

UNITIL ENERGY SYSTEMS, INC.

DIRECT TESTIMONY OF

LISA S. GLOVER

New Hampshire Public Utilities Commission

Docket No. DE 16-250

April 1, 2016

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LIST OF SCHEDULES

Schedule LSG-1: Bid Evaluation Report

Schedule LSG-2: Request for Proposals

Schedule LSG-3: Customer Migration Report

Schedule LSG-4: RPS Compliance Cost Estimates

Schedule LSG-5: Historical Pricing by Customer Group

1 **I. INTRODUCTION**

2 **Q. Please state your name and business address.**

3 A. My name is Lisa S. Glover. My business address is 6 Liberty Lane West, Hampton,
4 NH.

5 **Q. What is your relationship with Unitil Energy Systems, Inc.?**

6 A. I am employed by Unitil Service Corp. ("USC") as an Energy Analyst. USC provides
7 management and administrative services to Unitil Energy Systems, Inc. ("UES") and
8 Unitil Power Corp. ("UPC").

9 **Q. Please briefly describe your educational and business experience.**

10 A. I received my Bachelor of Science degree in Environmental Science from the
11 University of Massachusetts and a Master of Public Administration degree at Norwich
12 University. Before joining Unitil, I worked as an Energy Analyst with the MA
13 Division of Energy Resources. I joined the Service Company in February 2003 as an
14 Energy Efficiency Program Analyst with Business Services and then joined Energy
15 Contracts in May 2014. I have primary responsibilities in the areas of electric market
16 operation and data reporting, default service administration and budgeting.
17 Additionally, I manage the Renewable Energy Credit procurement process as well as
18 being responsible for Renewable Portfolio Standard compliance for Unitil.

19 **Q. Have you previously testified before the New Hampshire Public Utilities**
20 **Commission ("Commission")?**

1 A. Yes. I have testified before the Commission in the past in regards to energy efficiency
2 plans.

3 **II. PURPOSE OF TESTIMONY**

4 **Q. Please describe the purpose of your testimony.**

5 A. My testimony documents the solicitation process followed by UES in its acquisition of
6 Default Service power supplies (“DS”) for its G1 and Non-G1 customers as approved
7 by the Commission in Order No. 25,397, dated July 31, 2012 (the “Order”) granting
8 UES’s Petition for Approval of Revisions to its Default Service Solicitation Process
9 for G1 and Non-G1 Customers. With the current Request for Proposal (“RFP”), UES
10 has contracted for a six-month default service power supply for 100% of its small
11 customer group (Non-G1); 100% of its medium customer group (Non-G1); and 100%
12 of its large customer group (G1) service requirements. Service begins on June 1,
13 2016.

14 I describe how UES solicited for bids from wholesale suppliers to provide the supply
15 requirements in accordance with the terms of the Order as UES has done in prior
16 default service supply solicitations. I also describe how the proposals received were
17 evaluated and the winning bidders were chosen. Supporting documentation and
18 additional detail of the solicitation process is provided in the Bid Evaluation Report
19 (“Report”), attached as Schedule LSG-1. A copy of the RFP as issued is attached as
20 Schedule LSG-2, and an updated Customer Migration Report is attached as Schedule
21 LSG-3. The Customer Migration Report shows monthly retail sales and customer

1 counts supplied by competitive generation, total retail sales and customer counts (the
2 sum of default service and competitive generation) and the percentage of sales and
3 customers supplied by competitive generation. The report provides a rolling 13-month
4 history which covers the period from February 2015 through February 2016.
5 Renewable Portfolio Standard ("RPS") Compliance Cost Estimates are included as
6 Schedule LSG-4. My testimony reviews UES's approach to compliance with the RPS
7 which went into effect in January 2008. Schedule LSG-4 details projected obligations
8 and price assumptions for the coming rate period. The price assumptions listed in
9 Schedule LSG-4 are based on recent market data information and alternative
10 compliance payment prices. Lastly, Schedule LSG-5 provides historical price data by
11 customer group that is no longer subject to confidential treatment. This schedule
12 provides pricing histories associated with the most recent three-month rate periods for
13 G1 customers or six-month rate periods for Non-G1 customers for which all pricing is
14 currently subject to the Federal Energy Regulatory Commission's quarterly reporting
15 requirements.

16 **Q. Please summarize the approvals UES is requesting from the Commission.**

17 A. UES requests that the Commission:

- 18 • Find that: UES has followed the solicitation process approved by the Commission;
19 UES's analysis of the bids submitted was reasonable; and UES has supplied a
20 reasonable rationale for its choice of the winning suppliers.

- 1 • Find that: the price estimates of renewable energy certificates (“RECs”) proposed
2 by UES, based on actual purchases or current market prices and information, are
3 appropriate for inclusion in retail rates.

- 4 • On the basis of these findings, conclude that the power supply costs resulting from
5 the solicitation are reasonable and that the amounts payable to the sellers under the
6 supply agreements are approved for inclusion in retail rates.

- 7 • Issue an order granting the approvals requested herein on or before April 8, 2016,
8 which is five (5) business days after the date of this filing.

9 **III. SOLICITATION PROCESS**

10 **Q. Please discuss the Solicitation Process UES employed to secure the supply**
11 **agreements for default service power supplies.**

12 A. In the same manner as its prior solicitations for default service supplies, UES
13 conducted an open solicitation in which it actively sought interest among potential
14 suppliers and provided potential suppliers with access to sufficient information to
15 enable them to assess the risks and obligations associated with providing the services
16 sought. UES did not discriminate in favor of or against any individual potential
17 supplier who expressed interest in the solicitation. UES negotiated with all potential
18 suppliers who submitted proposals to obtain the most favorable terms from each
19 potential supplier. The structure, timing and requirements associated with the
20 solicitation are fully described in the RFP issued on March 1, 2016. This is attached

1 as Schedule LSG-2 and is summarized in the Bid Evaluation Report attached as
2 Schedule LSG-1.

3 **Q. How did UES ensure that the RFP was circulated to a large audience?**

4 A. UES announced the electronic availability of the RFP to all participants in NEPOOL
5 by notifying all members of the NEPOOL Markets Committee and the NEPOOL
6 Participants Committee via email. UES also announced the issuance of the RFP via
7 email to a list of power suppliers and other entities such as distribution companies,
8 consultants, brokers and members of public agencies who have previously expressed
9 interest in receiving copies of UES's solicitations. UES followed up the email by
10 contacting power suppliers to solicit their interest. In addition, UES issued a media
11 advisory to a number of power markets publications announcing the issuance of the
12 RFP.

13 **Q. What information was provided in the RFP to potential suppliers?**

14 A. The RFP described the details of UES's default service, the related customer-
15 switching rules, and the form of power service sought. To gain the greatest level of
16 market interest in supplying the load, UES provided potential bidders with appropriate
17 and accessible information. Data provided included historical hourly default service
18 loads and daily capacity tags for each customer group; class average load shapes;
19 historical monthly retail sales and customer counts by rate class and supply type; and
20 the evaluation loads, which are the estimated monthly volumes that UES would use to
21 weigh bids in terms of price. The retail sales report and the historical loads and

1 capacity tag values were updated prior to initial bidding to provide the latest
2 information available. All documents and data files were provided to potential
3 suppliers via UES's corporate website (www.unitil.net/rfp).

4 **Q. How did UES evaluate the bids received?**

5 A. UES evaluated the bids on both quantitative and qualitative criteria, including price,
6 creditworthiness, willingness to extend adequate credit to UES to facilitate the
7 transaction, capability of performing the terms of the RFP in a reliable manner and the
8 willingness to enter into contractual terms acceptable to UES. UES compared the
9 pricing strips proposed by the bidders by calculating weighted average prices for the
10 supply requirement using the evaluation loads that were issued with the RFP.

11 UES selected TransCanada Power Marketing Ltd. ("TransCanada") as the winning
12 bidder of the small customer (Non-G1) supply requirement (100% share) and Energy
13 America, LLC ("Energy America") as the winning bidder of the medium customer
14 (Non-G1) supply requirement (100% share). Exelon Generation Company, LLC
15 ("Exelon") was selected as the supplier of the large customer (G1) supply requirement
16 (100% share). All three transactions are for a period of six months. UES believes that
17 TransCanada, Energy America, and Exelon offered the best overall value in terms of
18 both price and non-price considerations for the supply requirements sought.

19 **Q. Please describe the contents of the Bid Evaluation Report.**

20 A. Schedule LSG-1 contains the Bid Evaluation Report which further details the
21 solicitation process, the evaluation of bids, and the selection of the winning bidders.

1 The Report contains a narrative discussion of the solicitation process. Additional
2 discussion regarding the selection of the winning bidders is provided along with
3 several supporting exhibits that list the suppliers who participated, as well as the
4 pricing they submitted and other information considered by UES in evaluating final
5 proposals, including redlined versions of the final supply agreements.

6 On the basis of the information and analysis contained in the Bid Evaluation Report,
7 UES submits that it has complied with the Commission's requirements, and that the
8 resulting default service power supply costs are reasonable and that the amounts
9 payable to the sellers under the supply agreements should be approved for inclusion in
10 retail rates.

11 **Q. Please indicate the planned issuance date, filing date and expected approval date**
12 **associated with UES's next default service solicitation.**

13 A. Similar to the current solicitation, UES's next default service solicitation will be for
14 one hundred percent (100%) of the small, medium and large customer supply
15 requirements for a six-month period. Delivery of supplies will begin on December 1,
16 2016. UES plans to issue an RFP for these supplies on August 30, 2016, with a filing
17 for approval of solicitation results planned for September 30, 2016 and approval
18 anticipated by October 7, 2016.

19 **IV. RENEWABLE PORTFOLIO STANDARD COMPLIANCE**

20 **Q. Please explain how UES is complying with the Renewable Portfolio Standard**
21 **requirements.**

1 A. In accordance with the settlement agreement dated July 16, 2009, UES typically issues
2 two REC RFPs annually, each for approximately 50% of its projected REC
3 obligations. In addition, UES may make REC purchases outside of the RFP process
4 when it finds it advantageous to do so. For 2016 RPS compliance, UES has not yet
5 issued a REC RFP but has made some purchases outside of the REC RFP process.
6 Tab A includes an exhibit summarizing UES's REC purchases for RPS compliance.
7 UES anticipates issuing a REC RFP in Quarter 2 of 2016.

8 **Q. Please describe UES's estimates of RPS compliance costs.**

9 A. The current solicitation is for default service power supplies to be delivered beginning
10 June 1, 2016. Schedule LSG-4 lists the percentage of sales and the resulting REC
11 requirement for each class of RECs for RPS compliance along with UES's cost
12 estimates for the period beginning June 1, 2016. UES's cost estimates are based on
13 current market prices as communicated by brokers of renewable products, recent
14 purchases of RECs, and alternative compliance payment rates for 2016.

15 **Q. Does UES's estimate of RPS costs incorporate the latest RPS requirements for**
16 **2016?**

17 A. Yes. The following table provides a summary of the RPS requirements.

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NH Renewable Portfolio Standards: 2016					
Calendar Year	Class I*	Class I Thermal	Class II	Class III	Class IV
2016	6.90%	1.30%	0.30%	0.50%	1.50%
*Class I is the gross requirement. The Class I requirement less the Class I Thermal Carve-Out requirement is 5.60% for 2016.					

Schedule LSG-4 RPS Compliance Costs Estimates incorporates the latest RPS requirements shown here.

VII. CONCLUSION

Q. Does this conclude your testimony?

A. Yes, it does.