

THE STATE OF NEW HAMPSHIRE
BEFORE THE
NEW HAMPSHIRE PUBLIC UTILITIES COMMISSION
PREPARED TESTIMONY OF FREDERICK B. WHITE
AUGUST 1, 2020 THROUGH JANUARY 31, 2021
DEFAULT ENERGY SERVICE RATE CHANGE

Docket No. DE 20-054

1 **I. INTRODUCTION**

2 **Q. Please state your name.**

3 A. My name is Frederick B. White.

4 **Q. Mr. White, please provide your business address and title.**

5 A. My business address is 107 Selden St, Berlin, Connecticut. I am a Supervisor in the
6 Electric Supply department of Eversource Energy.

7 **Q. Mr. White, please describe your responsibilities at Eversource Energy.**

8 A. I supervise and provide analytical support required to fulfill the power supply requirement
9 obligations of Public Service of New Hampshire, d/b/a Eversource Energy (“Eversource”
10 or the “Company”), including conducting solicitations for the competitive procurement of
11 power for Energy Service (at times referred to herein as “ES”) and for fulfilling Renewable
12 Portfolio Standards (“RPS”) obligations. I am also responsible for on-going activities
13 associated with independent power producers and purchase power agreements.

14 **II. PURPOSE**

15 **Q. What is the purpose of your testimony?**

16 A. The purpose of my testimony is to support the Company’s request for Commission
17 approval of Eversource’s planned procurements of full requirements power from wholesale
18 energy providers and Energy Service rates for both the Large and Small Customer groups
19 for the period August 1, 2020 through January 31, 2021. Energy Service is provided to
20 retail customers who are not taking service from a competitive supplier and is currently

1 provided to approximately 44% of Eversource’s total distribution load. Load requirements
2 may change from time to time and winning suppliers are responsible for their share of
3 Large or Small Energy Service supply regardless of changes in customer demand for any
4 reason, including daily load fluctuations, increased or decreased usage, demand-side
5 management activities, extreme weather and similar events. Suppliers are required to
6 supply their share of load for the full delivery term of August 2020 through January 2021.
7 My testimony will describe the solicitation process used by Eversource to procure full
8 requirements power, the results of the solicitation and selection of suppliers, and the
9 development of the RPS rate adder.

10 **Q. Please provide a list of attachments to your testimony.**

- 11 A. FBW-1 Energy Service RFP for August 1, 2020 through January 31, 2021
12 FBW-2 RFP Results and Selection of Suppliers
13 FBW-3 Proxy Prices
14 FBW-4 RPS Rate Adder
15 FBW-5 Executed Transaction Confirmation – HQ US - Large
16 FBW-6 Executed Transaction Confirmation – NextEra - Small
17 FBW-7 Executed Transaction Confirmation – ConEd - Small
18 FBW-8 Executed MPSA – ConEd

19 **III. ENERGY SERVICE SOLICITATION PROCESS**

20 **Q. What is the background leading to Eversource procuring Energy Service from**
21 **competitive wholesale suppliers?**

- 22 A. On June 10, 2015, and following extensive negotiations, Eversource and numerous other
23 parties filed the 2015 PSNH Restructuring and Rate Stabilization Agreement (the “2015
24 Agreement”), which was approved by the Commission along with a related litigation
25 settlement in Order No. 25,920 (July 1, 2016).

26 Consistent with the 2015 Agreement, on June 29, 2017 Eversource filed a petition and
27 supporting testimony with the Commission seeking approval of a proposal for procuring
28 and providing default Energy Service to customers on a competitive basis, rather than
29 through its previous paradigm of a managed portfolio with owned generation resources.
30 This filing initiated Docket No. DE 17-113, “Petition for Approval of Energy Service

1 Supply Proposal.” Following discussions among the parties to that docket, a Settlement
2 Agreement was reached which described the method of and timing for Eversource’s
3 transition to competitively procured Energy Service following the sale of its thermal
4 generating assets. That Settlement Agreement was approved by Order No. 26,092
5 (December 29, 2017).

6 Consistent with the Settlement Agreement in Docket No. DE 17-113, Eversource
7 conducted its initial solicitation for full requirements ES (not including RPS obligations)
8 for the period April 1 through July 31, 2018. Also consistent with the Settlement
9 Agreement, going forward, subsequent solicitations are to be made for service effective in
10 the August through January, and February through July periods.

11 **Q. Please describe the process Eversource used to procure its Energy Service supply for**
12 **August 1, 2020 through January 31, 2021.**

13 A. Eversource conducted its procurement of Energy Service supply in accordance with
14 applicable law, Commission directives, and the Settlement Agreement approved by the
15 Commission in Order No. 26,092, and consistent with the manner of similar solicitations
16 for other companies throughout New England. On May 7, 2020, Eversource issued a
17 request for proposals (“RFP” – Attachment FBW-1) for power supply services for
18 Eversource’s Energy Service covering both the Large and Small Customer groups. The
19 RFP was issued to over 100 potential suppliers and all members of the New England Power
20 Pool (“NEPOOL”) Markets Committee, and posted on Eversource’s Wholesale Supply
21 (New Hampshire) website. Therefore, the RFP had wide distribution throughout the New
22 England energy supply marketplace.

23 Proposals were to be stated on an “as-delivered” energy basis to Pool Transmission
24 Facilities (“PTF”) within the Eversource metering domain, with prices stated monthly on a
25 fixed \$/MWH basis. Prices could vary by calendar month, but were required to be uniform
26 for the entire calendar month and cover the entire delivery term. The Small Customer
27 group was divided into four tranches and the Large Customer group was one tranche. The
28 prices for each tranche and customer group could be different. In addition, prices could not
29 contain demand components or vary by time-of-use within a calendar month. Each tranche
30 for each customer group was evaluated separately. Offers were due on June 9, 2020,

1 winning suppliers were selected the same day, and transaction confirmations were executed
2 the following day.

3 **III. ENERGY SERVICE SOLICITATION RESULTS**

4 **Q. Did Eversource receive acceptable responses to the RFP and select winning proposals**
5 **for serving Energy Service load?**

6 A. Yes. Eversource received multiple conforming proposals on June 9, 2020. Eversource
7 evaluated the offers and selected winning suppliers based on lowest price by customer
8 group using a forecast of monthly Energy Service load by customer group, compliance with
9 non-price bidding requirements and bidder qualifications, and risk relative to price and
10 ability to serve the load, in accordance with the RFP. On June 10, 2020, Eversource
11 entered into Transaction Confirmations for the period August 1, 2020 through January 31,
12 2021 with the winning suppliers for the Large and Small Customer groups. Together, a
13 Transaction Confirmation and a Master Power Supply Agreement (“MPSA”), provide the
14 terms for the purchase of Energy Service from a supplier, and both have been executed for
15 all the winning suppliers. Copies of executed Transaction Confirmations and the executed
16 MPSA with Consolidated Edison Energy, Inc. are included in this filing as Attachments
17 FBW-5 thru 8. Executed MPSAs with NextEra and HQ US were previously provided in
18 Eversource’s filings on December 13, 2018 in Docket No. DE 18-002 and on December 5,
19 2019 in Docket No. DE 19-082, respectively.

20 **Q. Please discuss the offers received and the analysis leading to the selection of winning**
21 **suppliers.**

22 A. The offers received and the identification of winning offers are shown in Attachment FBW-
23 2. In addition to ranking by price and the ability to meet credit requirements, Eversource
24 also considered the following regarding each supplier: experience in providing similar
25 services to Eversource; demonstrated understanding of the market rules related to the
26 provision of Energy Service; demonstrated understanding of its obligations under the
27 MPSA; and any past or present events that are known that may adversely affect their ability
28 to provide Energy Service. Except for Calpine Energy Services, Eversource has previously
29 experienced successful full requirements power supply transactions with all the suppliers
30 providing offers in response to this RFP, and all of them have demonstrated good
31 competence throughout the terms of those transactions. Calpine is a participant in good

1 standing at ISO-NE without financial assurance penalties, and actively and knowledgably
2 participates and contributes on various committees and task forces. Interactions during the
3 RFP process also were of a nature one would expect of a qualified supplier. No suppliers
4 were downgraded by any prior experiences and all have met the credit requirements
5 outlined by the MPSA and RFP. Eversource concluded that all responding suppliers were
6 qualified to provide Energy Service and therefore selections were based on lowest prices.

7 **Q. Did Eversource have a market price expectation as to the results of the procurement,**
8 **and how did results compare to expectations?**

9 A. Eversource independently prepares a “proxy” supplier price – our own internal analysis,
10 prepared on the same date as suppliers’ offers are due, to evaluate the reasonableness of the
11 offers received. While a sound process properly run, and robust participation, are the most
12 preferred attributes of any open solicitation, a consistently calculated proxy price serves to
13 compare offers received to an objective reference point and may provide some credibility
14 or “feel” for the veracity of outcomes. Eversource uses the approach described below to
15 develop such proxy prices.

16 In current markets, energy and capacity costs represent approximately 80-90% of the full
17 requirements cost to serve load (excluding RPS requirements). Eversource calculates the
18 costs of those components, and then applies low and high factors to account for all other
19 cost elements. The energy component is calculated utilizing forecasted monthly energy
20 service loads, the number of peak and off-peak hours in each month of the delivery term,
21 and peak and off-peak energy market prices as of the RFP due date, to arrive at a load-
22 weighted average energy cost for the term. For the capacity component, Eversource
23 converts ISO-NE’s known regional capacity costs and forecast of loads to monthly \$/MWh
24 rates, and then uses the forecasted monthly ES loads to arrive at a load-weighted capacity
25 price for the term. In attachment FBW-3 these components are shown in the first eleven
26 rows of each of the Large and Small Customers tables. The low and high factors
27 mentioned above are applied to the energy component and incorporate other cost elements
28 such as hourly load weighting, ancillaries, ISO-NE administrative costs, and supplier risk
29 premiums and profits. The ratioed-energy-components and capacity component are then
30 added together to provide a range within which suppliers offers might be expected to fall.
31 The factors are developed from prior winning offers by removing the then-applicable
32 capacity component and dividing the net by the then-calculated energy component. Over

1 time a family of factors from several prior RFPs are accumulated, and from that group the
2 low and high factors are used to set the range for an upcoming RFP. The Company has
3 previously included historical factors from other jurisdictions where Eversource conducts
4 full requirements service RFPs, along with factors from the Company's New Hampshire
5 solicitations, in order to increase the number of data points. There have now been five
6 prior New Hampshire RFPs conducted by the Company, which we believe to be a sufficient
7 number of data points. The Company also believes it is appropriate to purely reflect results
8 from NH RFPs only. For these reasons, only factors from the Company's five previous NH
9 RFPs have been utilized for this solicitation.

10 To be sure, there is not a perfect approach that can account for all the current inputs and
11 factors that go into suppliers' decisions affecting their current offers. The approach
12 Eversource uses is intended to represent an approximation of where offers may come in
13 based on winning suppliers' approaches during previous solicitations. Overall, the analysis
14 is based on some known market prices and the Company's knowledge and experience in
15 the New England power markets. The proxy price results are shown in Attachment FBW-
16 3, to which suppliers' period average prices from FBW-2 can be easily compared. The
17 company views the winning offers for both Large and Small customers, when compared to
18 projected price ranges, as reasonable and acceptable.

19 **IV. RENEWABLE PORTFOLIO STANDARDS**

20 **Q. Previously you stated that the procurement of full requirements Energy Service did**
21 **not include RPS obligations. How will Eversource fulfill the RPS requirements**
22 **associated with Energy Service?**

23 A. In accordance with the Settlement Agreement in Docket No. DE 17-113, Eversource will
24 manage its RPS needs outside of the ES RFP process. Consistent with the manner
25 employed by Eversource for ES customers in New Hampshire over many previous years,
26 by Eversource's affiliated companies in other jurisdictions, and by other New Hampshire
27 utilities, Eversource will fulfill RPS requirements through purchases from the issuance of
28 periodic RFPs, through purchases directly from producers, or through the bilateral market.

29 Regarding fulfillment of Class I Renewable Energy Certificate ("REC") requirements,
30 Eversource will continue to purchase Class I RECs from the Burgess BioPower and

1 Lempster Wind facilities under existing PPAs. The REC amounts purchased from these
2 sources may more than meet Energy Service obligation quantities, eliminating the need for
3 other Class I purchases.

4 **Q. How will RPS requirements be reflected in Energy Service customers' rates?**

5 A. Eversource has established an RPS Adder rate based on REC class percentage
6 requirements, current market price information as of the full requirements power supply
7 RFP due date, and any RECs currently existing in inventory. Development of the RPS
8 Adder is outlined in Attachment FBW-4. In this manner, the RPS component of Energy
9 Service rates will reflect the current expected cost of RPS compliance obligations. The
10 RPS Adder and the rate developed to recover the costs of full requirements power supply
11 procurements from suppliers will be two components of the overall Energy Service rate.
12 Please refer to Ms. Menard's testimony which addresses Energy Service rate development.

13 **Q. Are there any provisions unique to the Burgess BioPower and Lempster Wind PPAs**
14 **due to the situation discussed above?**

15 A. Since the 2015 Agreement calls for the costs of those PPAs to be recovered via the
16 Stranded Cost Recovery Charge ("SCRC"), a transfer price must be set for Class I RECs
17 obtained under those PPAs which are used to satisfy the RPS compliance needs of ES
18 customers. Eversource has established the Class I transfer price according to the
19 Settlement Agreement and the methodology described in the June 28, 2017 Joint Testimony
20 of Shuckerow, White and Goulding in Docket No. DE 17-113. The \$/REC transfer price is
21 the current market price for Class I RECs shown in Attachment FBW-4, and the volume of
22 Class I RECs needed for RPS compliance for Energy Service during August 2020 through
23 January 2021, will be transferred at that price.

24 **V. CONCLUSION**

25 **Q. How does Eversource view the outcome of its solicitation for the provision of Energy**
26 **Service for August 1, 2020 through January 31, 2021?**

27 A. Eversource believes this filing describes a successful solicitation process resulting in
28 reasonable market-based power supply rates for the Company's Energy Service customers.

29 **Q. What is the plan for the provision of Energy Service after January 31, 2021?**

1 A. Eversource plans to issue an RFP for the Large and Small Customer groups in early
2 November 2020 for Energy Service over the period February 1, 2021 through July 31,
3 2021. For purposes of notice to the Commission, the following illustrates Eversource's
4 proposed schedule for the next RFP:

5 Issue RFP	Thursday, November 5, 2020
6 Final Offers Due	Tuesday, December 8, 2020
7 Filing	Thursday, December 10, 2020
8 Requested PUC Decision	No Later Than, Thursday, December 17, 2020

9 **Q. Does that complete your testimony?**

10 A. Yes, it does.