

**STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION**

DE 22-021

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

2022-2023 Energy Service Solicitation

**Order Approving Adjustment to the Energy Service Rate
For Effect on February 1, 2023**

ORDER NO. 26,747

December 14, 2022

This order authorizes Eversource to recover the costs of power supply through energy service¹ rates for effect between February 1, 2023 and July 31, 2023. The order approves a six-month energy service (ES) rate of 20.221 cents per kilowatt hour (kWh) for Eversource's Small Customer Group, which includes residential customers taking energy service from Eversource. The proposed rate represents a 10.4 percent decrease compared to current rates for a residential customer using 650 kWh compared to current rates, and a 7.0% decrease relative to the customer's total monthly bill. When transmission and distribution costs are included, the result will be a decrease in the monthly bill from \$218.68 to \$203.71, or about \$14.97 less (a decrease of 6.8 percent), compared to current rates. The residential energy service rate is 9.55 cents per kWh higher than the same six-month period (February to July) a year ago. These rates include a charge of 0.8 cents per kWh for Renewable Portfolio Standard (RPS) compliance costs. For residential customers, these RPS costs represent approximately 4 percent of the total energy charge. These rates also include a 0.063 cents per kWh

¹ The customer bill for those customers that take Eversource default service is composed of three parts: power supply, transmission, and distribution. The energy service rates for default service customers are for the power supply component only.

charge for Eversource's administrative and general expenses as well as certain rate adjustment factors.

The table below summarizes the rate changes relative to previous rates.

	Effective Date	Residential Rates			Total kWh Charges
		Power Supply Charge	RPS	Other Charges	
Proposed Rates	2/1/2023	\$0.19633	\$0.00811	(\$0.00223)	\$0.20221
Current Rates	8/1/2022	\$0.21986	\$0.00800	(\$0.00220)	\$0.22566
Prior Year Rate	2/1/2022	\$0.10203	\$0.00794	(\$0.00328)	\$0.10669

The Commission recognizes that the impact of these rates, though reflective of current national and global energy market conditions, is a significant concern for ratepayers, despite a reduction in energy service costs for this ES period. While the Commission has not had regulatory authority over power supply since New Hampshire's generation divestiture policy was enacted, it has authority to regulate the supply/energy service procurement process. This process is currently being investigated by the Commission in Docket No. IR 22-053. (This Order also addresses a process for the Company's Large Customer Group ES solicitation made necessary by the outcome of Eversource's RFP for this group of ES customers.)

I. BACKGROUND

Public Service Company of New Hampshire d/b/a Eversource Energy (Eversource or the Company) made its ES filing pursuant to a settlement agreement (Settlement Agreement) approved in Order No. 26,092 (December 29, 2017). The Settlement Agreement established the process by which Eversource procures energy service following divestiture of its generation assets. This basic ES process was re-confirmed by the Commission in its Order No. 26,733, issued on November 22, 2022, in this docket, and also governed for this phase of the proceeding by the Commission's

procedural order issued on October 7, 2022, which scheduled a hearing regarding the Company's ES petition for December 13, 2022.

On December 8, 2022, Eversource filed a Petition for Adjustment to the Energy Service Rate for effect on August 1, 2022, with supporting pre-filed testimony of Luann J. Lamontagne (Senior Analyst in the Electric Supply department of Eversource Energy), James R. Shuckerow (Director, Electric Supply for Eversource Energy Service Company), Parker Littlehale (Manager, Wholesale Power Supply in the Electric Supply department of Eversource Energy), and Marisa B. Paruta (Director, New Hampshire and Connecticut Revenue Requirements for Eversource Energy Service Company). Ms. Lamontagne, Mr. Littlehale (who also adopted Mr. Shuckerow's direct testimony) and Ms. Paruta, provided additional oral testimony in support of the Company's petition at hearing. Certain schedules included in Eversource's filings contain information that Eversource claims is confidential pursuant to the New Hampshire Code of Administrative Rules, Puc 201.06 and 201.07. This material includes the Company's bid evaluation and summary information, renewable energy certificate pricing, and other confidential pricing terms. The Commission treated this material confidentially at the December 13, 2022 public hearing, discussed below, as being within the scope of N.H. Code Admin. Rules Puc 201.06(a)(15).

On June 17, 2022, at an earlier phase of this proceeding, the Office of the Consumer Advocate (OCA) filed a letter of participation in this matter. The hearing was held as scheduled on December 13, 2022. In addition to the Company and the OCA, representatives of the New Hampshire Department of Energy (DOE) also appeared.

The petition and subsequent docket filings, other than any information for which confidential treatment is requested of or granted by the Commission, are posted

on the Commission's website at

<https://www.puc.nh.gov/Regulatory/Docketbk/2022/22-021.html>

II. POSITIONS

A. Eversource

Eversource submitted its default ES petition pursuant to the Settlement Agreement approved in Docket No. DE 17-113. The petition seeks approval of new ES rates for the six-month period beginning February 1, 2023. Eversource based its filing on the results of its Request for Proposals (RFP) solicitation issued on October 27, 2022, for power supply to serve the Company's Large and Small Customer groups. According to Eversource, the RFP was widely distributed, including to all members of the New England Power Pool (NEPOOL) Markets Committee and was posted on the Company's website.

The RFP requested 100 percent of the required power supply for the Company's Small Customer Group in eight tranches of equal size, and 100 percent of the required power supply for its Large Customer Group in two tranches of 50 percent each. This doubled the number of tranches offered in the last Company ES RFP (whereby four tranches of equal size were offered for the Small Customer Group load, and the Large Customer Group load was offered in a single tranche of 100 percent of requirements). The Company stated that its motivation for increasing the number of tranches was to incentivize bidder participation by reducing the associated risk and load uncertainty for each individual tranche by reducing the number of megawatts of load served by each 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. Eversource received bids on December 6, 2022; winning suppliers were also selected

on December 6, 2022; and transaction confirmations with the winning bidders were executed by the Company on December 7, 2022.

Eversource successfully secured winning bids for all eight tranches of its Small Customer Group Load. Thirteen bidders participated in the Company's RFP process for the Small Customer Group. Eversource selected NextEra Energy Marketing, LLC (NextEra) to supply power for four of the tranches of the Small Customer Group, Constellation Energy Generation, LLC (Constellation) to supply power for three more tranches of the Small Customer Group, and H.Q. Energy Services (U.S.) Inc. (HQES) for the remaining tranche of the Small Customer Group. Based on the winning bids, Eversource calculated the ES rate for its Small Customer Group for the six-month period beginning February 1, 2023, to be 20.221 cents per kWh.

For the Large Customer Group, only one bidder, HQES, placed a bid for a single 50 percent load tranche of this customer group. Eversource, based on its business judgment and analysis, accepted this bid, and executed a contract for this tranche with HQES, the pricing for which the Company characterized as "market-indicative." No bids were placed for the second Large Customer Group tranche, and the Company made a proposal to make a second RFP solicitation offering for that tranche in January 2023.

The Company proposed that for the remaining 50 percent tranche for the Large Customer Group, it issue a second RFP on December 16, 2022, with a subsequent filing for Commission approval of any resultant contracts to be made on January 12, 2023. *See* Hearing Exhibit 3 at Bates Page 2.

The Company represented that consistent with the Settlement Agreement, Eversource added to the base energy price an amount that recovers costs that Eversource must pay for compliance with New Hampshire's RPS requirements under

RSA 362:F. In addition to that RPS adder, Eversource includes in its ES 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 ES rates. Eversource calculated a uniform RPS adder, based on current market prices for renewable energy certificates (RECs) that comply with the RPS requirements of 0.811 cents per kWh for both the Small and Large Customer Groups. Eversource calculated the recovery factor for administrative and general expenses to be 0.063 cents per kWh.

The Company also applied its current Lead/Lag Study used in the calculation of the working capital requirements for ES rates, including those related to RPS costs, using calendar year 2021 data, and incorporated the results of the study to calculate the return on cash working capital requirements included in its ES rate filing for rates effective on February 1, 2023. *See* Testimony of Marisa B. Paruta, at Bates Page 46. The Company applied the reconciliation factors approved in Order No. 26,645 (June 23, 2022), for rates effective August 1, 2022, with slight technical updates based on new data. *Id.*

In oral testimony provided at hearing, Ms. Lamontagne, Mr. Littlehale, and Ms. Paruta, provided additional detail and explanation of the matters presented in their written testimony on behalf of the Company and provided their perspectives regarding the current energy market conditions driving the RFP outcomes for this ES RFP solicitation. Eversource also requested that the Commission approve its ES filing and allow the costs associated with the NextEra, Constellation, and HQES power supply contracts to be approved through ES rates. The Company noted that the energy prices secured through the RFP process for the Small Customer Group closely approximated the “proxy” estimated prices that resulted from its own analysis of the expected

regional ISO-NE energy market conditions for the upcoming six (6) months. Hearing Exhibit 3 at Bates Pages 9-10. For the Large Customer Group single bid, the Company stated that, though the RFP-secured price was higher than the expected “proxy” price for that class of load, it was consistent with bids for analogous load in Eversource’s other service territories, and in its business judgment, reflective of market conditions. Hearing Exhibit 3 at Bates Page 10.

B. OCA

The OCA stated at hearing that it believed that enhancements to the Company’s ES procurement processes should continue to be explored in the Commission’s investigative docket, Docket No. IR 22-053. The OCA recommended Commission approval of the Company’s petition at hearing.

C. DOE

The DOE, in a statement made at hearing, stated that it supported Commission approval of the Company’s petition.

III. COMMISSION ANALYSIS

We find that Eversource's solicitation and bid evaluation procedures conform to the process approved by the Commission in Order No. 26,092, and re-confirmed in Order No. 26,733. In Order No. 26,092, 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 Eversource's divestiture of its generation plants. Order No. 26,733 emphasized the critical role of the Company of applying its business judgment and market expertise to its management of its ES RFP process.

Eversource's solicitation of bids and selection of NextEra, Constellation, and HQES to provide power supply for the Small Customer Group for the six-month period

beginning on February 1, 2023, is appropriate and satisfies the requirement that default energy service be procured through a competitive process that produces rates that are market based. See RSA 374-F:3, V(c). Likewise, we approve of the solicitation process, and resulting contract, between Eversource and HQES to supply the 50% tranche of the Large Customer Group load, as producing rates that are market based, in light of the Company's analytical judgment that the prices for that contract were in conformity with market conditions, as reflected by RFP results for similar classes of load in other jurisdictions.

We also approve the results of the Company's 2021 Lead/Lag study for its ES rates, its calculation of ES rate reconciliation credits, and its calculation of the RPS adder, subject to reconciliation. Based on the process and our review of the results, we find that the resulting ES rates, though reflective of current volatility in the energy market, are market-based, just, and reasonable.

The Commission recognizes that although we do not have regulatory authority over Eversource's power supply since the Company divested itself of its generation/power supply assets several years ago, the Commission has the ability to oversee the procurement process. We will continue to explore the potential for improvements for ES process for Eversource and its peer utilities in New Hampshire in Docket No. IR 22-043.

Based upon the foregoing, it is hereby

ORDERED, that the power supply agreements entered into between Eversource and NextEra Energy Marketing, LLC, and Constellation Energy Generation, LLC, and H.Q. Energy Services (U.S.) Inc. to provide power supply requirements for the Small Customer Group for the six-month period beginning February 1, 2023, are hereby APPROVED as filed and discussed herein above; and it is

FURTHER ORDERED, that the power supply agreement entered into between Eversource and H.Q. Energy Services (U.S.) Inc. to provide power supply requirements for the 50 percent tranche of the Large Customer Group for the six-month period beginning February 1, 2023, is hereby APPROVED as filed and discussed herein above; and it is

FURTHER ORDERED, that Eversource's proposal, including proposed procedural schedule, for the further RFP process and Commission approval for the remaining 50 percent tranche of the Large Customer Group is hereby APPROVED as filed and discussed herein above; and it is

FURTHER ORDERED, that Eversource's request to recover the costs of the power supply agreements through the energy service rates proposed in this filing effective with services rendered on and after February 1, 2023, through July 31, 2023, is hereby APPROVED, as filed and discussed herein above; and it is

FURTHER ORDERED, that Eversource is authorized to use the results of the 2021 Lead/Lag study in the calculation of rates, subject to any reconciliation; and it is

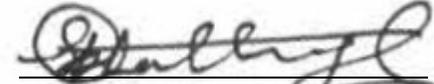
FURTHER ORDERED, that Eversource is authorized to use its price estimates of renewable energy certificates in its calculation of energy service rates; and it is

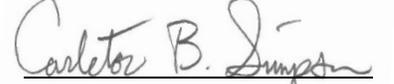
FURTHER ORDERED, that Eversource shall file conforming tariff pages, incorporating the new energy service rates, all as approved herein, within 20 days of the date of this order, consistent with N.H. Code Admin. Rules, Puc 1603; and it is

FURTHER ORDERED, that Eversource shall provide the Commission with an update regarding the Company's customer outreach and education efforts with respect to the energy service rates approved herein, along with a review of the costs associated with such efforts, as part of the next default service solicitation petition.

By order of the Public Utilities Commission of New Hampshire this fourteenth day of December, 2022.


Daniel C. Goldner
Chairman


Pradip K. Chattopadhyay
Commissioner


Carleton B. Simpson
Commissioner

Service List - Docket Related

Docket#: 22-021

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