

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

Filing Date: September 17, 2013

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 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 2012 through August 2013 are provided in Attachment A. As of the end of the year of operation, 23 residential customers and 1 commercial (G2) customer are participating in the RSO program. There are 62,095 eligible residential customers and 10,193 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 82,568 kWh during the twelve-month period of September 2012 through August 2013.

As shown on Attachment B during the program year of operation, the RSO resulted in UES purchasing 79 Class I RECs and 5 Class II RECs. In comparison, for the 2012 RPS compliance year, UES's Class I and Class II REC obligations were 23,690 and 1,185 respectively¹. Thus, the RSO program provided for incremental purchases of approximately 0.3% 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 2012~~2~~ 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 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>

- (2) In May 2013, a bill insert was sent to all New Hampshire electric customers promoting the program.

- (3) In August 2013, 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.until.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!

While UES devotes internal resources to the operation of the RSO program, UES incurred \$2,333 in external costs in the administration, marketing and promotion of the RSO program during the twelve-month period of September 2012 through August 2013. This cost is for the design, printing and shipping of the bill insert sent in May 2013 bills.

V. Conclusion & Recommendation

Customer participation in UES's RSO program is essentially the same as that of the last two years. 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 proposes to close the Renewable Source Option program effective November 30, 2013. The Company will provide further details in its Default Service filing, Docket No. DE 13-079, to be filed with the Commission on September 27, 2013.

Unitil Energy Systems, Inc.

Attachment A

Renewable Source Option - Program Participation by Customer Class Program Year: September 2012 through August 2013

Month	Residential Customers								
	25% Partipation Level		50% Partipation Level		100% Partipation Level		Total Residential RSO Partipation		
	# Customers	KWH	# Customers	KWH	# Customers	KWH	# Customers	KWH	Revenue
Sep-12	6	3,285	7	3,619	11	4,017	24	10,921	\$322.90
Oct-12	6	2,827	7	2,731	11	3,563	24	9,121	\$273.71
Nov-12	6	3,427	7	2,784	11	3,880	24	10,091	\$307.91
Dec-12	7	4,387	7	3,644	12	4,748	26	12,779	\$414.76
Jan-13	7	5,271	7	3,860	11	5,307	25	14,438	\$462.80
Feb-13	7	4,813	7	3,781	11	5,423	25	14,017	\$460.75
Mar-13	7	3,667	7	3,314	11	4,311	25	11,292	\$372.47
Apr-13	7	3,532	7	3,346	10	3,900	24	10,778	\$349.24
May-13	7	2,706	5	(3,697)	10	4,021	22	3,030	\$154.89 (1)
Jun-13	7	3,004	5	1,355	10	4,529	22	8,888	\$324.17
Jul-13	8	4,833	6	2,362	10	5,757	24	12,952	\$448.09
Aug-13	7	4,620	6	2,323	10	6,066	23	13,009	\$461.07
Total		46,372		29,422		55,522		131,316	\$4,352.76

(1) May 2013 figures include a correction for a customer cancellation back to October 2012.

Month	G2 Customers								
	25% Partipation Level		50% Partipation Level		100% Partipation Level		Total G2 RSO Partipation		
	# Customers	KWH	# Customers	KWH	# Customers	KWH	# Customers	KWH	Revenue
Sep-12	0	0	0	0	1	54	1	54	\$2.62
Oct-12	0	0	0	0	1	58	1	58	\$2.82
Nov-12	0	0	0	0	1	67	1	67	\$3.39
Dec-12	0	0	0	0	1	57	1	57	\$3.08
Jan-13	0	0	0	0	1	65	1	65	\$3.52
Feb-13	0	0	0	0	1	61	1	61	\$3.30
Mar-13	0	0	0	0	1	60	1	60	\$3.25
Apr-13	0	0	0	0	1	69	1	69	\$3.73
May-13	0	0	0	0	1	64	1	64	\$3.46
Jun-13	0	0	0	0	1	68	1	68	\$3.71
Jul-13	0	0	0	0	1	59	1	59	\$3.25
Aug-13	0	0	0	0	1	60	1	60	\$3.30
Total		0		0		742		742	\$39.43

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Attachment B

Renewable Source Option - Renewable Energy Certificates Program Year: September 2012 through August 2013

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-12	25	10,975	\$325.52	67,340	\$2,606.69	64	4
Oct-12	25	9,179	\$276.53	73,033	\$2,883.22	70	4
Nov-12	25	10,158	\$311.30	79,229	\$3,194.52	75	4
Dec-12	27	12,836	\$417.84	86,952	\$3,612.36	83	5
Jan-13	26	14,503	\$466.32	8,620	\$466.32	8	1
Feb-13	26	14,078	\$464.05	17,198	\$930.37	16	1
Mar-13	26	11,352	\$375.72	24,142	\$1,306.09	23	2
Apr-13	25	10,847	\$352.97	30,667	\$1,659.06	29	2
May-13	23	3,094	\$158.35	33,580	\$1,817.41	32	2
Jun-13	23	8,956	\$327.88	39,606	\$2,145.29	38	2
Jul-13	25	13,011	\$451.34	47,811	\$2,596.63	46	3
Aug-13	24	13,069	\$464.37	56,254	\$3,061.00	54	3
Totals		132,058	\$4,392.19	82,568	\$4,392.19	79	5