

**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 Solicitations

**Order Approving Procurement Process and Resulting Rates for
Large Customer Group Default Service Customers**

ORDER NO. 26,762

January 20, 2023

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, for certain categories of Eversource commercial customers. This order is issued pursuant to the terms of Order No. 26,747 (December 14, 2022), which approved Eversource's proposal for a further Request for Proposals (RFP) process, to serve a 50 percent block of Large Customer Group load for the February—July 2023 period that had not attracted bids during Eversource's December 2022 RFP process. Eversource successfully secured a wholesale supply contract for this 50 percent block of Large Customer Group load through its second RFP, and has updated its proposed Large Customer Group energy service (ES) rates accordingly to reflect this new contract.

The table below summarizes the rates to be charged to Large Customer Group customers on Eversource default service. These per kilowatt hour (kWh) rates vary by service month, as is the usual practice for Large Customer Group rates.

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.

Large Customer Group ES Rates

	Effective date	Power Supply Charge	RPS	Other Charges	Total per kWh Charge
February	February 1, 2023	\$0.47925	\$0.00811	(\$0.00415)	\$0.48321
March	March 1, 2023	\$0.31687	\$0.00811	(\$0.00415)	\$0.32083
April	April 1, 2023	\$0.21216	\$0.00811	(\$0.00415)	\$0.21612
May	May 1, 2023	\$0.16607	\$0.00811	(\$0.00415)	\$0.17003
June	June 1, 2023	\$0.14383	\$0.00811	(\$0.00415)	\$0.14779
July	July 1, 2023	\$0.17702	\$0.00811	(\$0.00415)	\$0.18098

These rates include a charge of 0.811 cents per kWh for Renewable Portfolio Standard (RPS) compliance costs, which represent a range of 1.7 percent to 5.5 percent of the power supply costs for these Large Customer Group customers, depending on the rate month. (The “Other Charges” line item in the table above is negative, that is, an offsetting credit of 0.415 cents on ES rates for the Large Customer Group, because it incorporates a credit of 0.478 cents in the Eversource’s Adjustment Factors, as offset by Administrative and General charges of 0.063 cents).

The Commission recognizes that the impact of these rates, though reflective of current national and global energy market conditions, and a general reduction from the currently-effective Large Customer Group rates (see discussion below), remains a significant concern for ratepayers. 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.

I. PROCEDURAL HISTORY

The procedural history for the earlier phases of this proceeding is summarized in Order No. 26,747. At the conclusion of the Public Service Company of New

Hampshire d/b/a Eversource Energy (Eversource or the Company) RFP process for its entire default service load, no bids were made for a 50 percent tranche of the Company's February-July 2023 load for its Large Customer Group. Order No. 26,747 at 5. In its ES Petition, filed on December 8, 2022, and at the December 13, 2022, hearing for this matter, the Company advocated for a second RFP to serve this Large Customer Group load. *Id.* The Commission granted this request in Order No. 26,747.

In anticipation of a continued hearing in this matter, the Commission scheduled a hearing date of January 19, 2023, by a procedural order on January 11, 2023. This January 19 hearing was held as scheduled, where representatives of the Company and the New Hampshire Department of Energy (DOE) appeared.

On January 12, 2023, Eversource filed a petition regarding its Large Customer Group ES rates with the Commission, indicating that a contract for the second 50 percent tranche of this ES customer load had been successfully contracted for with H.Q. Energy Services (U.S.) Inc. (HQES). Eversource's filing included the pre-filed testimony and schedules 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 of New Hampshire and Connecticut Revenue Requirements at Eversource Energy Service Company). These Company representatives provided additional oral testimony in support of the Company's petition at hearing. Slight technical corrections were made to the Company's filing by subsequent filings made by the Company on January 13 and January 18, 2023. 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 data, and other confidential pricing terms. The Commission treated this material confidentially at the January 19, 2023, public hearing, discussed below, as being within the scope of N.H. Code Admin. Rules Puc 201.06(a)(15).

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

On December 16, 2022, Eversource issued its second RFP for 50 percent of the energy service requirements for its Large Customer Group (*i.e.*, default service/ES customers receiving Eversource Delivery Service under Primary General Delivery Service Rate GV, Large General Delivery Service Rate LG, and Backup Delivery Service Rate B, including any outdoor area lighting taken in conjunction with these accounts under Outdoor Lighting Delivery Service Rate OL), for the period February 1, 2023, through July 31, 2023. 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. Offers were due on January 10, 2023; a winning supplier (HQES) was also selected on January 10, 2023; and a transaction confirmation with HQES was executed by the Company on January 11, 2023. This process was governed 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, as elaborated on by Order No. 26,747.

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 Large Customer Group (the same as that approved by Order No. 26,747). 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 the Large Customer Group rates to be effective on February 1, 2023.

In oral testimony provided at hearing, Mss. Lamontagne and Paruta and Messrs. Littlehale and Shuckerow 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 second-round Large Customer Group ES RFP solicitation. Eversource also requested that the Commission approve its ES filing and allow the

costs associated with the HQES power supply contracts to be approved through ES rates. The Company noted that the energy prices secured through the RFP process for the Large Customer Group were supported by the “proxy” estimated prices that resulted from its own analysis of the expected energy market conditions for the upcoming six (6) months. The Company also noted that the selected bid during the second round RFP for the Large Customer Group was approximately 20 percent less in costs than the selected bid for the Large Customer Group during the first round RFP on December 6, 2022. *See* Testimony of J. Shuckerow, P. Littlehale, and L. Lamontagne (January 12, 2023), at Bates Pages 7-8. The changes in ES rates for Large Customer Group customers, as effective for February 1, 2023, through July 31, 2023, represent an approximately 11 percent reduction in total bills. *See* Attachment MBP-8 (January 12, 2023), Page 1 of 1, Bates Page 39.

B. OCA

The Office of the Consumer Advocate, which had been involved in earlier phases of this proceeding, did not attend the January 19 hearing for this phase of the proceeding.

C. DOE

The DOE, in a statement made at hearing, stated that it supported Commission approval of the Company’s rate proposal for this phase of the proceeding.

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, as re-confirmed in Order No. 26,733 and Order No. 26,747, and with the requirements of the Restructuring Act generally. RSA 374-F:3, V(c) and (d). 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.

Likewise, we approve of the solicitation process, and resulting contracts, between Eversource and HQES to supply the two 50% tranches 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.

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 Large Customer Group ES rates, though reflective of current volatility in the energy market, are market-based, just, and reasonable. Given the short time frame for review of the compliance Tariff filings for this Large Customer Group ES petition, we order Eversource to file its compliance Tariff filings for the rates approved in this phase of the proceeding **no later than the close of business on Friday, January 27, 2023.**

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 H.Q. Energy Services (U.S.) Inc. to provide power supply requirements for the Large 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 Eversource's request to recover the costs of the power supply agreements through the Large Customer Group 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

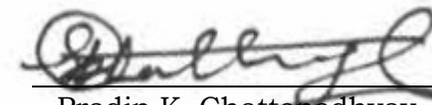
FURTHER ORDERED, that Eversource is authorized to use its price estimates of renewable energy certificates in its calculation of energy service rates; and it is

FURTHER ORDERED, that Eversource shall file conforming tariff pages, incorporating the new energy service rates, all as approved herein, **no later than January 27, 2023**, and consistent with N.H. Code Admin. Rules, Puc 1603; and it is

FURTHER ORDERED, that

By order of the Public Utilities Commission of New Hampshire this twentieth day of January, 2023.


Daniel C. Goldner
Chairman


Pradip K. Chattopadhyay
Commissioner

Service List - Docket Related

Docket#: 22-021

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Email Addresses

ClerksOffice@puc.nh.gov
Suzanne.G.Amidon1@energy.nh.gov
Scott.T.Balise@energy.nh.gov
jessica.chiavara@eversource.com
Energy-Litigation@energy.nh.gov
Stephen.R.Eckberg@energy.nh.gov
thomas.c.frantz@energy.nh.gov
donald.m.kreis@oca.nh.gov
luann.lamontagne@eversource.com
parker.littlehale@eversource.com
nhregulatory@eversource.com
elizabeth.r.nixon@energy.nh.gov
amanda.o.noonan@energy.nh.gov
ocalitigation@oca.nh.gov
marisa.paruta@eversource.com
melissa.price@eversource.com
Matthew.C.Young@energy.nh.gov
langdond@axsessgroup.com