

**STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION**

DE 22-024

LIBERTY UTILITIES (GRANITE STATE ELECTRIC) CORP. d/b/a LIBERTY

2022 Default Service Solicitations

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

ORDER NO. 26,758

January 13, 2023

This order authorizes Liberty to recover the costs of power supply through energy service rates¹ for effect during the three-month period of February 1, 2023, through April 30, 2023, for certain categories of Liberty commercial customers. This order is issued pursuant to the terms of Order No. 26,752 (December 22, 2022), which approved Liberty’s proposal for a further Request for Proposals (RFP) process, and a potential acquisition of electric power from the ISO-New England (ISO-NE) regional Day-Ahead and Real-Time Markets by Liberty, to serve these customers for the February-April 2023 period.

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

Medium & Large Commercial (Large Customer Group) Rates

	Effective Date	Power Supply Charge	RPS	Other Charges	Total per kWh Charge
February	February 1, 2023	\$0.43114	\$0.00781	\$0.00346	\$0.44241
March	March 1, 2023	\$0.22292	\$0.00781	\$0.00346	\$0.23419
April	April 1, 2023	\$0.16825	\$0.00781	\$0.00346	\$0.17952

¹ Bills for customers on default service are composed of three parts: power supply, transmission, and distribution. The energy service rates for default service customers refer to the power supply component only.

These rates include a charge of 0.781 cents per kWh for Renewable Portfolio Standard (RPS) compliance costs, which is unchanged from the prior rate period. These RPS costs represent a range of 1.8 percent to 4.4 percent of the power supply costs for these large and medium commercial customers, depending on the rate month.

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 generation since New Hampshire's generation divestiture policy was enacted, it has authority over 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 are summarized in Order No. 26,752. At the conclusion of the Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty (Liberty or the Company) RFP process for its entire Default Service Customer load, no bids were received for the Company's winter 2023 (February-April) load block for its Large Customer Group (Block A). Order No. 26,752 at 5. In its Default Service Petition, filed on December 16, 2022, and at the December 20, 2022, hearing for this matter, the Company advocated for a second RFP to serve Block A and to prepare for contingencies should no bids or no acceptable bids be received and sought Commission approval for preparatory work for acquiring power supply for Block A directly from the ISO-NE electricity market. *Id.* at 7. The Commission granted

these Liberty requests in Order No. 26,752. (The Large Customer Group load for the subsequent May-July 2023 period, “Block B,” was successfully contracted for in the Company’s December 2022 RFP solicitation and the resultant rates were approved by the Commission in Order No. 26,752).

On December 29, 2022, Liberty filed a request to schedule a hearing regarding Block A matters for the week of January 9, 2023. The Commission granted this request in a procedural order on January 5, 2023, which scheduled a continued hearing regarding Block A on January 11, 2023. This January 11 hearing was held as scheduled, where representatives of the Company, the New Hampshire Department of Energy (DOE), and the Office of the Consumer Advocate (OCA) appeared.

On January 6, 2023, Liberty filed its petition regarding its Block A Default Service rates with the Commission, stating therein that the second RFP had likewise failed to attract any bids and that the Company would seek Commission approval to acquire power in the ISO-NE Day-Ahead and Real-Time Markets to serve Block A load for the February-April period, and resultant rates. Liberty's filing included the pre-filed testimony and schedules of John D. Warshaw, Manager, Electric Supply for Liberty Utilities Service Corp.; Erica L. Menard, Senior Director of Rates and Regulatory Affairs for Liberty Utilities Service Corp.; and James M. King, Analyst II, Rates and Regulatory Affairs for Liberty Utilities Service Corp. Mr. Warshaw, Ms. Menard, and Mr. King provided additional oral testimony in support of the Company's petition at hearing, together with Mr. Aaron Doll, Senior Director, Energy and Strategy, at Liberty Utilities Service Corp., appearing remotely from Missouri pursuant to a Commission procedural order granting the Company’s motion for remote participation on January 6, 2023.

Certain schedules included in Liberty's filings contain information that Liberty claims is confidential pursuant to the New Hampshire Code of Administrative Rules, Puc 201.06 and 201.07. The Commission treated this material confidentially at the December 20, 2022, public hearing, discussed below, as being within the scope of N.H. Code Admin. Rules Puc 201.06(a)(15).

On January 10, 2023, the Company late-filed a motion requesting that the Compliance Tariff pages for its Default Service rates previously approved in Order No. 26,752 be filed in conjunction with the rates under consideration by the Commission here, instead of the original deadline of January 11, 2023. At hearing, the Company confirmed that it could submit these Tariff pages no later than the close of business on January 20, 2023. The Commission thereby ordered at hearing that it granted the Company's request for a waiver of the January 11 deadline, with the proviso that these compliance Tariff pages would be filed no later than the close of business on January 20, 2023. (The Commission also memorializes this ruling in this Order, below).

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/2022/22-024.html>

II. POSITIONS

A. Liberty

On December 23, 2022, Liberty issued its second request for proposals (RFP) for energy service for its Large Customer Group, Block A, for the period February 1, 2023, through April 30, 2023. The Company distributed the RFP to a number of potential suppliers, including to the New England Power Pool's (NEPOOL) Markets Committee, and posted the RFP information on the Liberty website. No acceptable bids

were received by the Company in response to this RFP on January 4, 2023. *See* Testimony of J. Warshaw and A. Doll, Hearing Exhibit 7, at Bates Page 9.

As contemplated by Order No. 26,752, the Company outlined a proposal to supply its Block A load through purchases in the ISO-NE market, due to the failure of the RFP to attract wholesale supplier bids. In summary, Liberty would serve this load from the ISO-NE markets, bidding at least some portion of the load into the Day-Ahead Market and taking on the responsibility for all ancillary and other services normally associated with serving load in New England. Hearing Exhibit 7, Bates Page 9. Any differences between the load bid into the Day-Ahead Market and actual load would be settled in the Real-Time Market. Liberty would reconcile its costs for serving Block A load with the revenue received from these Large Customer Group customers. This reconciliation would take place as part of the annual Energy Service petition to be filed by the Company in May 2023. *Id.* Further technical details regarding the proposed ISO-NE energy acquisition process by the Company are presented in Messrs. Warshaw's and Doll's testimony, Hearing Exhibit 7.

In light of the Company's new ISO-NE approach to serving Large Customer Group load for this upcoming winter period, Liberty also proposed to modify the Energy Service Reconciliation Adjustment Factor to reconcile the actual cost of procuring Energy Service with the amounts billed to customers for the service separately by customer group. Liberty proposed that this change would take effect for the annual reconciliation filing for effect on August 1, 2023 (filed in May 2023). *See* Testimony of E. Menard and J. King, Hearing Exhibit 7, at Bates Pages 41-42. This would result in different Energy Service Reconciliation Adjustment Factors for the Large and Small Customer groups. *Id.*

The Company acknowledged that the proposed Large Customer Group, Block A rates were developed as estimates of ISO-NE market conditions for each month, as there will be actual variability in market price outcomes. Liberty used the approved, contract-based power costs for the Small Customer Group (approved in Order No. 26,752) for the same February-April rate period as the best available proxy for expected market conditions. Hearing Exhibit 7 at Bates Pages 11-12. The Company sought Commission approval of this pricing forecast methodology as part of its petition. *Id.* at Bates Page 12.

Liberty included an RPS compliance adder with power supply costs in its calculation of the energy service rates. The RPS compliance adder is the charge by which Liberty obtains revenue to meet its RPS obligations under RSA 362-F:3. To comply with its RPS requirements, the Company first attempts to purchase qualifying renewable energy certificates (RECs), where one REC represents one megawatt hour of power produced by a qualified renewable generation source. Effective with rates on February 1, 2023, the RPS compliance adder will be 0.781 cents for both all customer groups, including Block A.

The base load-weighted average of power supply costs for the Large Customer Group, Block A, for the three-month period beginning February 1, 2023, will be 28.227 cents per kWh, as compared with the current load-weighted average of 31.928 cents per kWh for the three-month period of November 1, 2022, through January 31, 2023. Hearing Exhibit 7 at Bates Pages 11-12.

Liberty also calculated its EV-L and EV-M Commercial Time of Use (TOU) rates as part of its petition, which are presented below:

EV-L Commercial EV TOU Charging Rates (per kWh)

Period	Critical Peak	Mid Peak	Off Peak
Winter (Feb 23-Apr 23)	\$0.22597	\$0.18224	\$0.17569
Summer (May 23-Jul 23)	\$0.75104	\$0.18748	\$0.14634

EV-M Commercial EV TOU Charging Rates (per kWh)

Period	Critical Peak	Mid Peak	Off Peak
Winter (Feb 23-Apr 23)	\$0.22585	\$0.18194	\$0.17586
Summer (May 23-Jul 23)	\$0.74783	\$0.18414	\$0.14499

B. DOE

The DOE stated at hearing that it supported Commission approval of the Company's process to procure default service through the ISO-NE markets and the proposed rates for the Large Customer Group, Block A, as filed. The DOE also supported the separate recovery of reconciliation/ancillary costs for the Large Customer Group as requested by the Company. At hearing, the DOE confirmed that it did not object to the Company's Tariff filing deadline waiver request.

C. OCA

The OCA stated at hearing that it took no position regarding the Company's petition, as residential ratepayers were not affected by the Company's proposal for this phase of the proceeding. At hearing, the OCA confirmed that it did not object to the Company's Tariff filing deadline request.

III. COMMISSION ANALYSIS

We find that the Company's proposed process for acquiring power supply from the ISO-NE regional competitive market directly to supply its Large Customer Group, Block A, load comports with the Restructuring Act, RSA Chapter 374-F, and is within the parameters contemplated in Order No. 24,577. *See also* RSA 374-F:3, V(c) and (d). We approve the Company's requests to modify the Energy Service Reconciliation Adjustment Factor and its proxy-pricing methodology for establishing monthly Block A

rates to enable the implementation of market-reflective rates and fairly allocate costs by customer class. We also find that the resulting rates, though reflective of current volatility in the energy market, are market-based, just, and reasonable. We also reiterate our bench Order that all conforming Tariff pages for the Default Service rates for Liberty for the February 1, 2023-July 31, 2023, rate period are to be filed no later than the close of Commission business on Friday, January 20, 2023.

Furthermore, we reiterate our January 11 Hearing request that the Company work with the DOE to develop periodic (monthly) default service pricing reports to be filed with the Commission as public documents for Block A and any other, future, ISO-NE direct-market supplied default service load, which will provide information about current pricing outcomes in our regional competitive electricity market. Given the Company's stated willingness at hearing to work with the DOE to develop relevant information to be filed with the Commission and made publicly available within these monthly reports for Block A, we decline to stipulate certain conditions pertaining to these reports at this time but express our strong interest in monitoring the results of the Company's ISO-NE market procurement throughout the Default Service period.

The Commission also recognizes that though we have not had regulatory authority over power generation since New Hampshire's utilities divested their interests in generation/power supply assets, the Commission has the ability to oversee the procurement process. We will continue to explore the potential for improvements in default service process for Liberty and its peer utilities in New Hampshire in Docket No. IR 22-043.

Based upon the foregoing, it is hereby

ORDERED, that the methodology presented by Liberty in this instant proceeding for serving its Large Customer Group, Block A, load, for the period of

February 1, 2023, through April 30, 2023, through direct purchases of electric power from the ISO-New England regional electricity market is hereby APPROVED; and it is

FURTHER ORDERED, that Liberty's request to recover the costs of the power acquired in the ISO-New England market through the proposed rates effective with services rendered on and after February 1, 2023, through April 30, 2023, for the Large Customer Group, Block A; and the proxy-price methodology used in the development of monthly rates presented therein, are hereby APPROVED; and it is

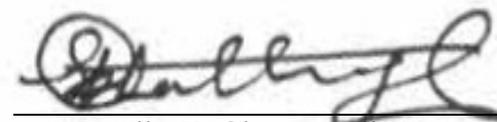
FURTHER ORDERED, that Liberty is authorized to use the price estimates of renewable energy certificates in its calculation of energy service rates; and it is

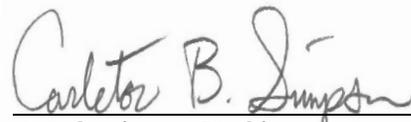
FURTHER ORDERED, that Liberty's proposed EV-M and EV-U Commercial TOU Charging Rates are APPROVED as proposed in the Company's petition and delineated this order; and it is

FURTHER ORDERED, that Liberty's request to modify its Energy Service Reconciliation Adjustment Factor Tariff to accommodate separate treatment by rate class, as contemplated in the Company's petition, is APPROVED; and it is

FURTHER ORDERED, that Liberty shall file conforming tariff pages, incorporating the new energy service rates and Tariff modifications, all as approved herein, and as approved in Order No. 26,752 (December 22, 2022), no later than January 20, 2023, consistent with the Commission's bench order of January 11, 2023, and N.H. Code Admin. Rules, Puc 1603.

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


Pradip K. Chattopadhyay
Commissioner


Carleton B. Simpson
Commissioner

Service List - Docket Related

Docket#: 22-024

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