

DE 09-224 – Unitil Energy Systems, Inc.
Renewable Source Option - Annual Review

Filing Date: September 11, 2012

Unitil Energy Systems, Inc. Renewable Source Option - Annual Review

I. Introduction

In Order No. 25,102 issued May 7, 2010 in Docket DE 09-224, the New Hampshire Public Utilities Commission (the "Commission") approved a partial settlement agreement between Unitil Energy Systems, Inc. ("UES") and the Commission's staff ("Staff") regarding implementation of UES's proposed Renewable Energy Service Rate Option. The partial settlement required that after the program had been in place for twelve months, UES would provide details of program participation in each of the three rate options, including details for all incremental marketing and promotion costs associated with the program. UES filed its first annual report on September 9, 2011. On January 6, 2012, the Commission Staff held a technical session with the Office of Consumer Advocate ("OCA") and representatives from the New Hampshire electric utilities including UES. The purpose of the technical session was to discuss issues pertaining to the renewable source option programs provided by the New Hampshire electric utilities. The electric utilities, OCA and Staff agreed that the renewable source options should continue to be promoted in 2012 to provide additional experience to adequately evaluate the success of the programs and to provide a report regarding the additional year of operation. This report is provided in compliance with that agreement.

II. Program Participation by Customer Class

The Monthly Participation by Customer Class and the associated kWhs for the twelve-month period September 2011 through August 2012 are provided in Attachment A. As of the end of the year of operation, 25 residential customers and 1 commercial (G2) customer are participating in the RSO program. There are 61,559 eligible residential customers and 9,334 eligible commercial customers. These numbers result in a participation rate of 0.04% of the eligible residential customers. The resulting participation rate for the commercial customers is 0.01% of eligible customers.

III. Renewable Energy Certificates

Under UES's Renewable Source Option tariff, UES purchases and retires renewable energy certificates ("RECs") from renewable generation units that are certified as Class I (new) and Class II (solar) facilities pursuant to RSA 362-F, New Hampshire's Electric Renewable Portfolio Standard ("RPS") law. These RECs are purchased to match either all or a portion of the participating customer's actual energy use, depending on the participation level chosen by the customer. The Monthly and Calendar Year Totals of kWhs and RECs required for the RSO program are provided in Attachment B. Participating UES customers offset a total of 87,302 kWh during the twelve-month period of September 2011 through August 2012.

As shown on Attachment B during the program year of operation, the RSO resulted in UES purchasing 83 Class I RECs and 4 Class II RECs. In comparison, for the 2011 RPS compliance year, UES's Class I and Class II REC obligations were 16,300 and 652 respectively¹. Thus, the RSO program provided for incremental purchases of approximately 0.5% of UES's RPS obligations for Class I and Class II RECs.

IV. Marketing and Promotional Activity and Costs

UES developed a marketing campaign intended to inform and attract eligible customers to participate in this optional program, which was marketed as the Green Neighbor Program. UES also used testimonials and pictures of willing employees who enrolled in the program in its web-based and print collateral. A social media campaign centered on a dedicated Facebook page was developed as part of the marketing efforts. The Green Neighbor Program was officially launched on September 4, 2010 through a press release that went to all major media outlets in UES's service territory. Additional marketing efforts included magnetic signs for UES service trucks (which serve as moving billboards), new customer service messaging and customer bill inserts. Welcome kits, in both electronic and paper form were created to recognize a customer's participation in the

¹ Per UES's Form E-2500, Annual Renewable Portfolio Standard Compliance Filing for 2011 Compliance Year.

program. Window clings (decals), postcards and electronic badges (that can be used for email or social media pages) are among the contents of the welcome kits.

UES continues to promote participation in the RSO program. The most recent promotional efforts are as follows:

- (1) In May 2012, an article entitled “*Green Neighbor – Investing in a Renewable Future*” was included in the Unitil Newsletter that went to New Hampshire customers.
- (2) In June 2012, a graphic was added to the New Hampshire portion of the company website promoting the Green Neighbor Program. In addition, a reminder was posted on the group Facebook page:

<https://www.facebook.com/greenneighbor?ref=hl>

- (3) In August 2012, the following bill message was included with customer bills:

All Residential Classes – Capital and Seacoast:

Supporting renewable energy is much easier than you think. Visit www.unitil.com/greenneighbor or call us at 1-800-852-3339 (Capital area customers) or 1-800-582-7276 (Seacoast customers). Tell us how much you want to contribute to renewable energy initiatives. You can select 25%, 50% or 100% of your monthly electricity usage, which is in addition to your bill. It’s that easy!

- (4) In October 2012, this bill message will be included again with customer bills.

While UES devotes internal resources to the operation of the RSO program, UES incurred no external costs in the administration, marketing and promotion of the RSO program during the twelve-month period of September 2011 through August 2012.

V. Conclusion

Customer participation in UES’s RSO program is essentially the same as that of last year. Based on this result, customers do not appear to value the opportunity provided by the program to support renewable generation at levels higher than already required under the RPS legislation. UES will continue to operate the program until ordered to do otherwise by the Commission, and plans to continue to use low-cost means of program promotion, such as those discussed above, in order to avoid creating a cost burden that produces little or no value for its customers.

Unitil Energy Systems, Inc.

Attachment A

Renewable Source Option - Program Participation by Customer Class Program Year: September 2011 through August 2012

Residential Customers									
25% Participation Level		50% Participation Level		100% Participation Level		Total Residential RSO Participation			
Month	# Customers	KWH	# Customers	KWH	# Customers	KWH	# Customers	KWH	Revenue
Sep-11	4	2,297	9	4,578	16	7,340	29	14,215	\$215.83
Oct-11	4	2,488	9	4,150	15	6,519	28	13,157	\$194.95
Nov-11	3	(2,966)	7	2,220	13	(937)	23	(1,683)	(\$3.47) (1)
Dec-11	3	1,808	8	3,793	12	5,339	23	10,940	\$222.83
Jan-12	5	3,177	8	3,993	12	5,962	25	13,132	\$253.68
Feb-12	5	2,980	8	3,760	12	5,840	25	12,580	\$245.36
Mar-12	6	2,414	8	3,216	12	5,205	26	10,835	\$214.93
Apr-12	5	2,497	8	3,230	11	3,936	24	9,663	\$178.98
May-12	5	2,555	8	3,262	11	4,237	24	10,054	\$260.63
Jun-12	5	2,360	8	3,723	11	4,289	24	10,372	\$327.41
Jul-12	6	2,952	8	4,717	11	4,925	25	12,594	\$389.64
Aug-12	6	3,834	8	4,134	11	5,066	25	13,034	\$392.99
Total		26,396		44,776		57,721		128,893	\$2,893.76

(1) November 2011 figures include a correction for May - October 2011.

G2 Customers									
25% Participation Level		50% Participation Level		100% Participation Level		Total G2 RSO Participation			
Month	# Customers	KWH	# Customers	KWH	# Customers	KWH	# Customers	KWH	Revenue
Sep-11	0	0	0	0	1	31	1	24	\$0.66
Oct-11	0	0	0	0	1	16	1	24	\$0.34
Nov-11	0	0	0	0	1	25	1	25	\$0.64
Dec-11	0	0	0	0	1	54	1	54	\$1.56
Jan-12	0	0	0	0	1	57	1	54	\$1.65
Feb-12	0	0	0	0	1	56	1	56	\$1.62
Mar-12	0	0	0	0	1	59	1	59	\$1.71
Apr-12	0	0	0	0	1	63	1	63	\$1.82
May-12	0	0	0	0	1	63	1	63	\$2.50
Jun-12	0	0	0	0	1	62	1	62	\$3.01
Jul-12	0	0	0	0	1	48	1	48	\$2.33
Aug-12	0	0	0	0	1	60	1	60	\$2.91
Total		0		0		594		592	\$20.75

Unitil Energy Systems, Inc.

Attachment B

Renewable Source Option - Renewable Energy Certificates Program Year: September 2011 through August 2012

Month	Total Customer RSO Participation - Monthly Totals			Calendar Year Cumulative Totals			
	# Customers	KWH	Revenue	KWH	Revenue	Number of NH Class I RECs Needed	NH Class II RECs Needed
Sep-11	30	14,239	\$216.49	82,867	\$1,736.60	80	4
Oct-11	29	13,181	\$195.29	92,099	\$1,931.89	89	4
Nov-11	24	(1,658)	(\$2.83)	91,556	\$1,929.06	88	4
Dec-11	24	10,994	\$224.39	99,297	\$2,153.45	95	4
Jan-12	26	13,186	\$255.33	8,810	\$255.33	8	1
Feb-12	26	12,636	\$246.98	17,331	\$502.31	17	1
Mar-12	27	10,894	\$216.64	24,806	\$718.95	24	2
Apr-12	25	9,726	\$180.80	31,045	\$899.75	30	2
May-12	25	10,117	\$263.13	37,614	\$1,162.88	36	2
Jun-12	25	10,434	\$330.42	44,417	\$1,493.30	42	3
Jul-12	26	12,642	\$391.97	52,486	\$1,885.27	50	3
Aug-12	26	13,094	\$395.90	60,638	\$2,281.17	58	3
Totals		129,485	\$2,914.51	87,302	\$2,914.51	83	4