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September 17, 2015

Debra Howland, Executive Director  
NH Public Utilities Commission  
21 S. Fruit Street, Suite 10  
Concord, NH 03301

Re: Docket No. IR 15-296, Investigation into Grid Modernization

Dear Ms. Howland:

The NH Office of Energy and Planning (OEP) thanks the Public Utilities Commission (PUC) for this opportunity to comment on the scope of the PUC's investigation into grid modernization. The state's 10-year energy strategy<sup>1</sup>, which OEP issued in September 2014, identified the need for a grid modernization docket, and OEP was pleased to see that the NH Legislature codified this recommendation by passing HB 614 with bipartisan support earlier this year.<sup>2</sup>

As the State Energy Strategy discusses, our infrastructure is aging; consumers demand more from the utilities that serve them, including tools to reduce usage, lower bills and help them become more energy independent; the region's fuel mix is changing to include unprecedented levels of customer-sited distributed generation; and severe weather events are occurring with increasing frequency. It is critical that our utilities and regulators keep pace with the changing reality in both New Hampshire and New England. More specifically, the Strategy calls on the PUC to consider dynamic pricing, better consumer access to technology, and "even rethinking the role of utilities," as other states are doing.<sup>3</sup>

By examining such issues, the PUC will position our state and our energy consumers to be engaged and empowered to have more control over their energy use and energy costs, allowing the state to more effectively reduce peak load and engage in demand response, which will reduce the long-term costs of maintaining a reliable, nimble, and affordable grid.

OEP also suggests that the PUC investigation include issues related to section III of HB 614, which requires the PUC to "establish an 'electricity peak time reduction goal'" by July 1, 2016. Because peak electricity demand can drive investment in costly infrastructure and is an important part of long-term system planning, it would be efficient for the PUC to use the stakeholder process in this investigation to inform its peak time reduction goals as well.

<sup>1</sup> <http://www.nh.gov/oep/energy/programs/documents/energy-strategy.pdf>.

<sup>2</sup> <http://www.gencourt.state.nh.us/legislation/2015/HB0614.pdf>.

<sup>3</sup> State Energy Strategy, page i. See also Section 8 of this report:  
[http://www.puc.nh.gov/Sustainable%20Energy/Reports/New%20Hampshire%20Independent%20Study%20of%20Energy%20Policy%20Issues%20Final%20Report\\_9-30-2011.pdf](http://www.puc.nh.gov/Sustainable%20Energy/Reports/New%20Hampshire%20Independent%20Study%20of%20Energy%20Policy%20Issues%20Final%20Report_9-30-2011.pdf).

OEP respectfully suggests that this investigation should consider issues such as:

- Identifying regulatory and infrastructure changes needed to exploit the potential for distributed generation and emerging electric storage technologies (including electric vehicles).
- A plan to implement time-of-use pricing, using the successful pilots already conducted in New Hampshire, and identifying the steps needed to maximize energy-usage information available to commercial, residential, and public customers to help them manage their use, reduce costs and provide important grid benefits such as peak reductions.
- Aligning outage management, storm recovery, resiliency, and other related goals with grid modernization efforts.
- Valuing energy efficiency, demand response, and distributed resources at appropriate levels, and determining the most effective ways to incorporate them into utility rates and create proper incentives for utility investment.
- Equity issues related to access and cost recovery.

This list is not exhaustive, and the PUC should consider a broad range of topics as determined through a stakeholder process. Many resources are available to help guide the discussion about where we should focus our efforts.<sup>4</sup>

OEP also suggests that the PUC consider *how* it conducts this investigation as well as *what* to investigate. The U.S. Department of Energy is working with states by engaging stakeholder groups to develop “roadmaps” for grid modernization. This emphasis on a robust process recognizes that many of the issues and opportunities involved in grid modernization are new and challenging to traditional participants in electric regulation. We believe that a professionally facilitated process is appropriate for this docket.

To that end, because these topics are so diverse and each could require quite intensive research and consideration, OEP respectfully urges the PUC to engage an expert to assist Staff with this investigation. An expert can help Staff and interested parties assess the status of our infrastructure and related policies and programs in New Hampshire; engage our utilities to learn what they are doing in our state and in other jurisdictions where they work; review how other jurisdictions are creatively approaching these issues;<sup>5</sup> and help Staff manage the collaborative stakeholder process, perhaps by developing a road map for long term action, to make this docket successful. OEP would be happy to work with the PUC to identify qualified experts to assist in this docket, and we will provide resources to the extent that we are able. We look forward to being a part of this process.

Sincerely,



Meredith A. Hatfield  
Director

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<sup>4</sup> See e.g., <http://www.necec.org/files/necec/Policy%20Documents/Grid%20Mod%20Report%20NECEC%20Aug.%202014.pdf>; <http://www.epri.com/Our-Work/Pages/Grid-Modernization.aspx>; <http://energy.gov/oe/services/technology-development/smart-grid>; <http://energy.gov/sites/prod/files/2015/04/f22/DOE%20Grid%20Mod%20Initiative%20-%20Lynn.pdf>;

<sup>5</sup> See e.g., [http://mn.gov/puc/documents/pdf\\_files/grid\\_modernization\\_5-12-2015.pdf](http://mn.gov/puc/documents/pdf_files/grid_modernization_5-12-2015.pdf); <http://energy.hawaii.gov/renewable-energy/grid-modernization>; <http://www.mass.gov/eea/energy-utilities-clean-tech/electric-power/grid-mod/grid-modernization.html>; <http://magrid.raabassociates.org/>.