

STATE OF NEW HAMPSHIRE
BEFORE THE
PUBLIC UTILITIES COMMISSION

Electric Distribution Utilities

Development of New Alternative Net Metering Tariffs and/or
Other Regulatory Mechanisms and Tariffs for Customer-Generators
Locational Value Study Scope

Docket No. DE 16-576

MOTION FOR CLARIFICATION AND/OR RECONSIDERATION

NOW COMES the Office of the Consumer Advocate (“OCA”), a party to this docket, and pursuant to N.H. Code Admin. Rules Puc 203.05 and Puc 203.07, as well as RSA chapter 541-A, hereby moves the New Hampshire Public Utilities Commission for clarification and/or reconsideration of Order No. 26,221 (the “Order”), issued on February 20, 2019 in the instant proceeding approving the scope of a study meant to inform the locational value of distributed generation.

Pursuant to RSA 541:3, the Commission may grant rehearing or reconsideration when a party states good reason for such relief. Good reason may be shown by identifying new evidence that could not have been presented in the underlying proceeding or by identifying specific matters that were overlooked or mistakenly conceived by the deciding tribunal. *Public Service Company of New Hampshire*, Order No. 25,361 (May 11, 2012) at 4-5. For the reasons stated below, the OCA submits that the Commission overlooked or mistakenly conceived factual matters in Order No. 26,221 and that reconsideration is therefore appropriate.

In Order No. 26,221, the Commission approved the scope proposed by Staff, subject to several clarifications and modification, including encouraging Staff to work with the consultant to: (1) develop a valuation model that may be used to evaluate additional NEM-eligible technologies; (2) determine whether an extended study period of 10 forward looking years may be included as an additional option at a reasonable cost; (3) determine whether economic growth and electrification equipment other than electric vehicles should be included in the high growth scenario; and (4) develop a low load growth scenario. The Commission also directed Staff to hold stakeholder meetings at major steps in the development of the study, and to provide stakeholders with any reports or materials completed in connection with the first two steps of the study process, on an interim basis.

While we commend the Commission and Staff for leading development of the Request for Proposals (RFP) and their willingness to incorporate stakeholder input on its scope, we seek clarification and/or reconsideration of two provisions within that Order: (1) the Commission's guidance relating to the purpose of the now-rolling discovery opportunity; and (2) the study consultant's ability to incorporate a counterfactual. Both are discussed below.

Clarify Guidance Relating to the Boundaries of Discovery

In its comments, the OCA urged the Commission to allow for discovery on Eversource's Marginal Cost of Service (MCOS) Study, but also "ask[ed] that the Commission clarify that the docket participants shall have the opportunity to serve discovery upon each of the regulated electric distribution utilities for a rolling period of one month following the order approving the scope" under the reasoning that "each of New Hampshire's electric utilities' *load growth projections, capital investments plans, and other distribution system planning methodologies* will contribute to the

locational value study.” OCA Comments at 6. (emphasis added). Notably, the OCA did not limit its request for discovery to the MCOS studies of the regulated electric distribution utilities, but rather focused on the distribution system planning information that will be necessary for the completion of the study. In response to this recommendation, the Commission agreed that “the parties should have the opportunity to serve discovery on each of the three regulated electric distribution utilities for a rolling period of 30 days following the date of this order,” but then later orders that “the parties shall have the opportunity to engage in discovery regarding the most recent marginal cost of service studies of Liberty and Unitil.” Order No. 26,221 at 16.

We ask the Commission to clarify that it intended to provide an opportunity to serve discovery relating to the above-described information necessary for the completion of the locational value study, rather than only the MCOS studies.¹ If this was not the Commission’s intent, we urge the Commission to reconsider its decision. While Eversource’s MCOS study contains forward looking analysis relative to load growth projections, capital investments plans, and other distribution system planning methodologies, the MCOS studies of the other two regulated electric distribution utilities do not. Surely the Commission did not intend to allow discovery in this docket on two studies which bear almost no relevance to the locational value of distributed generation.

For example, the analysis in Liberty’s MCOS study covers only distribution investments made by the Company between 1997 and 2015.² It contains no forward-looking load growth

¹ Specifically, we suggest the scope of discovery should at least cover each of New Hampshire’s regulated electric distribution utilities’ load growth projections, capital investments plans, and other distribution system planning methodologies.

² Docket No. DE 16-383. Testimony of James D. Simpson. Bates Page 0539, Lines 1-2. Available at: https://www.puc.nh.gov/Regulatory/Docketbk/2016/16-383/INITIAL%20FILING%20-%20PETITION/16-383_2016-04-29_GSEC_DBA_LIBERTY_DTESTIMONY_JSIMPSON_MARGINAL_COST.PDF

projections, analysis of planned capital investments, or other discussion of distribution system planning methodologies. Even the historical period of investments reviewed by the Liberty MCOS study covers only one of the years which will be analyzed by the Commission’s consultant, who will only look back at five years of historical investment needs under the current scope.³ Likewise, the analysis in Unitil’s MCOS study determines marginal costs based not on a review of historical or planned investments, but rather in many cases uses embedded costs as a proxy for marginal costs.⁴ It contains no forward looking or even historical analysis relating to load growth projections, planned capital investments, or other discussion of distribution system planning.

Clarify Guidance Relating to the Consultant’s Ability to Incorporate a Counterfactual

The OCA stated in our comments that “if the purpose of the study is solely to focus on the value of net metered distributed generation, the forecast should not include any future projections of historically observed growth in net metered distributed generation investment because the incremental value of those investments is precisely what the study is trying to capture.” OCA Comments at 9. In response to this recommendation, the Commission stated “is not appropriate to include those elements because they are overly speculative and inconsistent with the fundamental reliance on actual utility system planning processes,” and declined to adopt this recommendation within the locational value study scope. Order No. 26,221 at 15.

We ask the Commission to clarify that in declining to require a counterfactual baseline within the scope presented in the RFP, it was not foreclosing such a strategy should

³ The OCA maintains the position we set forth in our comments that the five-year historical review of capital investments should include the five years of 2015-2019 since by the time the consultant begins its work the 2019 distribution system investments will be well into the construction phase.

⁴ Docket No. DE 16-384. Testimony of Edwin H. Overcast. Bates Page 686- 691. Available at: https://www.puc.nh.gov/Regulatory/Docketbk/2016/16-384/INITIAL%20FILING%20-%20PETITION/16-384_2016-04-29_UES_DTESTIMONY_H_OVERCAST.PDF

one be recommended by the Commission's locational value study consultant. If this was not the Commission's intent, we urge the Commission to reconsider its decision based on the prominence of establishing counterfactual baselines in avoided costs studies generally, the current use of such a practice in New Hampshire, and a related example from California, all of which are discussed below.

Establishing a counterfactual baseline is one of the most fundamental and basic tenets of analyzing avoided costs or performing most types of impact evaluation.⁵ If a consultant submits a bid on this RFP which does not discuss establishing a counterfactual where any net-metered DG (extrapolated from historical trends) which may be already baked into a utility's forward looking peak demand forecast is removed, the bidder will have demonstrated that it does not have the requisite level of understanding to conduct this study. For the purposes of its Capacity, Energy, Load, and Transmission (CELT) forecast, ISO-NE currently estimates that over the next five years behind-the-meter DG in New Hampshire will displace approximately 14MW of summer seasonal peak load growth.⁶ If none of the utilities project growth in net-metered DG in their demand forecasts, this is a non-issue. However, if they do account for growth in net-metered DG via their distribution system planning process peak demand forecasts — for example, by using ISO-NE's load growth estimates as part of their own load forecast analysis — this is an issue that must be covered

⁵ US Department of Energy. SEE Action Guide for States: Evaluation, Measurement, and Verification Frameworks: Guidance for Energy Efficiency Portfolios Funded by Utility Customers. January 2018. Page 72. Available at: https://www4.eere.energy.gov/seeaction/system/files/documents/EMV-Framework_Jan2018.pdf

⁶ ISO-New England 2018 CELT Report. Sheet "3.1.2 PV Forecast – BTM MW." Row 9. Available at: https://www.iso-ne.com/static-assets/documents/2018/04/2018_celt_report.xls (ISO-NE forecasts 30MW of estimated summer seasonal peak load reduction in New Hampshire in 2019 and 44.1MW in 2024. While there is no guarantee that this load will materialize on any given peak day due to weather conditions, etc., it is an unmistakable fact that this value *is* included in ISO-NE's load forecast, which distribution utilities sometimes use for the purposes of distribution system planning.)

in the study to maintain the requisite analytical rigor the ratepayers of New Hampshire deserve.

In Order No. 26,029, the Commission stated that “The methodology for conducting the value of DER study should be generally consistent with that used to evaluate energy efficiency resource standard [(EERS)] program investments.” Order No. 26,029 at 61. All evaluations of New Hampshire’s EERS investments utilize a counterfactual baseline for the purposes of determining avoided costs. The avoided costs of New Hampshire’s EERS program investments are determined based on the study of Avoided Energy Supply Components (AESC) in New England.⁷ As we noted in our comments, that study utilizes the counterfactual baseline of a hypothetical future in which no new energy efficiency measures are installed to determine the value of incremental future investments in energy efficiency. In the second paragraph of the first page of the AESC 2018 Report, it states: “To determine the values of energy efficiency (and other demand-side measures), avoided costs are calculated and provided for each New England state in a hypothetical future in which **no new** energy efficiency measures are installed in 2018 or later years.”⁸ This report is sponsored by the region’s electric and gas utilities (including New Hampshire’s) and its design and analysis is overseen by a Study Group that includes the sponsors as well as representatives from state governments (et al.), including the New Hampshire Public Utilities Commission.

Another example of this best practice for determining avoided costs and associated compensation values can be seen in California, the state that has gotten the further down the road towards a consistent framework for the tariff-based compensation of locational value. In its

⁷ New Hampshire Statewide Energy Efficiency Plan. 2019 Update. (January 15, 2019) Bates 36. Available at: https://www.puc.nh.gov/regulatory/Docketbk/2017/17-136/LETTERS-MEMOS-TARIFFS/17-136_2019-01-15_EVERSOURCE_UPDATED_PLAN_UPDATED_EXH_10.PDF

⁸ Avoided Energy Supply Components in New England: 2018 Update. (October 2018) Page 1. Available at: <http://www.synapse-energy.com/sites/default/files/AESC-2018-17-080-Oct-ReRelease.pdf>

September 2017 Decision on Track 1 Demonstration Projects, the California Public Utilities Commission (CPUC) provided guidance on methodological issues associated with locational net benefit analysis and the associated Distributed Energy Resource Avoided Cost (DERAC) Calculator.

In that order, the CPUC states:

One necessary modification to the Demonstration Project B methodology to achieve the LNBA cost-effectiveness use case involves the exclusion of DER growth forecasts. The LNBA tool developed to the Demonstration Project B methodology calculates an estimated value for deferrable distribution projects that have been planned to meet incremental grid needs beyond the anticipated “autonomous growth” of DERs. Such autonomous DER growth occurs as a result of existing DER tariffs and programs. It thus follows that the DPA [distribution planning area]-level avoided T&D values developed for input into DERAC should not reflect the forecast of autonomous DER growth anticipated to occur because of existing tariffs and programs. Determining grid needs and planned projects absent DER forecasts would properly reflect the value of autonomous DER growth, and would enable DERAC to accurately inform DER tariffs and programs. It is essential that the IOUs analyze the future needs of each DPA based on a demand forecast absent DERs, to properly estimate the avoided T&D values to be used in DERAC.⁹

In closing, while the OCA commends the Commission and Staff for leading development of the RFP and their willingness to incorporate stakeholder input on its scope, we seek clarification and/or reconsideration of two provisions within that Order: (1) the Commission’s guidance relating to the purpose of the now-rolling discovery opportunity; and (2) the study consultant’s ability to incorporate a counterfactual baseline.

We ask the Commission to clarify that it intended to provide an opportunity to serve discovery relating to the above-described information necessary for the completion of the study, rather than only the MCOS studies. If this was not the Commission’s intent, we ask the Commission to reconsider this decision based on the fact that Liberty and Unitil’s MCOS studies are largely irrelevant for the purposes of the locational value study and the

⁹ California PUC. Proceeding R. 14-08-013. Decision D. 17-09-026. (October 6, 2017) Page 50-51. Available at: <http://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M196/K747/196747754.PDF> .

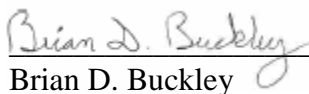
instant docket.

We also ask the Commission to clarify that in declining to require a counterfactual baseline within the scope presented in the RFP, it was not foreclosing such a strategy should one be recommended by the Commission's locational value study consultant. If this was not the Commission's intent, we urge the Commission to reconsider its decision based on the prominence of establishing counterfactual baselines in avoided costs studies generally, the current use of such a practice in New Hampshire, and a related example from California.

WHEREFORE, the OCA respectfully request that this honorable Commission:

- A. Clarify that its intent to provide for discovery on load growth projections, capital investments plans, and other distribution system planning methodologies was not limited to data derived from the regulated electric distribution companies' MCOS studies, or reconsider that decision if this was not the case;
- B. Clarify that in declining to require a counterfactual baseline within the scope presented in the RFP, it was not foreclosing such a strategy should one be recommended by the Commission's locational value study consultant, or reconsider that decision if this was not the case; and
- C. Grant any other such relief as it deems appropriate.

Sincerely,

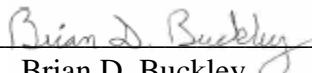


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Certificate of Service

I hereby certify that a copy of this Motion was provided via electronic mail to the individuals included on the Commission's service list for this docket.



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