

STATE OF NEW HAMPSHIRE

Inter-Department Communication

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DATE: March 28, 2018

AT (OFFICE): NHPUC

FROM: Rich Chagnon
Utility Analyst – Electric Division

SUBJECT: DE 18-029, Unitil Energy Systems, Inc. Proposed Tariff Changes
Staff Recommendation for Approval

TO: Commissioners
Debra Howland, Executive Director

CC: Tom Frantz, Director, Electric Division
Amanda Noonan, Director, Consumer Services and External Affairs
Les Stachow, Assistant Director, Electric Division
David Wiesner, Staff Attorney

Summary

On March 2, 2018 Unitil Energy Systems, Inc. (UES or Company), filed proposed tariff changes effective April 1, 2018, for:

Pages 4 and 5, Summary of Delivery Service Rates
Pages 66 and 67, External Delivery Charge, Schedule EDC

The tariff changes are necessary to properly bill and credit net metering customers taking service under UES's alternative net metering tariff. In order to do so, the Company's External Delivery Charge (EDC) must be broken out into transmission and non-transmission components. In addition, the Company is proposing modifications to the EDC tariff to allow, subject to review, the future recovery of certain categories of costs approved by the Commission in Order No. 26,029 (June 23, 2017) in Docket DE 16-576.

UES is not proposing to change its effective EDC of \$0.02637/kWh, which was approved for the period August 1, 2017 through July 31, 2018, as part of Docket DE 17-102.

Staff has reviewed UES's calculations and resulting tariff changes, and recommends that the Commission allow UES's proposed tariff changes to go into effect on April 1, 2018.

Background

UES proposed tariff changes to reflect the calculation of the EDC in connection with implementation of the alternative net metering tariff approved in Docket DE 16-576, and recovery of additional categories of costs as provided for in Order No. 26,029 issued in that docket. These changes are needed in order to properly bill and credit customers taking service under UES's alternative net metering tariff. UES's alternative net metering tariff, which is built into its Rates Applicable to Qualifying Facilities provisions in tariff Schedule QF, was approved in Docket DE 16-576, effective as of September 1, 2017. Under Order No. 26,029, the New Hampshire electric distribution companies are allowed the necessary time to make billing system changes in order to properly bill the customers taking service under the alternate net metering tariff. UES indicated it will be able to bill new net metering customers under the alternative net metering tariff beginning April 1, 2018, which requires a change to the EDC to separate the transmission and non-transmission components of that charge.

The alternative net metering tariff requires that all non-bypassable charges, including the non-transmission portion of the UES EDC, be billed on the delivered channel kWh of the bi-directional net meter. In addition, the net kWh imports or exports of small net metering customers (i.e., delivered kWh less received kWh, as measured over the billing period through bidirectional metering) will be billed or credited to the customer based on, among other things, 100% of the transmission portion of the EDC.

In order to properly bill and credit net metering customers under the alternative net metering tariff, the EDC must be broken out into its transmission only and non-transmission components. The EDC recovers direct transmission costs, as well as other non-transmission costs, and the current EDC recovers these expenses in a single per kWh factor, applicable to all classes. Cost categories included in the transmission-only component of the EDC are the charges from Third Party Transmission Providers, Regional Transmission and Operating Entities, Third Party Transmission Providers, and the associated working capital associated with these costs. All other costs and credits are part of the non-transmission component of the EDC. In connection with its implementation of the alternative net metering tariff, UES proposes to separate the EDC into two components: transmission-only and non-transmission.

UES is not proposing to change its effective EDC of \$0.02637/kWh, which was approved for the period August 1, 2017 through July 31, 2018 as part of DE 17-102. The proposed tariff changes include breakdown of the EDC into the transmission-only portion of \$0.02582/kWh and the non-transmission portion of \$0.00055/kWh, for the reasons described above.

The Company also proposes to modify the EDC tariff itself to allow for the future recovery of certain categories of prudently-incurred costs associated with the alternative net metering tariff, as approved for recovery by the Commission in Order No. 26,029 in Docket DE 16-576. Those approved cost categories include net metering credits; meters installed and related data management; independent monitoring services, bi-directional

and production meters installed and related data management systems and processes; pilot programs; studies; and data collection, maintenance and dissemination.

Recommendation

Staff has reviewed UES's calculations and resulting tariff changes, and recommends that the Commission allow UES's proposed tariff changes to go into effect on April 1, 2018.

SERVICE LIST - EMAIL ADDRESSES - DOCKET RELATED

Pursuant to N.H. Admin Rule Puc 203.11 (a) (1): Serve an electronic copy on each person identified on the service list.

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FILING INSTRUCTIONS:

- a) Pursuant to N.H. Admin Rule Puc 203.02 (a), with the exception of Discovery, file 7 copies, as well as an electronic copy, of all documents including cover letter with:
- DEBRA A HOWLAND
EXECUTIVE DIRECTOR
NHIPUC
21 S. FRUIT ST, SUITE 10
CONCORD NH 03301-2429
- b) Serve an electronic copy with each person identified on the Commission's service list and with the Office of Consumer Advocate.
- c) Serve a written copy on each person on the service list not able to receive electronic mail.