

**Before the
New Hampshire Public Utilities Commission**

Proceeding on Public Service Company of)
New Hampshire d/b/a Eversource Energy)
2020 Least Cost Integrated Resource Plan)

Docket No. DE 20-161

**DIRECT TESTIMONY OF
TIM WOOLF
AND
BEN HAVUMAKI**

**ON BEHALF OF
OFFICE OF CONSUMER ADVOCATE**

**ON THE TOPIC OF
EVERSOURCE'S LEAST-COST INTEGRATED RESOURCE PLAN**

August 19, 2022

1 **1. INTRODUCTION AND QUALIFICATIONS**

2 **Q. Please state your name, title, and employer.**

3 A. **Mr. Woolf:** My name is Tim Woolf. I am a Vice President at Synapse Energy
4 Economics, located at 485 Massachusetts Avenue, Suite 3, Cambridge, MA 02139.

5 A. **Mr. Havumaki:** My name is Ben Havumaki. I am a Senior Associate at Synapse Energy
6 Economics, located at 485 Massachusetts Avenue, Suite 3, Cambridge, MA 02139

7 **Q. Please describe Synapse Energy Economics.**

8 A. Synapse Energy Economics is a research and consulting firm specializing in electricity
9 and gas industry regulation, planning, and analysis. Our work covers a range of issues,
10 including economic and technical assessments of demand-side and supply-side energy
11 resources, energy efficiency policies and programs, integrated resource planning,
12 electricity market modeling and assessment, renewable resource technologies and
13 policies, and climate change strategies. Synapse works for a wide range of clients,
14 including state attorneys general, offices of consumer advocates, trade associations,
15 public utility commissions, environmental advocates, the U.S. Environmental Protection
16 Agency, the U.S. Department of Energy, the U.S. Department of Justice, the Federal
17 Trade Commission, and the National Association of Regulatory Utility Commissioners.
18 Synapse has over 30 professional staff with extensive experience in the electricity
19 industry.

20 **Q. Please summarize your professional and educational experience.**

21 A. **Mr. Woolf:** I have 40 years of experience analyzing technical, economic, and policy
22 aspects of electric utility planning and regulation. In recent years, I have focused on many
23 topics related to power sector transformation, including distributed energy resources,
24 performance-based regulation, new utility business models, grid modernization, and
25 distribution system planning. I also address a variety of related ratemaking issues, such as
26 rate design, net metering rates, decoupling, and dynamic pricing.

27 Before joining Synapse Energy Economics, I was a commissioner at the Massachusetts
28 Department of Public Utilities (DPU) from 2007 through 2011. In that capacity, I was

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1 responsible for overseeing a substantial expansion of clean energy policies, including
2 significantly increased ratepayer-funded energy efficiency programs, an update of the
3 DPU energy efficiency guidelines, the implementation of decoupled rates for electric and
4 gas companies, the promulgation of net metering regulations, review and approval of
5 smart grid pilot programs, and review and approval of long-term contracts for renewable
6 power. I was also responsible for overseeing a variety of other dockets before the
7 Commission, including several electric and gas utility rate cases.

8 I have testified as an expert witness in more than 45 state regulatory proceedings and
9 have authored more than 60 reports on electricity industry regulation and restructuring. I
10 represent clients in collaboratives, task forces, and settlement negotiations, and I have
11 published articles on electric utility regulation in Energy Policy, Public Utilities
12 Fortnightly, The Electricity Journal, Local Environment, Utilities Policy, Energy and
13 Environment, and The Review of European Community and Environmental Law.

14 I hold a Master's in Business Administration from Boston University, a Diploma in
15 Economics from the London School of Economics, as well as a BS in Mechanical
16 Engineering and a BA in English from Tufts University. My resume is attached as
17 Exhibit TW/BH-1.

- 18 A. **Mr. Havumaki:** I have five years of experience in the energy field. At Synapse, I focus
19 on a range of related regulatory topics, including ratemaking and rate design,
20 performance-based regulation, and grid modernization. I am also regularly engaged in
21 benefit-cost analysis (BCA) work, including in the development of guidance for
22 emerging areas of practice such as grid modernization, and in reviewing utility analyses
23 in the context of litigated proceedings. Prior to being hired by Synapse, I worked for the
24 World Bank on a consulting team that authored a field manual on benefit-cost analysis
25 for practitioners in the developing world. I have sponsored testimony before the Public
26 Utilities Commission of New Hampshire, the Georgia Public Service Commission, the
27 Illinois Commerce Commission, the West Virginia Public Service Commission, and the
28 Rhode Island Public Utilities Commission. I hold a Master of Arts in Applied Economics
29 from the University of Massachusetts. My resume is attached as Exhibit TW/BH-2.

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1 **Q. On whose behalf are you testifying in this case?**

2 A. We are testifying on behalf of the Office of Consumer Advocate (OCA).

3 **Q. Have you previously testified before the New Hampshire Public Utilities**
4 **Commission?**

5 A. **Mr. Woolf:** Yes. I have testified before this Commission on one previous occasion, in
6 Docket 99-099 Phase II on January 14, 2000.

7 A. **Mr. Havumaki:** Yes, I have sponsored written testimony before the New Hampshire
8 Public Utilities Commission on two previous occasions. I filed testimony in Docket DE
9 21-030 on November 23, 2021, and I filed testimony in Docket DG 21-104 on April 1,
10 2022.

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

12 A. The purpose of our testimony is to review and comment on Eversource's 2020 least-cost
13 integrated resource plan (LCIRP) filing and supplemental appendices. We evaluate
14 whether the Company has complied with filing requirements established by statute and
15 subsequent Commission Orders, identify required information that is missing from the
16 Company's filings, and then recommend actions that the Company should take to redress
17 these gaps. We recommend that that Commission not accept the Company's LCIRP and
18 suggest several steps that the Commission can take to encourage more useful LCIRPs
19 from Eversource and the other subject utilities in the future.

20 **Q. Are you sponsoring any attachments with your testimony?**

21 A. Yes. we are sponsoring the following exhibits:

- 22
- Resume of Tim Woolf
 - Resume of Ben Havumaki
- 23

1 **2. SUMMARY OF CONCLUSIONS AND RECOMMENDATIONS**

2 **Q. Please summarize your conclusions.**

3 A. Our primary conclusion is that Eversource's LCIRP does not comply with the LCIRP
4 statute in many important respects.

5 • The LCIRP is too narrow in scope, despite the broad requirements of the LCIRP
6 statute.

7 ○ It does not address or evaluate opportunities for optimizing generation
8 resource options.

9 ○ It does not address or evaluate environmental impacts of any electricity
10 consumption.

11 • The LCIRP does not sufficiently evaluate several important electricity resource
12 options, despite clear requirements in the LCIRP statute to do so.

13 ○ It does not evaluate incremental energy efficiency and demand response
14 resources beyond those provided through NH-Saves.

15 ○ It does not evaluate incremental distributed generation resources beyond those
16 supported by New Hampshire net energy metering programs.

17 ○ It does not evaluate opportunities from distributed storage, building
18 electrification, or electric vehicles (EVs).

19 ○ It does not adequately evaluate smart grid, or grid modernization,
20 opportunities.¹

21 ○ It does not evaluate utility-scale renewable resources beyond those required
22 by the New Hampshire renewable portfolio requirements.

23 ○ It does not evaluate opportunities to reduce the costs and risks of default
24 energy services procurements.

¹ Throughout this testimony we use the term "grid modernization" synonymously with "smart grid."

1 **Q. What are your primary recommendations?**

2 A. We recommend that the Commission:

- 3
- 4 • Reject Eversource’s LCIRP.
 - 5 • Direct Eversource to prepare, and file with the Commission, a new LCIRP
6 that is consistent with the LCIRP statute, Commission directives, and the
7 recommendations in our testimony.
 - 8 • Convene a stakeholder group to provide meaningful input to Eversource’s
9 new LCIRP.

9 **3. LEAST COST PLANNING REQUIREMENTS IN NEW HAMPSHIRE**

10 **3.1. Overview of the Least Cost Energy Planning Statute**

11 **Q. Please describe New Hampshire’s least cost planning statute.**

12 A. In 1990, New Hampshire enacted its least cost energy planning law. The first section,
13 RSA 378:37, establishes that it is the “energy policy” of the state that energy needs be
14 met “at the lowest reasonable cost” while ensuring that energy sources are reliable and
15 diverse; that cost effective energy efficiency and demand response resources are utilized
16 to the maximum extent; and that safety, public health, the physical environment of the
17 state, the future supply of resources, and the financial integrity of utilities are all
18 safeguarded.²

19 **Q. How are utilities expected to comply with this least cost standard?**

20 A. Each public utility is required to file a LCIRP.³ This comprehensive filing is designed to
21 provide the Commission and other stakeholders with sufficiently detailed information
22 about current operations, future needs, and the range of options for meeting these needs
23 to ensure that resource choices comport with the state’s energy policy priorities, as set
24 forth in in RSA 378:37.

² RSA 378:37.

³ RSA 378:38.

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1 **Q. What specific information are utilities required to provide in their LCIRPs?**

2 A. RSA 378:38, which was amended in 2014, directs utilities to provide comprehensive
3 information about all facets of the grid, covering supply, demand-side alternatives, and
4 transmission and distribution. Specifically, utilities must provide:

5 I. A forecast of future demand for the utility's service area.

6 II. An assessment of demand-side energy management programs, including
7 conservation, efficiency, and load management programs.

8 III. An assessment of supply options including owned capacity, market
9 procurements, renewable energy, and distributed energy resources.

10 IV. An assessment of distribution and transmission requirements, including an
11 assessment of the benefits and costs of "smart grid" technologies, and the
12 institution or extension of electric utility programs designed to ensure a more
13 reliable and resilient grid to prevent or minimize power outages, including but
14 not limited to, infrastructure automation and technologies.

15 **Q. Are utilities supposed to account for policy goals in their LCIRPs?**

16 A. Yes. Policy goals underpin the LCIRP planning framework, and RSA 378:38 directs
17 utilities on how these goals should be evaluated in the context of their filings. To this end,
18 each utility is directed to provide within its LCIRP:

19 V. An assessment of plan integration and impact on state compliance with the
20 Clean Air Act of 1990, as amended, and other environmental laws that may
21 impact a utility's assets or customers.

22 VI. An assessment of the plan's long- and short-term environmental, economic,
23 and energy price and supply impact on the state.

24 VII. An assessment of plan integration and consistency with the state energy
25 strategy under RSA 12-P.

1 **Q. How is the Commission instructed to evaluate utility proposals in LCIRPs?**

2 A. The statute explains that the Commission should apply the criteria from RSA 378:37 in
3 its assessment of utility LCIRPs, considering the “environmental, economic, and health-
4 related impacts of each proposed option” within the filed plans. The Commission is also
5 advised to consult with a range of stakeholders and constituencies in support of its
6 review.⁴

7 **Q. Does the statute indicate any preference for specific resource types?**

8 A. Yes. As noted above, the statute directs the Commission first to consider alternatives
9 based on key policy dimensions. However, should alternatives be “equivalent” across the
10 key dimensions of cost, reliability, and environmental, economic, and health-related
11 impacts, the Commission is required to favor energy efficiency and demand-side
12 management resources over renewable energy sources, which in turn are to be preferred
13 over all other energy sources.⁵

14 **3.2. Procedural History and Additional Directions from the Commission on LCIRP**

15 **Q. Have Eversource’s past LCIRPs provided all information required by the current,
16 amended version of RSA 378:38?**

17 A. No. The Company has filed two LCIRPs since RSA 378:38 was amended, in 2015 and
18 2019, but in both instances, the Commission granted the Company a waiver on its
19 obligation to provide a complete filing.

20 **Q. Please describe the first waiver from the Commission.**

21 A. The Commission issued a waiver to the Company for its 2015 LCIRP in Order 25,828 in
22 Docket DE 15-248, permitting the Company to exclude generation from its analysis
23 because of the anticipated divestiture of the Company’s generation assets.

⁴ RSA 378:38

⁵ RSA 378:38

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1 **Q. Should this first waiver be taken to signify that the Company is forever exempt from**
2 **addressing generation in its LCIRPs?**

3 A. No. While it is true that Eversource no longer holds generation assets, it is important to
4 recognize that the Commission's 2015 Order was a one-off directive with no explicit
5 bearing on future LCIRPs. Moreover, the Commission subsequently expressed its
6 expectation that the Company *would* address generation in its next LCIRP (i.e., the 2019
7 LCIRP), which suggests that the Commission did not view divestiture of generation as
8 necessarily relieving the Company of the obligation to consider the costs and
9 environmental impacts of generation.⁶

10 **Q. Please describe the second waiver from the Commission.**

11 A. In Order 26,262 in Docket DE 19-139, the Commission again issued a waiver, directing
12 the Company to provide in its 2019 LCIRP only an update on its compliance with
13 commitments that had emerged from its previous LCIRP. This second waiver was
14 motivated by the Commission's investigation into grid modernization in Docket IR 15-
15 296, which was then still in process. In granting this dispensation, the Commission also
16 clarified its expectations for the Company's 2020 LCIRP, indicating that it expected that
17 the Company would include greater detail in this next filing. In this Order, the
18 Commission also further fleshed out some of the statutory filing requirements for
19 LCIRP.⁷

20 **Q. What was the result of the Commission's Investigation into Grid Modernization?**

21 A. The Commission issued Order 26,358 in May 2020, recommending a more robust LCIRP
22 filing that would include "[a] granular load forecast, DER forecast, and detailed
23 description of foreseeable distribution system needs over the next five years, including
24 five-year capital and operating expenditure plans," and "[a] comparison of solutions to
25 meet those needs and potential alternatives, and non-wire solutions where appropriate."
26 This Order also recommended that each LCIRP include a ten-year capital investment

⁶ DE 15-248, Order 25,050, pg. 6.

⁷ DE 19-139, Order 26,362, pg. 5.

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1 forecast and expressed that utilities should account for all stakeholder input and describe
2 how input has been incorporated or why it has not been.⁸

3 **Q. Did Order 26,358 provide for ongoing stakeholder engagement?**

4 A. Yes. Order 26,358 directed Commission Staff to convene a Grid Modernization
5 Stakeholder Group that would meet within 60 days of the Order and subsequently on a
6 monthly basis for the following two years.⁹

7 **Q. Do the Commission’s findings in Order 26,358 amount to additional filing
8 requirements?**

9 A. No. While this Order appeared to articulate more expansive expectations for the
10 Company’s next LCIRP, the Commission subsequently clarified that these findings were
11 intended just as “guidance.”¹⁰ This clarification came in Order 26,575, which was issued
12 in May 2020—nearly two years after Order 26,358. However, in this latter Order, the
13 Commission also emphasized that it still wished to see utilities implement these
14 recommendations, stating, “[t]he guidance will instruct the utilities and stakeholders in all
15 pending and future LCIRP dockets of the goals and expectations for these dockets.”¹¹

16 **Q. What further direction did the Commission provide in Order 26,362.**

17 A. The directives in this Order were largely consistent with the “guidance” provided in the
18 grid modernization docket, as follows:

- 19 ○ In line with Order 26,358, which called for a “granular load forecast,”
20 Order 26,362 mandated the Company to include “a ten-year, substation
21 break-level loading criteria and forecast.”¹²

⁸ IR 15,296, Order 26,358, pg. 21.

⁹ IR 15,296, Order 26,358, pg. 78.

¹⁰ IR 15, 296, Order 26,575, pg. 1.

¹¹ IR 15-296, Order 26,575, pg. 6.

¹² DE 19-139, Order 26,362, pg. 6.

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- 1 ○ Order 26,362 was also consistent with Order 26,358 in imposing a
2 requirement for the Company to provide a five-year evaluation of planned
3 investments and alternatives.¹³

4 However, the Commission was even more prescriptive in directing the Company to
5 consider alternatives in Order 26,362, specifying that Eversource needed to provide “an
6 assessment of demand side management programs and their potential to defer or avoid
7 the need for capacity-related investments” and also including a new series of
8 requirements related to evaluation of non-wires solutions (NWS).¹⁴

9 **Q. What specific requirements concerning NWS did Order 26,362 impose on**
10 **Eversource?**

11 A. This Order required the Company to adopt a new set of criteria to identify potential
12 capital projects for deferral or avoidance, make modifications to its planning processes to
13 place greater emphasis on NWS options, and work with the settling parties to select one
14 candidate project for a detailed NWS analysis.

15 **Q. Did Eversource support these efforts to improve planning processes?**

16 A. Yes. In its motion requesting a waiver for its 2019 LCIRP, the Company stated that it
17 “acknowledges that times have changed and that adapting to that change by updating the
18 means by which investment plans are developed and reviewed is worthwhile.”¹⁵

19 **Q. Should the LCIRP comply with all additional requirements and guidance from**
20 **Order 26,362 and Order 26,358?**

21 A. Yes, the Company should comply with both the LCIRP statute and these Orders. For
22 reference, Table 1 documents the incremental guidance and requirements from Order
23 26,358 and Order 26,362 alongside the related provisions in RS 378:38.

¹³ DE 19-139, Order 26,362, pg. 6.

¹⁴ DE 19-139, Order 26,362, pg. 6.

¹⁵ DE 15-248. Eversource’s Motion for Waiver.

1

Table 1. Filing Requirements from RSA 378 Addressed in PUC Orders

Least Cost Energy Planning Statute	Order 26,362	Order 26,358
“A forecast of future demand for the utility's service area.” (RSA 378:38-I)	“[t]en-year, substation breaker-level loading criteria and forecast.”	“[A] granular load forecast, [and] DER forecast.”
“An assessment of demand-side energy management programs, including conservation, efficiency, and load management programs.” (RSA:378:38-II)	“An assessment of demand side management programs and their potential to defer or avoid the need for capacity-related investments.”	
“An assessment of distribution and transmission requirements, including an assessment of the benefits and costs of "smart grid" technologies, and the institution or extension of electric utility programs designed to ensure a more reliable and resilient grid to prevent or minimize power outages, including but not limited to, infrastructure automation and technologies.” (RSA 378:38-IV)	“[f]ive-year forward-looking evaluation of planned system investments and alternatives that were considered, including any area planning studies and solution selections forms.”	“[A] detailed description of foreseeable distribution system needs over the next five years, including five-year capital and operating expenditure plans.” “A comparison of solutions to meet those needs and potential alternatives, including non-wire solutions where appropriate.” “[A] description of foreseeable system investments planned for the next 10 years.”

2 **Q. The Commission issued two LCIRP Orders recently: one for Northern Utilities**
 3 **(Order No. 26,664) and one for Unitil Energy Systems (Order No. 26,666). Please**
 4 **summarize some of the highlights of those orders as they might pertain to this**
 5 **Eversource LCIRP docket.**

6 A. We recognize that these two orders have no bearing on this Eversource LCIRP docket
 7 because they were issued well after the Eversource LCIRP was prepared and relatively
 8 late in the instant proceeding. Nonetheless, the Commission provides some guidance that
 9 is apparently meant to apply to all future reviews of utility LCIRPs.

10 In particular, both recent LCIRP orders refer to the Commission’s concern about the large
 11 growth in utilities’ capital costs and rate bases.¹⁶ The Commission is clear that it views an
 12 LCIRP as “the opportunity for the utilities it regulates to work with interested parties to
 13 evaluate capital plans that secure reliable and least-cost service for ratepayers.”¹⁷ The

¹⁶ DE 20-002, Order 26,666, pgs. 6-7, and DE 19-126, Order 26,664, pgs. 11-12.

¹⁷ DE 20-002, Order 26,666, pg.11, and DE 19-126, Order 26,664, pg. 16.

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1 Commission puts Northern Utilities on notice that going forward, as part of each rate
 2 case, the Commission will “consider how its [Northern Utilities’] capital investments
 3 align with its approved LCIRP and thus support the goal of securing the least-cost
 4 resources and minimizing the rate impacts for customers.”¹⁸ Similarly, it puts Unitil on
 5 notice that going forward, as part of each rate case, the Commission will “hold Unitil to
 6 the capital plans developed through the LCIRPs and will expect sufficient notice and
 7 justification for any material deviations from those plans.”¹⁹ Further, the Commission
 8 interprets RSA 378:39 to require “its review of specific investment options in a capital
 9 investment plan as opposed to a more limited review of planning criteria.”²⁰

10 We are encouraged by the Commission’s renewed emphasis on (a) the LCIRP statute,
 11 (b) the importance of using the LCIRP as a means to reduce costs, and (c) the results of
 12 the LCIRP as being more important than the process.

13 4. SUMMARY OF EVERSOURCE’S 2020 LCIRP

14 Q. Please summarize the contents of Eversource’s 2020 LCIRP.

15 A. The Company has filed its 2020 LCIRP in two stages. The Company filed its plan and
 16 appendices on October 1, 2020. On March 31, 2021, Eversource provided additional
 17 documents as appendices to the original plan. These filings are summarized below.

- 18 1. Plan: This document provides a high-level overview of the Company’s
 19 system, summarizes its distribution and transmission planning processes
 20 (including joint planning processes with other utilities) and anticipated
 21 changes to these processes, provides a load forecast, and offers a general
 22 view of Eversource’s vision for maintaining the grid in the future. The plan
 23 also briefly addresses several specific issues in a generally qualitative way,
 24 including consideration of NWS, DER integration, demand-side management
 25 programs, and smart grid investments.

¹⁸ DE 19-126, Order 26,664, pg. 16.

¹⁹ DE 20-002, Order 26,666, pg.11.

²⁰ DE 20-002, Order 26,666, pg.12.

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- 1 2. Appendices: This initial set of appendices provides supporting data and
2 additional detail related to the topics addressed in the plan. The Company
3 begins in Appendix A with an explanation of why it believes that it's LCIRP
4 complies with statutory LCIRP requirements. Appendix A also lists
5 additional requirements to comply with recent Commission directives. The
6 Company provides load forecasts in Appendices B and C; furnishes its
7 Distribution System Planning Guide in Appendix D; and presents more detail
8 on its planning and decision-making processes in Appendices F-1, F-2, and
9 F-3. Then, the Company provides the results of these planning processes,
10 including recommendations for investments, in Appendix L. Additional
11 information about distribution system needs and recommended solutions are
12 provided in Appendices H and I, which provide the results of joint planning
13 exercises, and in Appendix K, which provides a "Grid Needs Assessment."
14 Eversource discusses reliability performance in Appendix G. Lastly, there is
15 an overview of smart grid technologies, with high-level reference to
16 Company initiatives and future goals, in Appendix K.
- 17 3. Additional appendices: Eversource filed additional appendices in March
18 2021. These materials address NWS opportunities and associated analyses
19 (Appendices A, B, and C), and also provide greater detail system needs and
20 potential solutions (Appendices D, E, and F).

21 **Q. Does Eversource's 2020 LCIRP meet all statutory and PUC requirements?**

- 22 A. No. The 2020 LCIRP is too narrow, in that it does not properly address distribution
23 system needs, generation resource options, or environmental impacts. Further, the LCIRP
24 does not sufficiently evaluate distributed energy resources, smart grid options, renewable
25 resources, or default energy services. We address these shortcomings in the remainder of
26 our testimony.

1 **5. THE LCIRP IS TOO NARROW IN SCOPE**

2 **5.1. Generation Resource Options**

3 **Q. Does the LCIRP evaluate generation resource options?**

4 A. No. Eversource does not evaluate or attempt to optimize generation resource options in
5 its LCIRP. The Company claims that since it does not own generation capacity, its
6 LCIRP will not have any meaningful impact on the cost of supply.²¹ The Company also
7 claims that it does not have meaningful influence over the energy that its customers
8 consume, since it merely solicits supply for its default service customers through RFPs to
9 wholesale market participants.²² (Eversource notes that it does accommodate its
10 customers' renewable generation projects through its distribution planning process.²³)

11 **Q. Should the LCIRP evaluate generation resource options?**

12 A. Yes, as noted previously, the statute clearly requires utilities to provide “[a]n assessment
13 of supply options including owned capacity, market procurements, renewable energy, and
14 distributed energy resources.”²⁴

15 **Q. Do you agree with Eversource' claim that it should not be required to evaluate
16 generation resource options because it does not own generation capacity?**

17 A. No. Eversource is uniquely situated to help reduce the cost of energy generation. First, it
18 can improve the way it procures default energy services. The opportunities for such
19 improvements are described in Section 6.4 of our testimony.

20 Second, Eversource can procure contracts for renewable resources, which can reduce
21 electricity price volatility and help meet New Hampshire's environmental goals. The
22 opportunities for such procurement are discussed in Section 6.3 of our testimony.

23 Third, Eversource can influence the implementation of distributed energy resources,
24 which in turn will affect the supply of, and the cost of, electricity generation. The

²¹ Appendix A, pg. 2.

²² Id. at pg 1.

²³ Id.

²⁴ RSA 378:38(III)

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1 opportunities for influencing distributed energy resources are discussed in Section 6.1 of
2 our testimony.

3 Fourth, New Hampshire's cost-effectiveness practices clearly require utilities to account
4 for electricity generation when evaluating the costs and benefits of energy efficiency and
5 demand response resources. The Granite State test, and the Total Resource Cost test that
6 was used before it, require utilities to account for all the costs and benefits associated
7 with generation resources, as well as transmission and distribution resources. Cost-
8 effectiveness analysis lies at the heart of LCIRP resource assessment. Therefore, the
9 LCIRP methods should be consistent with those cost-effectiveness methods.

10 Fifth, it is standard industry practice to authorize, encourage, or require electricity
11 distribution utilities to seek to optimize and reduce costs of generation resources. We are
12 not aware of any states that allow electricity distribution utilities to completely ignore
13 opportunities for reducing the cost of generation.

14 **Q. Why is it so important for Eversource to try to reduce the cost of energy generation
15 and capacity?**

16 A. The recent increase in the cost of Eversource's default energy services makes clear the
17 importance of efforts to reduce the cost of electricity generation. The residential customer
18 default energy services rate is currently 10.7 cents per kilowatt-hour and is scheduled to
19 increase to 22.6 cents on August 1. When this increased rate comes into effect, the total
20 residential electricity rate will be 32.1 ¢/kWh. Before this increase, the default energy
21 services represented roughly one-half of total residential retail electricity rates, and after
22 the increase, default energy services will represent two-thirds of total residential retail
23 electricity rates.^{25,26}

²⁵ The information about expected rate changes is from: *Direct Testimony of Marisa B. Paruta*, Petition of Eversource Energy Reconciliation of Default Energy Service for the Period August 1, 2021 to July 31, 2022, Docket No. DE 22-021, Exhibit 1, Attachment MBP-4, June 16, 2022, page 1.

²⁶ The information about current rates is sourced from Eversource "Rates and Tariffs." See: <https://www.eversource.com/content/nh/residential/account-billing/manage-bill/about-your-bill/rates-tariffs>

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1 Default energy services clearly offer one of the greatest opportunities for reducing
2 customers' electricity bills. This is an opportunity that should not simply be swept aside
3 on the grounds that it is outside the scope of Eversource's responsibilities.

4 **Q. Is Eversource exempt from addressing generation in its LCIRP?**

5 A. No. Though the Company was granted a waiver on addressing generation in its 2015
6 LCIRP in deference to the potential divestiture of its generation units, the Commission, in
7 its Order approving the settlement agreement on the same LCIRP, supported the
8 agreement between Eversource and Staff that the next LCIRP (i.e., the 2019 LCIRP)
9 would include "a full consideration of all elements of RSA 378:38."²⁷ It would therefore
10 appear that, while the Commission did grant a waiver based on the impending change in
11 ownership of the Company's generation fleet, this waiver did not amount to a
12 determination that the Company, divested of its generation assets, would never again
13 have to address supply.

14 **5.2. Environmental Impacts**

15 **Q. Does the LCIRP account for the environmental impacts of electricity resources?**

16 A. No. Eversource claims that since it no longer owns generation and merely procures
17 supply from the wholesale market, it should not have to account for the environmental
18 impacts of its customers' energy consumption.²⁸

19 **Q. Should the LCIRP account for the environmental impacts of electricity resources?**

20 A. Yes, as noted previously, the statute clearly requires that utilities address "plan
21 integration and impact on state compliance with the Clean Air Act of 1990, as amended,
22 and other environmental laws that may impact a utility's assets or customers,"²⁹ and that
23 each LCIRP include "[a]n assessment of the plan's long- and short-term environmental,
24 economic, and energy price and supply impact on the state."³⁰

²⁷ DE 15-248. Order 25,828, pg. 9.

²⁸ Appendix A, pg 2.

²⁹ NH RSA 378:38(V)

³⁰ NH RSA 378:38(VI)

1 **Q. Do you agree with Eversource's claim that it should not have to account for the**
2 **environmental impacts of generation resources because it does not own generation**
3 **resources?**

4 A. No. As noted in Section 5.2, Eversource can influence electricity generation in multiple
5 ways, including improved default energy supply procurement practices, procurement of
6 renewable resources, and improved promotion of distributed energy resources. Each of
7 these options for influencing electricity generation can have significant environmental
8 implications. It is incorrect to claim that Eversource cannot influence the environmental
9 impacts of electricity generation in New Hampshire simply because it does not own that
10 generation.

11 **6. THE LCIRP DOES NOT SUFFICIENTLY EVALUATE RESOURCE OPTIONS**

12 **6.1. Standards for Evaluating Electricity Resource Options**

13 **Q. Does the LCIRP statute require utilities to evaluate a broad range of electricity**
14 **resource options?**

15 A. Yes. As noted above, RSA 378:38 requires utilities to evaluate a variety of electricity
16 resource options, including demand-side options (including conservation, efficiency, and
17 demand response), supply-side options (including owned capacity, market procurements,
18 renewable energy, and distributed energy resources), and smart grid options.

19 **Q. Is the evaluation of a broad range of resource options consistent with industry**
20 **practice in integrated resource planning, integrated distribution planning, and grid**
21 **modernization planning?**

22 A. Yes. In fact, the evaluation of a broad range of electricity resources has been one of the
23 central purposes of Integrated Resource Plan (IRP) for many years.³¹ It continues to be
24 one of the central purposes of integrated distribution planning and grid modernization
25 planning. The logic behind the concept of evaluating a broad range of resource options is

³¹ See, for example, Synapse Energy Economics, *Best Practices in Electric Utility Integrated Resource Planning: Examples of State Regulations and Recent Utility Plans*, June 2013, page 7, prepared for the Regulatory Assistant Project (funding provided by the Southern Alliance for Clean Energy).

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1 simple and obvious: in order to optimize the resources used to provide electricity
2 services, it is necessary to comprehensively evaluate the full range of resource options
3 available.

4 **Q. Does Eversource's 2020 LCIRP evaluate a broad range of electricity resource**
5 **options?**

6 A. No. The LCIRP does consider many types of conventional distribution options for
7 maintaining system engineering and reliability standards. These are discussed in detail in
8 Appendix L of the LCIRP and in Supplemental Appendices B and F.

9 However, the LCIRP does not consider some key resources options that are required by
10 New Hampshire statute or that are typically considered in IRPs and Integrated
11 Distribution Plans (IDP). It does not consider any alternative energy efficiency or
12 demand response resources beyond what is already included in the NH-Saves program, it
13 does not consider any supply-side resource options, and it considers grid modernization
14 options in only a cursory fashion. We address each of these resource types further in the
15 subsections below.

16 **Q. Before turning to those different types of resource options, please explain what you**
17 **mean by evaluating electricity resource options. How would a robust LCIRP**
18 **evaluate resource options?**

19 A. There are several ways that electricity resource options should be considered and
20 addressed in a robust LCIRP. The load forecasts in the LCIRP should account for all
21 resources that are likely to affect electricity sales, either by increasing or reducing sales.
22 This should include all types of distributed energy resources, including those that could
23 potentially be implemented or supported by the electric utility and those that are expected
24 to be implemented regardless of utility initiatives.

25 The LCIRP should also identify the full range of potential supply-side and demand-side
26 resource options. As noted above, this is a necessary step in order to find the optimal mix
27 of resources.

28 The LCIRP should also assess the economic and policy implications of each of those
29 identified resources. This requires using a consistent cost-effectiveness test, or set of

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1 tests, to properly assess the relevant costs and benefits of each option. The LCIRP should
2 use those cost-effectiveness results to determine the preferred, i.e., optimal, mix of
3 resource options.

4 The LCIRP should clearly present the findings of the economic and policy analysis and
5 explain how those findings were used to determine the optimal mix of resource options.

6 Finally, the LCIRP should include an action plan that describes how and when the utility
7 will follow-through with the decisions in the LCIRP and implement the optimal mix of
8 resources.

9 **Q. As noted above in Section 3.2, the Commission has recently expressed concern about**
10 **the increasing capital costs of electric and gas utilities in New Hampshire. Does a**
11 **robust evaluation of resource options in an LCIRP help address those concerns?**

12 A. Yes. In fact, rising capital costs are precisely why it is important to thoroughly evaluate
13 all resource options. Increased use of DERs, grid modernization technologies, and non-
14 wires alternatives can, in many situations, help reduce capital costs. One of the key
15 reasons for a broad, robust evaluation of resource options is to identify those that might
16 help reduce capital costs relative to conventional options.

17 **Q. Should the Commission and the utilities be concerned with more than just the**
18 **utilities' rising capital costs?**

19 A. Yes. Both capital and operating costs have important implications for revenue
20 requirements, rates, and customer bills. In its recent order on the Unifil LCIRP, the
21 Commission points out that the utility's operating revenues rose by roughly 57% from
22 2010 to 2020, even though the number of customers rose by only roughly 5%.³² While
23 the operating revenues are much lower than the rate base revenues, they are still
24 significant. Further, there are some situations where capital expenditures can be used
25 instead of operating expenditures, and *vice versa*. Thus it is important to consider options
26 to reduce both types of costs.

³² DE 20-002, Order 26,666, pg. 7.

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1 **Q. Should the Commission and the utilities be concerned with more than just capital**
2 **and operating costs?**

3 A. Yes. The Commission and utilities should be concerned about the default energy service
4 costs that are passed on to electricity customers. As described above in Section 5.1,
5 Eversource's default energy service price recently rose from 10.7 to 22.6 ¢/kWh,
6 resulting in a total residential electricity rate of 32.1 ¢/kWh. This is a roughly 60%
7 increase in residential rates.³³ Default energy services now represent two-thirds of the
8 bills of Eversource's residential customers that rely on default energy services. Ignoring
9 these default energy service costs would mean forgoing significant opportunities to
10 reduce electricity costs and customer bills.

11 There are several ways that electric utilities in New Hampshire can reduce the costs and
12 the risks that these default energy services impose on customers. While the Commission
13 and utilities have relatively little control over *the prices* of the wholesale New England
14 energy and capacity markets, they have a lot of control over *the quantity* of default
15 energy services that is purchased by electricity customers. In the following sections, we
16 describe how distributed energy resources and renewable procurements can reduce
17 quantity of default energy services procured and therefore the risks and the costs of those
18 services.

19 **6.2. Distributed Energy Resources**

20 **Q. What does the term “distributed energy resources” refer to?**

21 A. We use the term distributed energy resources to refer to the range of technologies that can
22 be implemented at the retail customer level to modify electricity consumption and
23 provide lower-cost, cleaner, more efficient, or new electricity services. These typically
24 include energy efficiency, demand response, distributed generation, storage technologies,

³³ As one point of reference, the NH Saves energy efficiency programs are expected to increase Eversource's residential customers' long-term average rates by only 0.3%. See: *2022-2023 New Hampshire Statewide Energy Efficiency Plan*, Attachment M. Further, if the recent increase in gas costs were to be accounted for, the rate impact from the energy efficiency programs would be much lower than this. While this is not an even comparison because the NH Saves program is so small compared with default energy services, it nonetheless indicates that cost and rate impact concerns should be applied consistently across utility services.

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1 building electrification, and electric vehicles. Further, non-wires solutions are a
2 combination of multiple DERs that are integrated and coordinated in order to reduce or
3 eliminate the need for conventional distribution investments such as new substations or
4 substation upgrades.

5 **Q. Does Eversource’s 2020 LCIRP evaluate opportunities for implementing energy**
6 **efficiency or demand response?**

7 A. No, not adequately. The LCIRP assumes the efficiency savings from the NHSaves
8 program will reduce electricity loads, but it does not consider the potential for efficiency
9 savings beyond those in the NHSaves program. It is likely that there are many more cost-
10 effective energy efficiency and demand response savings than what is included in the
11 NHSaves program, but the LCIRP does not even consider any such opportunities.

12 **Q. House Bill 549 places a cap on the energy efficiency system benefits charge used to**
13 **fund energy efficiency programs.³⁴ Given this cap, what would be the purpose of**
14 **evaluating energy efficiency and demand response resources beyond those included**
15 **in the NHSaves program?**

16 A. There are several reasons why Eversource’s LCIRP should evaluate energy efficiency
17 and demand response resources beyond those in the NHSaves program. First, as noted
18 above, the RSA 378:38 requires an “assessment of demand-side energy management
19 programs, including conservation, efficiency, and load management programs.” This
20 statute does not qualify this requirement by stating that the LCIRP should be constrained
21 by system benefit charge limits. Further, RSA 378:37 states that “it shall be the energy
22 policy of this state...to maximize the use of cost-effective energy efficiency and other
23 demand-side resources.”

24 Second, it is likely that there are additional energy efficiency and demand response
25 resources that will allow Eversource to reduce electricity costs. Eversource could
26 implement any such additional resources simply for the purpose of lowering its costs.
27 Such incremental energy efficiency or demand response resources might be especially

³⁴ NH HB549(d)(2-3)

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1 important for non-wires alternatives, for example, where targeted programs can achieve a
2 significant amount of cost savings. Eversource could then ask the Commission to recover
3 the incremental costs of the additional energy efficiency or demand response programs in
4 a base rate case or some other cost recovery mechanism beside the system benefits
5 charge.

6 Third, the results of an LCIRP analysis of additional energy efficiency and demand
7 response resources will provide important information for the New Hampshire
8 Legislature or the Commission to use in future deliberations and policies regarding
9 energy efficiency and demand response resources. If, for example, the LCIRP indicated
10 that there was a large amount of additional cost-effective energy efficiency and demand
11 response resources available and that these resources would significantly reduce costs
12 and help meet other important energy policy goals, the New Hampshire Legislature might
13 be encouraged to increase the cap on the system benefit charge.

14 **Q. Does Eversource’s 2020 LCIRP evaluate opportunities for increasing**
15 **implementation of distributed generation resources on the grid?**

16 A. No. We did not find any explicit evaluation of opportunities for increasing distributed
17 generation resources in New Hampshire.

18 **Q. The Commission has been investigating the potential for alternative distributed**
19 **generation programs as part of Docket DE 16-576. What would be the purpose of**
20 **evaluating distributed generation resources beyond what is being addressed in**
21 **Docket DE 16-576?**

22 A. There are several reasons for evaluating distributed generation resources beyond what is
23 being addressed in Docket DE 16-576. First, as noted above, RSA 378:38 requires an
24 assessment of supply options including “distributed energy resources.” Distributed
25 generation is clearly a type of distributed energy resources that should be assessed in an
26 LCIRP.

27 Second, Eversource’s 2020 LCIRP might be able to provide information that can be used
28 in Docket DE 16-576 to modify the utility distributed generation programs in order to
29 reduce costs, increase savings, or both.

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1 Over the long term, after Docket DE 16-576 is complete, LCIRPs should be used as a
2 forum for investigating ways to improve distributed generation programs as market
3 conditions, avoided costs, and distributed generation technology options change over
4 time.

5 **Q. Does Eversource's 2020 LCIRP evaluate opportunities for implementing distributed**
6 **storage technologies?**

7 A. No. We did not find any explicit evaluation of distributed storage opportunities in the
8 LCIRP, except in the context of NWS, which we discuss later in our testimony.

9 **Q. Is there likely to be cost-effective distributed storage available in the Eversource**
10 **system?**

11 A. It is difficult to answer this question without an assessment of distributed storage
12 opportunities in the Eversource system, either in an LCIRP or in an independent
13 assessment. Nonetheless, there are likely to be cost-effective storage opportunities
14 available based on analyses and practices in other states. For example, a 2016 study of
15 storage potential in Massachusetts found an optimized storage deployment in the state
16 could produce about \$2.3 billion in utility system savings.³⁵ As another example,
17 Connecticut has a program offering incentives for distributed storage technologies.³⁶

18 **Q. Does Eversource' 2020 LCIRP evaluate opportunities for implementing building**
19 **electrification technologies?**

20 A. No. We did not find any explicit evaluation of building electrification technologies in the
21 LCIRP. It appears as though Eversource treated building electrification technologies the
22 same way that it treated energy efficiency and demand response resources. It presumably
23 assumed a fixed amount based upon the most recent NHSaves program. This approach is
24 not consistent with the LCIRP statute or sound resource planning practices, for all the

³⁵ MA DOER. 2016. State of Charge: Massachusetts Energy Storage Initiative Study, pg. xii. See: <https://files.masscec.com/uploads/attachments/2016StateofChargeExecutiveSummary.pdf>

³⁶ CT PURA. Energy Storage Solutions Program. See: <https://portal.ct.gov/pura/electric/office-of-utility-programs-and-initiatives/cae-unit/cae-clean-and-renewable-energy>.

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1 reasons we have previously stated in our discussion of energy efficiency and demand
2 response resources.

3 **Q. Does Eversource’s 2020 LCIRP consider electric vehicles as a resource option?**

4 A. No. We did not find any explicit evaluation of EV opportunities in the LCIRP.

5 **Q. EVs generally cause an increase in electricity demand. Why do you refer to them as
6 an electricity “resource?”**

7 A. EVs will clearly have an impact on electricity demand, and therefore it is important to
8 fully assess the impact of EVs on a utility’s energy and capacity demand forecasts.

9 In addition, utilities can take steps to advance the adoption of EVs in their service
10 territories by providing the necessary infrastructure to support them, such as installing
11 charging stations or providing sufficient make-ready equipment to support charging
12 stations installed by others.

13 Further, utilities can offer rate designs to help optimize customer charging patterns to
14 minimize the impacts on peak demands or during periods of high electricity prices.

15 LCIRP’s can be used to evaluate rate design options so that EVs will result in the lowest-
16 cost impacts on the electricity system.

17 **Q. Are there other ways in which the LCIRP does not adequately address DERs?**

18 A. Yes. As noted above, the Company’s NWS screening is not comprehensive. Thus, DERs
19 may not have been considered in all cases in which they could provide potential benefits.
20 Nor does Eversource systematically consider how both prudent smart grid investments
21 and well-crafted programs could enable it to promote increased levels of cost-effective
22 DERs to reduce system costs. The Company indicates that it will provide a grid
23 modernization plan that will “encompass the steps necessary to allow for the integration
24 of DER,”³⁷ but it is not clear when this plan will materialize.

³⁷ LCIRP, pg. 33.

1 **6.3. Grid Modernization**

2 **Q. Does the LCIRP statute require utilities to evaluate grid modernization**
3 **opportunities as part of their LCIRPs?**

4 A. Yes. As we previously noted, RSA 378:38 clearly requires an assessment of distribution
5 and transmission requirements, including an assessment of the benefits and costs of
6 "smart grid" technologies.

7 **Q. Has the Commission addressed the relationship between grid modernization**
8 **planning and LCIRP?**

9 A. Yes. The Commission found that “grid modernization planning is a natural evolution of
10 the LCIRP process and that the LCIRP statutes should be viewed as the foundation upon
11 which grid modernization planning will be built.” Further, the Commission recommended
12 that future LCIRP filings include detailed a description of all investments, including both
13 grid modernization and traditional investments.³⁸

14 **Q. Does Eversource’s 2020 LCIRP evaluate opportunities for implementing grid**
15 **modernization technologies?**

16 A. No, not adequately. The Company’s plan discusses grid modernization in an abstract and
17 general fashion, but it does not provide any detail about the “benefits and costs” of these
18 technologies, as required by RSA 378:38. Nor does the Company specifically present any
19 record of its past grid modernization investments or its intended future ones. This grid
20 modernization discussion is clearly inadequate because the Company has stated that it
21 continues to make grid modernization investments, and it is also clear that grid
22 modernization is a lynchpin in achieving the state’s policy goals for the energy sector.³⁹

23 **Q. What information does the Company provide about grid modernization?**

24 A. The Company dedicates two sections of its LCIRP to grid modernization. In Section 10
25 of the plan, the Company provides a single paragraph narrative that reflects on the

³⁸ IR 15,296, Order 26,358, pg. 54.

³⁹ See, for example, Appendix G, pg. 10.

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1 potential benefits of grid modernization but deals only in generalities. Here, the Company
2 indicates that “[s]mart grid technologies have the potential to transform the grid into a
3 customer-centric platform that enables a cleaner energy future while continuously
4 improving the safety, security, reliability, resiliency and cost effectiveness of the electric
5 power system in New Hampshire,” and states that “[t]he costs of smart grid technologies
6 and programs will vary based on the nature and extent of the programs.”⁴⁰ However,
7 Eversource stops short of quantifying or otherwise capturing any specific benefits or
8 costs for grid modernization on its system.

9 Appendix J also addresses grid modernization. This section includes a more detailed
10 description of various technologies and makes reference to Company plans in non-
11 specific fashion. For example, in this section, the Company states that “[p]lans to deploy
12 a distribution management system (“DMS”) are amplifying the importance of real-time
13 telemetry.⁴¹ However, Eversource does not appear to provide any more detail about this
14 planned DMS deployment.

15 **Q. Does the Company address grid modernization elsewhere in its filings?**

16 A. Yes, there are other references to grid modernization plans scattered throughout. For
17 example, in Appendix G, which covers reliability, Eversource indicates that additional
18 SCADA devices “are planned for deployment in future years.”⁴²

19 **Q. What information on grid modernization should be included in this plan?**

20 A. The Company should provide clear and transparent grid modernization plans, consistent
21 with the guidance provided in Order 26,358. Further, it is critical that the Company
22 account for the potential impacts from its future grid modernization investments so far, as
23 they affect other aspects of planning and maintaining the electricity grid. Grid
24 modernization investments may obviate the need for investments in traditional
25 distribution plants, and a smart grid may also be able to accommodate greater levels of
26 DER with potential downstream savings on T&D, energy, and generation capacity.

⁴⁰ Section 10.

⁴¹ Appendix J, pg. 1.

⁴² Appendix G, pg. 10.

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1 **Q. Is grid modernization important for achieving New Hampshire energy policy goals?**

2 A. Yes. Some grid modernization elements can facilitate the implementation of DERs,
3 which are necessary to achieve certain energy policy goals. Some grid modernization
4 elements can be useful in directly addressing certain goals such as improving reliability,
5 improving resilience, and making grid operations more efficient.

6 **6.4. Renewable Resources**

7 **Q. Does Eversource's 2020 LCIRP provide any analysis of the opportunities for**
8 **implementing renewable resources?**

9 A. No. We did not see any analysis of utility-scale renewable resource opportunities in the
10 LCIRP.

11 **Q. New Hampshire has a renewable portfolio standard (RPS) that requires energy**
12 **service companies, including Eversource, to procure renewable resources or**
13 **qualifying renewable energy credits (RECs). Given this, what should Eversource**
14 **evaluate regarding utility-scale renewable resource opportunities?**

15 A. The LCIRP should consider procuring *additional* renewable resources, beyond the
16 renewable generation required by the RPS. There may be additional renewable resources
17 that are cost-effective or that help to achieve other state energy goals.

18 **Q. Why should Eversource's 2020 LCIRP include an assessment of additional**
19 **renewable resources beyond the requirements of the RPS?**

20 A. There are several reasons why the LCIRP should evaluate utility-scale renewable
21 resources beyond those in the NHSaves program. First, as noted above, the RSA 375:38
22 requires an assessment of supply options, including renewable energy.

23 Second, it is likely that there are additional utility-scale renewable resources, beyond the
24 RPS requirements, that would help achieve some of New Hampshire's energy policy
25 goals. As noted above, RSA 378:37 establishes energy policy goals including the safety
26 and health of the citizens, as well as the physical environment of the state. Further,
27 RSA:378:38 requires LCIRPs to include an "assessment of the plan's long- and short-

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1 term environmental, economic, and energy price and supply impact on the state.”
2 Renewable resources represent an important opportunity help achieve these goals.

3 Third, the results of an LCIRP analysis of additional renewable resources will provide
4 important information for the New Hampshire Legislature or the Commission to use in
5 future deliberations and policies regarding renewable resources. If, for example, the
6 LCIRP indicated that there was a large amount of additional cost-effective renewable
7 resources available and that these resources would help meet important energy policy
8 goals, the New Hampshire Legislature might be encouraged to modify the future RPS
9 requirements.

10 **6.5. Default Energy Services**

11 **Q. Does Eversource’s 2020 LCIRP provide any analysis of the opportunities for**
12 **reducing the cost of default energy services?**

13 A. No. We did not see any analysis in the LCIRP of opportunities for reducing the cost of
14 default energy services.

15 **Q. Eversource is a distribution utility and does not own electricity generation**
16 **resources. Why should Eversource’s LCIRP analyze opportunities for reducing the**
17 **cost of default energy services?**

18 A. There are several reasons why the LCIRP should evaluate opportunities for reducing the
19 cost of default energy services. First, as noted above, RSA 378:38 requires an assessment
20 of supply options including market procurements. Eversource obtains default energy
21 services from independent generators through a competitive bidding process, which
22 clearly is a market procurement.

23 Second, there may be opportunities for improving Eversource’s practices for procuring
24 default energy services, thereby significantly reducing costs to customers. There are
25 several ways that Eversource can reduce the cost, and the risks, associated with default
26 energy services. For example, rather than procuring 100 percent of its default energy
27 supply each time it procures power, Eversource could procure a broader range of short-
28 medium- and long-term contracts in order to reduce risk and create a hedge against

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1 electricity price volatility.⁴³ Eversource could procure some renewable generation
2 through fixed price, long-term contracts in order to lock in fixed prices as one component
3 of its default energy services. This would reduce risk and create a hedge against
4 electricity price volatility. This concept of procuring a diverse set of supply-side options
5 is consistent with how financial advisors create a diverse portfolio of financial
6 investments in order to reduce risk and optimize long-term returns. Similar to the
7 financial community, this approach to optimizing default energy services is referred to as
8 “portfolio management.”⁴⁴

9 Third, the results of an LCIRP analysis of opportunities for reducing the cost of default
10 energy services will provide important information for the New Hampshire Legislature or
11 the Commission to use in future deliberations and policies regarding default energy
12 services. As noted above, default energy services costs represent roughly one-half to two-
13 thirds of electricity costs and therefore represent an important opportunity to help reduce
14 customers’ electricity bills.

15 6.6. Distribution System Needs and Alternatives

16 Q. Has the Company satisfied the filing requirements concerning distribution 17 information?

18 A. The Company has provided a large amount of information across its two filings in 2020
19 and 2021, and it does appear that the Company has satisfied the core standard from RSA
20 378:38 that requires that it provide an “assessment” of distribution system requirements.
21 It is less clear, however, whether the Company has met the requirements from Order
22 26,362 and Order 26,358 concerning consideration of alternatives including NWS.
23 Moreover, the information that has been provided on the distribution system is somewhat
24 disjointed, which makes the task of assessing the Company’s plans difficult.

⁴³ In Massachusetts, for example, Eversource purchases fifty percent of its default energy supply for a year every six months. This reduces the risk of procuring one hundred percent of default services at one time when market prices are high. This approach could be expanded to include contracts of multiple lengths.

⁴⁴ For more information on this concept, see: Biewald, B, Woolf, T., Roschelle, A., Steinhurst, W. 2003. *Portfolio Management: How to Procure Electricity Resources to Provide Reliable, Low-Cost, and Efficient Electricity Services to All Retail Customers*, prepared by Synapse Energy Economics, Inc. for the Regulatory Assistance Project and the Energy Foundation.

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1 **Q. Please describe the distribution system information provided by the Company in its**
2 **2020 filings.**

3 A. The Company addresses distribution needs in different capacities in many places
4 throughout its initial filing, as noted above. In its initial filing, the Company provides an
5 overview of anticipated distribution system needs five years into the future in the “Grid
6 Needs Assessment” in Appendix K. In Appendices H and I, the Company provides the
7 results of joint planning with Unitil and New Hampshire Electric Cooperative,
8 respectively, where system needs are also identified. Then, in Appendices L-1 through L-
9 6, the Company presents documentation for specific distribution system projects
10 anticipated over the next five years in the form of Solution Selection Forms, Project
11 Authorization Forms, and Initial Funding Request Forms. The Company also discusses
12 projects to improve reliability in Appendix G.

13 **Q. Please describe the distribution system information provided by the Company in its**
14 **supplemental filings.**

15 A. The Company provides a set of updated planning studies in Appendices B-1 and B-2 that
16 use the revised planning methodologies and include reference to numerous system needs
17 and potential solutions. Appendix B-1 also includes a list of projects that are presumed to
18 come online during the analysis period. Eversource provides detailed evaluations of
19 specific substations that require upgrade in Appendices B-3 through B-5, with explicit
20 consideration of alternatives, and then, in Appendix C, the Company presents proposed
21 reliability investments. In Appendix D, E, and F, the Company details specific projects in
22 a fashion similar to the presentation of specific project information in Appendices L-1
23 through L-6 in the 2020 filing.

24 **Q. Why do you characterize as “disjointed” Eversource’s presentation of distribution**
25 **information?**

26 A. The Company discusses its needs in a diffuse fashion, and so it is not entirely clear how
27 the materials provided in 2021 relate to those furnished in 2020—including, for example,
28 which of the plans provided in the earlier filing have been superseded by those provided
29 in 2021. Furthermore, there is a lack of any comprehensive view of needs, options, and

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1 alternatives. Instead, in the supplemental filing, the Company discusses needs and
2 potential options in Appendices B-1 through B-2 in a generalized vein. The Company
3 also provides far more detail about specific needs in Appendices B-3 through B-5, and
4 Appendices D, E, and F. The separate presentation of reliability projects in Appendix C
5 further complicates review. While it is clear that the Company’s plans for addressing the
6 various needs are at different stages of development—and that the Company may be able
7 to provide more comprehensive details about only certain needs—there should still be a
8 consolidated presentation of all needs, with options and proposed solutions provided
9 alongside to the extent that these have been identified.

10 **Q. Does the Company adequately consider alternatives?**

11 A. It is difficult to tell, given the diffuse presentation of system needs. However, we have
12 concerns about at least some instances where consideration of alternatives is indicated.
13 For example, in Appendix L-1, which concerns the project that is titled “Amherst S/S –
14 PLC Automation and Projection and Controls Update,” the Company appears to consider
15 just a single alternative in perfunctory fashion.⁴⁵ The Company may have in fact
16 considered additional alternatives, or the single alternative that was considered may be
17 the only viable one, but neither of these conclusions is supported by the documentation.
18 As another example of potentially inadequate consideration of alternatives, in Appendix
19 L-2, which relates to the project titled “Substation Animal Protection,” the Company
20 identifies a “Do nothing” option as the lone alternative.⁴⁶ But the Company then indicates
21 that this alternative is infeasible since the station operation has “requested a proactive
22 approach.” On first blush, this does not appear to be a sufficiently robust assessment of
23 options, nor does it seem to be an adequate justification for proceeding with the proposed
24 investment.

25 **Q. Has the Company adequately considered NWS?**

26 A. It is not clear. The Company should aim to screen all viable projects for NWS, consistent
27 with the directives of Order 26,362 and Order 26,358. To the extent that investments in

⁴⁵ Appendix L-1, pg. 5.

⁴⁶ Appendix L-2, pg. 6.

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1 other distribution infrastructure beyond substations may be avoided, the Company should
2 evaluate all such opportunities. The Company's practice of considering distribution line
3 needs over just the forthcoming year may compromise its ability to consider
4 alternatives.⁴⁷ More generally, Eversource should ensure that it screens future anticipated
5 needs early enough to guarantee there is time to deploy an NWS; it appears that the
6 imminency of need was a factor in excluding NWS from consideration for at least some
7 of the substations that were considered in Supplemental Appendices B-3 through B-6.

8 7. RECOMMENDATIONS

9 Q. What do you recommend in light of your findings above?

10 A. We recommend that the Commission reject Eversource's 2020 LCIRP. The LCIRP does
11 not comply with most of the key requirements of the LCIRP statute, rendering it
12 essentially useless for the purpose of decision-making.

13 We recommend that the Commission direct Eversource to prepare and submit a new
14 LCIRP that is consistent with the LCIRP statute, Commission directives, and the findings
15 in our testimony. This new LCIRP should include the following elements:

- 16 • A better organized and consolidated inventory of all distribution system needs over
17 the next five years, with information about options to the degree available.
- 18 • A comprehensive evaluation of opportunities for avoiding or deferring distribution
19 system investments through implementation of DERs.
- 20 • Detailed information about smart grid opportunities and plans, including detail on
21 anticipated costs and benefits.
- 22 • A comprehensive evaluation of opportunities for reducing the costs of, or
23 otherwise improve the use of, generation resources that serve New Hampshire
24 customers.
- 25 • A comprehensive evaluation of opportunities for addressing state environmental
26 goals.

⁴⁷ Appendix K, pg. 1.

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- 1 • A comprehensive evaluation of opportunities for expanding or modifying
2 programs supporting distributed energy resources, including energy efficiency and
3 demand response resources beyond those included in NH-Saves.
- 4 • A comprehensive evaluation of grid modernization opportunities, consistent with
5 the Commission’s grid modernization order.
- 6 • A comprehensive evaluation of opportunities for procuring renewable resources,
7 beyond those required under the New Hampshire RPS.
- 8 • A comprehensive evaluation of opportunities for reducing the costs and the risks of
9 default energy supply.
- 10 • Comprehensive documentation of the costs and benefits of each of the
11 opportunities listed above, as well as the justification for investment decisions
12 regarding each one.

13 We recommend that the Commission require Eversource to comply with a standard set of
14 filing requirements that includes all past Commission directives on LCIRP that are still in
15 force and any new directives established in the instant proceeding.

16 We recommend that the Commission convene a stakeholder workgroup to provide
17 meaningful input to Eversource’s new LCIRP. The stakeholder workgroup should be
18 organized and facilitated by an independent non-utility party, such as the New Hampshire
19 Department of Energy. The workgroup should be authorized to address the new
20 directives from the Commission in this docket. The workgroup should include procedures
21 allowing stakeholders to document their input and communicate to the Commission
22 issues where input was not adequately addressed by Eversource. Ideally, the workgroup
23 should be given access to experts that can provide independent advice on some of the
24 more complex aspects of LCIRP, such as the engineering aspects of grid modernization
25 and conventional distribution technologies.

26 **Q. Does this conclude your direct testimony?**

27 A. Yes, it does.