



Public Service of New Hampshire d/b/a Eversource Energy
Docket No. DE 16-822

Date Request Received: 05/22/2017

Date of Response: 06/08/2017

Request No. STAFF 4-006

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Request from: New Hampshire Public Utilities Commission Staff

Witness: Frederick White, Jody J. TenBrock

Request:

Reference Bates page 11, and Section 0.1. "These costs result from non-usage of 110,883 tons out of 800,000 tons of contracted delivery tonnage." Please explain in detail the nature of these costs and why they were incurred.

Response:

Eversource entered into a railroad coal delivery contract in December 2014 for calendar years 2015 and 2016 for 400,000 Tons/Year. Contractually, minimum fees of \$10/Ton apply to the 110,883 tons which were not moved, invoices for which were paid in April, 2017. Tonnage was not moved because economic dispatch of the Company's coal generation declined due to lower cost energy available from the market and there was sufficient coal inventory already on site. Equivalent generation from one ton of coal is approximately 2.5 MWh, therefore the cost in \$/MWh is approximately \$4/MWh. Alternative to its coal generation, Eversource was able to purchase energy from the New England energy market, a market in which energy prices in 2016 averaged \$29.6/MWh at the NH load zone, at least \$20/MWh below the cost of Eversource's coal generation resulting in savings of approximately \$5 million (over the equivalent approximately 275 GWH), much greater than the cost incurred. Recent unusually warm winters were also a factor leading to this outcome - this tonnage is approximately equivalent to one month of full load coal burn at Merrimack Units 1 and 2.