wholesale hourly kWh volumes of the Company's G1
13 Default Service customers, and charges for capacity, ancillary services, and other
14 supplier costs established through a competitive bidding process. If this proposal is
15 approved, the Company plans to file revisions in compliance with a Commission
16 order.

17
18 **IV. CONCLUSION**

19 **Q. Does this conclude your testimony?**

20 A. Yes.

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