

**STATE OF NEW HAMPSHIRE**  
**BEFORE THE**  
**PUBLIC UTILITIES COMMISSION**  
**ENERGY SERVICE SOLICITATION FOR**  
**FEBRUARY 2021 THROUGH JULY 2021**  
**DIRECT TESTIMONY OF FREDERICK B. WHITE**  
**Docket No. DE 20-054**

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

15 **II. PURPOSE**

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

17 A. The purpose of my testimony is to support the Company’s request for Commission  
18 approval of Eversource’s planned procurements of full requirements power from  
19 wholesale energy providers and Energy Service rates for both the Large and Small

1 Customer groups for the period February 1, 2021 through July 31, 2021. Energy  
2 Service is provided to retail customers who are not taking service from a  
3 competitive supplier and is currently provided to approximately 46% of  
4 Eversource's total distribution load. Load requirements may change from time to  
5 time and winning suppliers are responsible for their share of Large or Small Energy  
6 Service supply regardless of changes in customer demand for any reason, including  
7 daily load fluctuations, increased or decreased usage, demand-side management  
8 activities, extreme weather and similar events. Suppliers are required to supply  
9 their share of load for the full delivery term of February 2021 through July 2021.  
10 My testimony will describe the solicitation process used by Eversource to procure  
11 full requirements power, the results of the solicitation and selection of suppliers,  
12 and the development of the RPS rate adder.

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

14 A. FBW-1 Energy Service RFP for February 1, 2021 through July 31, 2021  
15 FBW-2 RFP Results and Selection of Suppliers  
16 FBW-3 Proxy Prices  
17 FBW-4 RPS Rate Adder  
18 FBW-5 Executed Transaction Confirmation – Exelon - Large  
19 FBW-6 Executed Transaction Confirmation – NextEra - Small

20 **III. ENERGY SERVICE SOLICITATION PROCESS**

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

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

1 Consistent with the 2015 Agreement, on June 29, 2017 Eversource filed a petition  
2 and supporting testimony with the Commission seeking approval of a proposal for  
3 procuring and providing default Energy Service to customers on a competitive  
4 basis, rather than through its previous paradigm of a managed portfolio with owned  
5 generation resources. This filing initiated Docket No. DE 17-113, “Petition for  
6 Approval of Energy Service Supply Proposal.” Following discussions among the  
7 parties to that docket, a Settlement Agreement was reached which described the  
8 method of and timing for Eversource’s transition to competitively procured Energy  
9 Service following the sale of its thermal generating assets. That Settlement  
10 Agreement was approved by Order No. 26,092 (December 29, 2017).

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

16 **Q. Please describe the process Eversource used to procure its Energy Service**  
17 **supply for February 1, 2021 through July 31, 2021.**

18 A. Eversource conducted its procurement of Energy Service supply in accordance with  
19 applicable law, Commission directives, and the Settlement Agreement approved by  
20 the Commission in Order No. 26,092, and consistent with the manner of similar  
21 solicitations for other companies throughout New England. On October 29, 2020,  
22 Eversource issued a request for proposals (“RFP” – Attachment FBW-1) for power  
23 supply services for Eversource’s Energy Service covering both the Large and Small  
24 Customer groups. The RFP was issued to over 100 potential suppliers and all  
25 members of the New England Power Pool (“NEPOOL”) Markets Committee, and  
26 posted on Eversource’s Wholesale Supply (New Hampshire) website. Therefore,  
27 the RFP had wide distribution throughout the New England energy supply  
28 marketplace.

1           Proposals were to be stated on an “as-delivered” energy basis to Pool Transmission  
2           Facilities (“PTF”) within the Eversource metering domain, with prices stated  
3           monthly on a fixed \$/MWH basis. Prices could vary by calendar month, but were  
4           required to be uniform for the entire calendar month and cover the entire delivery  
5           term. The Small Customer group was divided into four tranches and the Large  
6           Customer group was one tranche. The prices for each tranche and customer group  
7           could be different. In addition, prices could not contain demand components or  
8           vary by time-of-use within a calendar month. Each tranche for each customer  
9           group was evaluated separately. Offers were due on December 8, 2020, winning  
10          suppliers were selected the same day, and transaction confirmations were executed  
11          the following day.

12   **III. ENERGY SERVICE SOLICITATION RESULTS**

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

15   A. Yes. Eversource received multiple conforming proposals on December 8, 2020.  
16   Eversource evaluated the offers and selected winning suppliers based on lowest  
17   price by customer group using a forecast of monthly Energy Service load by  
18   customer group, compliance with non-price bidding requirements and bidder  
19   qualifications, and risk relative to price and ability to serve the load, in accordance  
20   with the RFP. On December 9, 2020, Eversource entered into Transaction  
21   Confirmations for the period February 1, 2021 through July 31, 2021 with the  
22   winning suppliers for the Large and Small Customer groups. Together, a  
23   Transaction Confirmation and a Master Power Supply Agreement (“MPSA”),  
24   provide the terms for the purchase of Energy Service from a supplier, and both have  
25   been executed for all the winning suppliers. Copies of executed Transaction  
26   Confirmations are included in this filing as Attachments FBW-5 and 6. Executed

1 MPSAs with Exelon and NextEra were previously provided in Eversource’s filing  
2 on December 13, 2018 in Docket No. DE 18-002.

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

5 A. The offers received and the identification of winning offers are shown in  
6 Attachment FBW-2. In addition to ranking by price and the ability to meet credit  
7 requirements, Eversource also considered the following regarding each supplier:  
8 experience in providing similar services to Eversource, demonstrated understanding  
9 of the market rules related to the provision of Energy Service, demonstrated  
10 understanding of its obligations under the MPSA, and any past or present events  
11 that are known that may adversely affect their ability to provide Energy Service.  
12 Eversource has previously experienced successful full requirements power supply  
13 transactions with all the suppliers providing offers in response to this RFP, and all  
14 of them have demonstrated good competence throughout the terms of those  
15 transactions. No suppliers were downgraded by any prior experiences and all have  
16 met the credit requirements outlined by the MPSA and RFP. Eversource concluded  
17 that all responding suppliers were qualified to provide Energy Service and therefore  
18 selections were based on lowest prices.

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

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

1 In current markets, energy and capacity costs represent approximately 80-90% of  
2 the full requirements cost to serve load (excluding RPS requirements). Eversource  
3 calculates the costs of those components, and then applies low and high factors to  
4 account for all other cost elements. The energy component is calculated utilizing  
5 forecasted monthly energy service loads, the number of peak and off-peak hours in  
6 each month of the delivery term, and peak and off-peak energy market prices as of  
7 the RFP due date, to arrive at a load-weighted average energy cost for the term. For  
8 the capacity component, Eversource converts ISO-NE's known regional capacity  
9 costs and forecast of loads to monthly \$/MWh rates, and then uses the forecasted  
10 monthly ES loads to arrive at a load-weighted capacity price for the term. In  
11 attachment FBW-3 these components are shown in the first eleven rows of each of  
12 the Large and Small Customers tables. The low and high factors mentioned above  
13 are applied to the energy component and incorporate other cost elements such as  
14 hourly load weighting, ancillaries, ISO-NE administrative costs, and supplier risk  
15 premiums and profits. The ratioed-energy-components and capacity component are  
16 then added together to provide a range within which suppliers offers might be  
17 expected to fall.

18 The factors are developed from prior winning offers by removing the then-  
19 applicable capacity component and dividing the net by the then-calculated energy  
20 component. Over time a family of factors from several prior RFPs are accumulated,  
21 and from that group the low and high factors are used to set the range for an  
22 upcoming RFP. Factors from the Company's six previous NH RFPs have been  
23 utilized for this solicitation.

24 There is not a perfect approach that can account for all the inputs and factors that go  
25 into suppliers' decisions affecting their offers. The approach Eversource uses is  
26 intended to represent an approximation of where offers may come in based on  
27 winning suppliers' approaches during previous solicitations. Overall, the analysis is

1 based on some known market prices and the Company's knowledge and experience  
2 in the New England power markets. The proxy price results are shown in  
3 Attachment FBW-3, to which suppliers' period average prices from FBW-2 can be  
4 easily compared. The company views the winning offers for both Large and Small  
5 customers, when compared to projected price ranges, as reasonable and acceptable.

6 **IV. RENEWABLE PORTFOLIO STANDARDS**

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

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

17 Regarding fulfillment of Class I Renewable Energy Certificate ("REC")  
18 requirements, Eversource will continue to purchase Class I RECs from the Burgess  
19 BioPower and Lempster Wind facilities under existing PPAs. The REC amounts  
20 purchased from these sources may more than meet Energy Service obligation  
21 quantities, eliminating the need for other Class I purchases.

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

23 A. Eversource has established an RPS Adder rate based on REC class percentage  
24 requirements, current market price information as of the full requirements power  
25 supply RFP due date, and any RECs currently existing in inventory. Development  
26 of the RPS Adder is outlined in Attachment FBW-4. In this manner, the RPS

1 component of Energy Service rates will reflect the current expected cost of RPS  
2 compliance obligations. The RPS Adder and the rate developed to recover the costs  
3 of full requirements power supply procurements from suppliers will be two  
4 components of the overall Energy Service rate. Please refer to Ms. Menard's  
5 testimony which addresses Energy Service rate development.

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

8 A. Since the 2015 Agreement calls for the costs of those PPAs to be recovered via the  
9 Stranded Cost Recovery Charge ("SCRC"), a transfer price must be set for Class I  
10 RECs obtained under those PPAs which are used to satisfy the RPS compliance  
11 needs of ES customers. Eversource has established the Class I transfer price  
12 according to the Settlement Agreement and the methodology described in the June  
13 28, 2017 Joint Testimony of Shuckerow, White and Goulding in Docket No. DE  
14 17-113. The \$/REC transfer price is the current market price for Class I RECs  
15 shown in Attachment FBW-4, and the volume of Class I RECs needed for RPS  
16 compliance for Energy Service during February 2021 through July 2021, will be  
17 transferred at that price.

18 **V. CONCLUSION**

19 **Q. How does Eversource view the outcome of its solicitation for the provision of**  
20 **Energy Service for February 1, 2021 through July 31, 2021?**

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



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

2 A. Eversource plans to issue an RFP for the Large and Small Customer groups in May  
3 2021 for Energy Service over the period August 1, 2021 through January 31, 2022.  
4 For purposes of notice to the Commission, the following illustrates Eversource's  
5 proposed schedule for the next RFP:

6 Issue RFP	Thursday, May 13, 2021
7 Final Offers Due	Tuesday, June 15, 2021
8 Filing	Thursday, June 17, 2021
9 Requested PUC Decision	No Later Than, Thursday, June 24, 2021

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

11 A. Yes, it does.