

Public Service Company of New Hampshire d/b/a Eversource Energy
Docket No. IR 22-042

Date Request Received: September 12, 2022
Data Request No. RR 1-001

Date of Response: September 26, 2022
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Request from: New Hampshire Public Utilities Commission

Witness: N/A

Request:

Reference reporting requirement i.2 from Order No. 26,621. The Commission notes that the year for the nominal discount rate that has been applied in the Granite State Test (GST) and Total Resource Cost Test (TRCT), per **Lookups** tab in each Benefit Cost submission, varies from the year noted in the separate but associated discount rate tabs that were provided to support those submissions.

The Joint Utilities are requested to clarify the year of the discount rate that was applied into the GST and TRCT tests. For any variation from the latest Prime Rate available at the time of the study, the Joint Utilities are requested to provide an explanation of why more recent discount rates were not leveraged in each submission.

Response:

The Benefit Cost Models are set up to plan three distinct program years, each with its own budget and goals. The years referenced in the "Lookups" tab of the BC model correspond to the three years of the current 2021-2023 triennium. For both the 2021 Plan and 2021 Plan Year Report filed in response to Order No. 26,621, the Prime Rate used was based on '2021'.

The practice of establishing the real discount rate is based on the Prime Rate adjusted annually "on or around June 1" for the year preceding each Plan. For the 2021 Plan, the rate was updated as of June 2020. Those assumptions included in the model for planning purposes, including but not limited to the Prime Rate, the discount rate and avoided energy costs, are then retained for reporting purposes to accurately assess performance compared to the plan.

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**Date Request Received: September 12, 2022
Data Request No. RR 1-002**

**Date of Response: September 26, 2022
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Request from: New Hampshire Public Utilities Commission

Witness: N/A

Request:

Please explain why the “PTF Year” varies from the “T&D Year” or the “Water Year” per Lookup tab in each submission.

Response:

The years indicated in the Model for “PTF Year”, “T&D Year” and “Water Year” represent the best information available at the time of planning, and typically correspond with the most recent year each metric was studied at the time of the original 2021 Plan.

Avoided costs associated with pool transmission facilities (PTFs) are sourced from the triennial Avoided Energy Supply Components (“AESC”) study. The “PTF Year” is 2018, which is the year that the avoided cost supply study (AESC 2018) used for the 2021 Plan was published.

The “T&D Year” is 2017, which is the year that the NH Utilities last made an update to distribution avoided costs, using a study that was originally commissioned in 2012.

The “Water Year” is 2016, which is the year that the NH Utilities last calculated a weighted average cost of water and wastewater in NH.

For the 2022 Plan, the PTF avoided costs were updated per the AESC 2021 study. Distribution and water avoided costs continue to rely on the values cited in the 2021 Model. The NH Utilities have explored commissioning studies to update these values, but for now have determined that the costs involved do not justify the relatively small expected difference in avoided costs, and are therefore not a priority for investment.

For each of these avoided cost metrics, the values cited on the Lookups tab are inflation adjusted to each year of the Plan.

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Date Request Received: September 12, 2022
Data Request No. RR 1-003

Date of Response: September 26, 2022
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Request from: New Hampshire Public Utilities Commission

Witness: N/A

Request:

Explain how the Total Resource Cost, Incentive, and Gross Annual kWh Saved inputs, found in columns I, J and V of the Inputs Yr 1 tab, respectively, are calculated in each submission. Please provide a detailed explanation at the bottom of the same tab/sheet, and include any formulae applied in live format, or linked sheets that may help with understanding the methodology used .

Response:

Consistent with the Commission's assessment on Page 2 of Order 26,682, issued on September 12, 2022 in Docket IR 22-042 that "a technical session format is likely to be a practical and efficient means to receive responses related to certain types of questions, such as explanations of hardcoded and embedded formula inputs, formula flow across different tabs and columns in spreadsheets, and supporting source information", the NH Utilities provide the following explanation on methodology and direction on how the calculations are reached in the referenced filings, which can be further discussed at the technical session on September 29.

The values depicted in the retrospective reporting requirement BC Model related to total resource costs, incentives, gross annual savings, as well as quantities, are derived from each utility's individual energy efficiency tracking system. Each measure is associated with an alpha-numeric Measure ID (column E of the BC Models), which is recorded in the tracking systems and summarized in the BC Models on the corresponding measure lines to reflect an average "per project" cost, total cost, and savings. The sum total of costs, rebates, and savings for each measure is reflected in the Calculation tab of the BC model.

Many measures, particularly in the C&I sector, have savings and costs that are based either on algorithms referenced in the Technical Reference Manual ("TRM") for that measure or are custom calculations based on site specific conditions and interaction of the energy efficiency measures with the specific application on a customer's site. The savings associated with the remaining measures are "deemed", or equal to estimated average savings as determined by third-party evaluations as documented in the TRM.

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The values depicted for each measure's "total resource cost" are based on the total project cost for retrofit measures. For lost-opportunity measures, the values depicted for "total resource cost" are based on the estimated incremental cost difference between the standard-efficiency and high-efficiency unit or project. These amounts are also determined by third-party evaluation for deemed measures or by site specific calculations of the variance in cost between the high-efficiency measure or project and the lower-efficiency baseline case that was the counter-factual alternative.

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Date Request Received: September 12, 2022
Data Request No. RR 1-004

Date of Response: September 26, 2022
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Request from: New Hampshire Public Utilities Commission

Witness: N/A

Request:

Reference reporting requirement ii.2.a from Order No. 26,621. In reviewing the Performance Incentive (PI) formula, questions have arisen on the policy reasoning for why the PI calculation is based on aggregate expenditures and estimated MWH savings instead of being calculated at the program level. The Commission requests the Joint Utilities submit one joint answer to the following questions:

- (i) What policy rationale is there for a performance incentive to be awarded on an aggregate basis and not on a per-program basis; and
- (ii) If the rationale is operational, and not policy driven, please provide an explanation of this so that the Commission has a complete understanding of the factors that impact the Joint Utilities' shifting of investments across programs.

Response:

The basis for awarding performance incentive in the aggregate is a policy driven approach that allows the NH Utilities to deliver the NHSaves programs in a manner that optimizes benefits at the lowest cost to customers while providing program flexibility and adaptability needed to deliver benefits at the lowest possible cost. The current performance incentive in operation in New Hampshire is based on a comprehensive report undertaken by the Performance Incentive ("PI") Working Group, established at the end of 2018 as a result of PUC Order 26,207 in DE 17-136. A copy of the report is attached to this response. The PI Working Group consisted of a diverse group of stakeholders, state agency staff (including then-Commission staff members) and utility representatives. This group met over the course of 16 months to thoroughly review the current and alternative PI calculation methodologies and submitted a consensus report for the Commission's consideration on August 30, 2019. Subsequently, the Commission endorsed the PI Working Group's report in Order No 26,323 approving the 2020 Update Plan by also incorporating the PI Working Group recommendation to revise the PI formula from a customer sector level approach to an aggregate portfolio basis for awarding PI.

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This report recommended a change to considering PI at the customer sector level (i.e., residential and commercial/industrial) and replacing it “with a calculation based on the achievement at the portfolio level as a whole” with the explanation that the portfolio approach “provides the utilities with greater flexibility in terms of program implementation and innovation, and increasing low income participation through fuel-neutral measures.” (Report at 5). Further explanation is included in section III.D. on Sector Level Incentive Eligibility, excerpted below:

According to the National Efficiency Screening Project’s Database of State Efficiency Screening Practices, many states, including Arizona, California, District of Columbia, Illinois, Michigan, New Mexico, New York, Oklahoma, Ohio, Pennsylvania, Rhode Island, Vermont, Washington, and Wisconsin, assess the cost-effectiveness of their programs at the portfolio level.¹⁶

While there is some inherent logic to incenting performance on a sector specific basis, Working Group members agreed that doing so limits flexibility to implement new programs and might unnecessarily limit the savings or cost-effectiveness pursued in a sector. In such a case, the utility would be reluctant to pursue all-cost effective programs, especially those with a lower Benefit Cost Ratio (BCR), if the utility is unable to offset the savings uncertainty associated with new programs in one sector by investment in highly cost-effective programs in the other sector.

¹⁶ National Efficiency Screening Project. Database of State Efficiency Screening Practices. Accessed June 21, 2019. Available at: <https://nationalefficiencyscreening.org/state-database-dsesp/>