

**STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION**

DE 21-077

**PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE
d/b/a EVERSOURCE ENERGY**

2021 Energy Service Solicitation

**Order Approving Adjustment to the Energy Service Rate
for effect August 1, 2021**

ORDER NO. 26,491

June 24, 2021

APPEARANCES: Jessica A. Chiavara, Esq., on behalf of Public Service Company of New Hampshire d/b/a Eversource Energy; Lynn Fabrizio, Esq., on behalf of Commission Staff.

In this order, the Commission approves the adjustment to Eversource's energy service rates for effect on August 1, 2021. The rates apply to the six-month period beginning August 1, 2021, through January 31, 2022. For residential customers, energy service costs will increase from the current rate of 6.627 cents per kWh to 8.826 cents per kWh. The rate being approved for the six-month period beginning August 1, 2021 is 1.758 cents per kWh higher than the energy service rate charged for the same period last year.

I. PROCEDURAL HISTORY

On April 15, 2021, Public Service Company of New Hampshire d/b/a Eversource Energy (Eversource or the Company) filed a proposed schedule for an energy service solicitation on behalf of its Small and Large customer groups. On June 4, 2021, the Commission issued an Order of Notice scheduling a hearing for June 22, 2021. On June 17, 2021, Eversource filed its Petition for Adjustment to Energy Service Rate for effect on August 1, 2021, with supporting testimony of Frederick B. White, Supervisor of Eversource's Electric Supply Department, and

testimony of Erica L. Menard, Manager of Revenue Requirements for Eversource. On June 18, 2021, the Commission issued an order of notice scheduling a hearing on June 22. On June 22, 2021, a hearing was held as scheduled.

The petition and subsequent docket filings, other than any information for which confidential treatment has been requested of or granted by the Commission, will be posted to the Commission's website at <https://www.puc.nh.gov/Regulatory/Docketbk/2021/21-077.html>.

II. POSITIONS

A. Eversource Energy

Eversource submitted its energy service filing pursuant to Order No. 26,092 issued in Docket No. DE 17-113. The filing seeks approval of new energy service rates for the six month-period beginning August 1, 2021. Eversource based its filing on the results of its Request for Proposals (RFP) solicitation issued on May 13, 2021, for power supply to serve the Company's Small and Large Customer groups. The RFP was distributed to over 100 potential suppliers, including all members of the New England Power Pool Markets Committee. Eversource also posted the RFP to its Wholesale Supply (New Hampshire) website.

The RFP requested 100 percent of the required power supply for the Company's Small Customer Group in four tranches of equal size (approximately 25 percent, or 454,498 MWh per tranche), and 100 percent of the required power supply for its Large Customer Group in a single tranche. The RFP requested that bids be prepared on an as-delivered energy basis, with prices stated monthly on a fixed dollar per megawatt-hour (MWh) basis. While bidders could offer prices that varied by month for one or more tranches, Eversource required that prices for the Small Customer Group be uniform within each month and cover the entire six-month delivery period beginning August 1, 2021. For its Large Customer Group, Eversource required pricing set at a monthly rate that will vary each month and cover the entire six-month delivery period beginning

August 1, 2021. Eversource received bids on June 15, 2021. The Company evaluated the offers and selected winning suppliers based on the lowest price by customer group using a forecast of monthly energy service load by customer group, compliance with non-price bidding requirements and bidder qualifications, risk relative to prices, and ability to serve load, all as specified in the RFP. In addition to price, Eversource considered qualitative factors such as experience in providing similar service to Eversource affiliates, demonstrated understanding of the market rules related to the provision of energy service, demonstrated understanding of obligations under the power supply agreement, and past or present events that might adversely affect the supplier's ability to provide energy. Eversource ultimately selected the winning bids based on price, as all the responding suppliers were qualified to provide energy service.

The Company entered into Transaction Confirmations for the period August 1, 2021, through January 31, 2022, with the winning suppliers for both the Small and Large Customer groups. Together, a Transaction Confirmation and a Master Power Supply Agreement provide the terms for the purchase of energy service from a supplier; both documents have been executed with each of the winning suppliers.

Eversource selected NextEra Energy Marketing, LLC (NextEra) to supply power in three tranches for the Small Customer Group, and Vitol Inc. (Vitol) to supply power in one tranche for the Small Customer Group. Eversource selected Exelon Generation Company, LLC, to provide power for the Large Customer Group.

Based on the winning bids, Eversource calculated the energy service rate for its Small Customer Group for the six-month period beginning August 1, 2021, to be \$0.08826 per kilowatt-hour (kWh). Monthly rates for the Large Customer Group ranged from \$0.06587 in September 2021 to \$0.13058 per kWh in January 2022.

The Company represented that consistent with the Settlement Agreement approved by the Commission in Order No. 26,092 in Docket 17-113, Eversource added to the base energy price an amount that recovers costs that Eversource must pay for compliance with New Hampshire's Renewable Portfolio Standard (RPS) requirements under RSA 362:F. In addition to that RPS adder, Eversource included in its energy service rates an amount to recover its administrative and general expense costs related to the procurement of energy service for its customers. Eversource also included an annual energy reconciliation adjustment factor in the calculation of energy service rates beginning August 1, 2021. Eversource calculated the RPS adder based on current market prices for renewable energy certificates (RECs) that comply with the RPS requirements.

The Company stated that the result is a uniform RPS adder of 0.770 cents per kWh for both the Small and Large Customer Groups. Eversource calculated the recovery factor for administrative and general expenses to be 0.065 cents per kWh.

The energy service rate for the Company's Large Customer Group will include the same adjustment factors, but the rate will vary from month to month. Based on the winning bid, Eversource proposes monthly energy service rates for the six-month period beginning August 1, 2021, for its Large Customer Group, as follows:

<u>Month</u>	<u>Rate (Cents/kWh)</u>
August 2021	7.291
September 2021	6.587
October 2021	6.665
November 2021	7.690
December 2021	9.855
January 2022	13.058

B. Staff

Staff said that the Company conducted its solicitation and selection of winning bids for default service in compliance with the Settlement Agreement and process approved by the

Commission in Order No. 26,092 in Docket 17-113. Based on its review of the Company's filing, Staff concluded that the Company's selection of winning suppliers is a reasonable outcome and the result of a competitive procurement. Staff therefore supported the rates proposed as just and reasonable and recommended approval of the rates as filed.

Staff stated that additional review of the Company's Renewable Portfolio Standard (RPS) compliance costs included in its reconciliation was warranted and that Staff would work closely with the Company to conduct such review. If any agreed upon adjustments to the RPS costs were necessary, the Company agreed that it could make an adjustment to the reconciliation amount in its December energy service filing, if appropriate. Staff stated further that if it recommended RPS reconciliation adjustments with which the Company did not agree, those would be presented to the Commission for review and adjudication in the December energy service filing. Finally, Staff recommended that the Company provide its annual reconciliation of energy service expenses thirty (30) days in advance of its June energy service filing to provide Staff adequate time to review the reconciliation and to formulate any recommendations.

III. COMMISSION ANALYSIS

We find that Eversource's solicitation and bid evaluation procedures are reasonable and that they appropriately conform to the process approved by the Commission in Order No. 26,092. In that Order, the Commission approved a settlement agreement that generally established the process whereby Eversource would procure power supply for customers taking energy service from Eversource following the Company's divestiture of its fossil fuel generation plants. Eversource's solicitation of bids and selection of Exelon Generation Company, LLC, NextEra Energy Marketing, LLC, and Vitol Inc., to provide power supply for the six-month period beginning August 1, 2021, was conducted appropriately and satisfies the requirement that

default service be procured through a competitive process that produces just and reasonable rates that are market based. *See* RSA 374-F:3, V(c).

We appreciate Staff's concern about having sufficient time to investigate expenses included in both the current energy service reconciliation and future reconciliation filings. We direct Eversource to provide additional information regarding its REC purchases, by providing an exhibit that shows the vintage (year), quantity, and price paid for RECs, and the applicable alternative compliance payment (ACP) rate for each REC transaction, included in the Company's RPS cost reconciliation.

In addition, Staff stated that additional review of the Company's Renewable Portfolio Standard (RPS) compliance costs included in its reconciliation and projection was warranted. We direct the Company to work with Staff to conduct such review and to provide all necessary related information, including, but not limited to, its REC purchases, banking, use, retirement, write-offs, and the applicable ACP rates for all RECs in the Company's RPS reconciliation. If, after the review, any agreed upon adjustments to the RPS costs are necessary, the Company agreed to make an adjustment to the reconciliation amount in its December energy service filing. We adopt Staff's recommendation to have any recommended reconciliation adjustments with which the Company does not agree presented to the Commission for review and adjudication in the December energy service filing and direct the Company and Staff to do so.

Staff confirmed that Eversource adjusted its filing to change the Company's prior practice of including Accumulated Deferred Income Taxes in the Company's calculation of carrying charges in its energy service rate calculations as directed in Order No. 26,438, issued on December 17, 2020, in Docket DE 20-054.

Finally, Staff confirmed that the Company also moved recovery of net metering and group host costs from its energy service charge to its Stranded Cost Recovery Charge as approved in Order 26,450 issued January 29, 2021, in Docket No. DE 20-136.

Based on the process and our review of the results, we find the resulting rates are market based and therefore just and reasonable, consistent with Commission precedent and the public interest.

Based upon the foregoing, it is hereby

ORDERED, the power supply agreements entered into between Eversource, Exelon Generation Company, LLC, NextEra Energy Marketing, LLC, and Vitol Inc., to provide power supply requirements for the six-month period beginning August 1, 2021, are hereby **APPROVED**; and it is

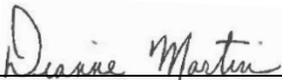
FURTHER ORDERED, that the Company file its reconciliation associated with energy service rates and renewable energy credit purchases each year at least 30 days prior to its energy service rate filing, and that such reconciliation filings shall include the additional information concerning Renewable Energy Certificates purchased, as described above; and it is

FURTHER ORDERED, that the Company work with Staff to conduct a review of the Renewable Portfolio Standard compliance costs contained in the filing as described above, and provide all necessary related information and after review, make any agreed upon adjustments to the RPS costs in its December energy service filing; any adjustments not agreed to must be presented to the Commission for review and adjudication in the December energy service filing; and it is

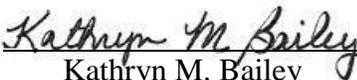
FURTHER ORDERED, that Eversource is authorized to recover the costs of the power supply agreements through the energy service rates proposed in this filing on a service-rendered basis for the six-month period beginning August 1, 2021; and it is

FURTHER ORDERED, that Eversource shall file a tariff as required by N.H. Admin. R., PART Puc 1603 conforming to this order within 20 days, and that the tariff shall demonstrate the calculation of the energy service rate and the various adjustments included in the calculation.

By order of the Public Utilities Commission of New Hampshire this twenty-fourth day of June, 2021.



Dianne Martin
Chairwoman

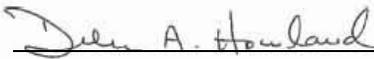


Kathryn M. Bailey
Commissioner



Daniel C. Goldner
Commissioner

Attested by:



Debra A. Howland
Executive Director

Service List - Docket Related

Docket#: 21-077

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