

**STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION**

DE 23-043

**PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE
d/b/a EVERSOURCE ENERGY**

2023 Energy Service Solicitation

Order Approving Petition for February 1, 2024 to July 31, 2024 Rates

ORDER NO. 26,920

December 21, 2023

This order authorizes Public Service Company of New Hampshire d/b/a Eversource Energy (Eversource or the Company) to recover the costs of power supply through energy service (ES)¹ rates for effect for the six-month period of February 1, 2024, through July 31, 2024. The table presented on the next page summarizes the updated, reduced ES rate of 8.285 cents per kilowatt hour (kWh) for Eversource's Small Customer Group, which includes residential customers taking energy service from Eversource. This order also requires Eversource to prepare a filing delineating how it will accommodate an ISO-New England market-based procurement component in its upcoming August 2024-January 2025 energy service for a portion of its Small Customer Group load.

This rate includes a charge of 0.856 cents per kWh for Renewable Portfolio Standard (RPS) compliance costs. The RPS costs represent approximately 10.3 percent of the ES charges for residential customers. For a residential customer using 650 kWh per month, the result will be a decrease in the monthly bill from approximately

¹ The customer bill for those customers that take Eversource default service is composed of three parts: power supply, transmission, and distribution. The ES rates for default service customers are for the power supply component only.

\$162.14 to \$134.21 or about \$27.93 (17.2 percent) less, compared to the six-month period ending January 31, 2024. See Hearing Exhibit 5 at Bates Page 61.

Eversource Residential (Small Customer Group) ES Rates

Residential Rates (\$/kWh)					
		Power Supply		Other	Total kWh
	Effective Date	Charge	RPS	Charges	Charges
Prior Year Rate	February 1, 2023	\$0.19633	\$0.00811	-\$0.00223	\$0.20221
Current Rates	August 1, 2023	\$0.13180	\$0.00834	-\$0.01432	\$0.12582
Proposed Rates	February 1, 2024	\$0.08832	\$0.00856	-\$0.01403	\$0.08285

The Commission does not administratively set the prices offered by wholesale electricity suppliers operating in the regional ISO-New England market to Eversource for serving Eversource's ES load. These prices are set by the wholesale suppliers themselves, informed by the prevailing market conditions, in a competitive bidding process, where Eversource endeavors to select the least-cost supplier. The Commission does oversee this market process as part of this proceeding and approves the resultant rates under the governing statutory standards.

I. BACKGROUND AND POSITIONS

Eversource made its ES filing pursuant to a settlement agreement (Settlement Agreement) approved in Docket No. DE 17-113, by Order No. 26,092 (December 29, 2017). The Settlement Agreement established the process by which Eversource procures energy service following divestiture of its generation assets. This basic ES process was re-confirmed by the Commission in its Order No. 26,733, issued on November 22, 2022, in Docket No. DE 22-021.

This proceeding was inaugurated by the Commission's Commencement of Adjudicative Proceeding and Notice of Hearing Order on April 11, 2023. The Office of the Consumer Advocate (OCA) filed its letter of participation on April 18, 2023. At the request of the Company, the Commission issued a procedural order scheduling the

review hearing for this phase of the proceeding (that pertaining to the February 2024-July 2024 ES rate period) on October 12, 2023, scheduling the hearing for December 19, 2023. On December 14, 2023, Eversource filed a Petition for Adjustment to the Energy Service Rate for effect on February 1, 2024, with supporting pre-filed testimony of Scott Anderson, Yi-An Chen, Luann Lamontagne, and Parker Littlehale, all personnel with Eversource Energy Service Company, Eversource's service-company affiliate. *See* Hearing Exhibit 5.

Certain schedules included in Eversource's filings contain information that Eversource claims is confidential pursuant to the New Hampshire Code of Administrative Rules, Puc 201.06 and 201.07. This material includes the Company's bid evaluation and summary information, renewable energy certificate pricing, and other confidential pricing terms. The hearing was held on December 19, 2023, as scheduled, where the Company, the OCA, and representatives of the New Hampshire Department of Energy (DOE) appeared. Mss. Chen and Lamontagne, and Messrs. Anderson and Littlehale, provided additional oral testimony in support of the Company's petition at hearing. Neither the OCA nor the DOE objected to the Company's request for confidential treatment. Ms. Chen noted slight technical corrections to her Testimony figures, which were subsequently filed by the Company.

The petition and subsequent docket filings, other than any information for which confidential treatment is requested of or granted by the Commission, are posted on the Commission's website at

<https://www.puc.nh.gov/Regulatory/Docketbk/2023/23-043.html>

Eversource's ES petition seeks approval of new ES rates for the six-month period beginning February 1, 2024. Eversource based its filing on the results of its Request for Proposals (RFP) solicitation issued on November 2, 2023, for power supply

to serve the Company's Large and Small Customer groups. According to Eversource, the RFP was widely distributed, including to all members of the New England Power Pool (NEPOOL) Markets Committee and was posted on the Company's website.

The RFP requested 100 percent of the required power supply for the Company's Small Customer Group in eight tranches of equal size, and 100 percent of the required power supply for its Large Customer Group in two tranches of 50 percent each. The increase in the number of tranches is a recent innovation (first implemented for the February 2023-July 2023 ES procurement round) by Eversource, designed to incentivize bidder participation by reducing the associated risk and load uncertainty for each individual tranche by reducing the number of megawatts of load served by each tranche. The RFP requested that bids be prepared on an as-delivered energy basis, with prices stated monthly on a fixed dollar per megawatt-hour (MWh) basis. Eversource received bids on December 12, 2023; winning suppliers were also selected on December 12, 2023; and transaction confirmations with the winning bidders were executed by the Company on December 13, 2023. See Hearing Exhibit 5, Littlehale/Lamontagne Testimony, at Bates Pages 7-8.

Eversource successfully secured winning bids for all eight tranches of its Small Customer Group load, and for both tranches of its Large Customer Group load. Eversource selected NextEra Energy Marketing, LLC (NextEra) to supply power for seven of the tranches (or 87.5 percent) of the Small Customer Group, and Constellation Energy Generation, LLC (Constellation) to supply power for the remaining tranche (or 12.5 percent) of the Small Customer Group. Based on the winning bids, Eversource calculated the ES rate for its Small Customer Group for the six-month period beginning February 1, 2024, to be 8.285 cents per kWh.

For the Large Customer Group, H.Q. Energy Services (U.S.) Inc. (HQES) was the winning bidder for both tranches. For this class of customers, ES rates vary by month. The monthly total ES rates for Large Customer Group ratepayers are proposed by the Company to be: February 2024, 18.173 cents; March 2024, 12.061 cents; April 2024, 9.495 cents; May 2024, 9.004 cents; June 2024, 9.443 cents; July 2024, 11.602 cents. Hearing Exhibit 5 at Bates Page 63.

The Company represented that consistent with the Settlement Agreement, Eversource added to the base energy price an amount that recovers costs that Eversource must pay for compliance with New Hampshire's RPS requirements under RSA 362:F. In addition to that RPS adder, Eversource includes in its ES rates an amount to recover its administrative and general expense costs related to the procurement of energy service for its customers. Eversource also included an annual energy reconciliation adjustment factor in the calculation of ES rates. Eversource calculated a uniform RPS adder, based on current market prices for renewable energy certificates (RECs) that comply with the RPS requirements of 0.856 cents per kWh for both the Small and Large Customer Groups. Eversource calculated the recovery factor for administrative and general expenses to be 0.093 cents per kWh. Hearing Exhibit 5 at Bates Page 63. To balance out past over- and under-recoveries related to the Company's RPS and other ES-related costs, Eversource calculated a credit of 1.496 cents per kWh to be applied as an offset to ES rates for the Small Customer Group, including residential customers, and a charge of 1.509 cents per kWh to be assessed as part of ES rates for the Large Customer Group. *Id.*

In oral testimony provided at hearing, Eversource, through Ms. Chen, provided certain technical corrections to its testimony and associated schedules, and also provided its perspectives regarding the ES procurement under review. Eversource's

witnesses reiterated the Company's view that the RFP solicitation for this ES round was competitive, and produced market-indicative rates that were just and reasonable.

Mr. Littlehale also provided a series of responses to Commissioner questions regarding the issue of the Company potentially adding an element of energy service supply through direct acquisitions in the ISO-New England Day-Ahead and Real-Time energy markets, which the Commission had invited Eversource to do through the terms of Order No. 26,851 (June 22, 2023), which approved the current Eversource ES rates in effect. Mr. Littlehale confirmed, as presented in the Company's written testimony, that Eversource had not elected to include such a market-based element, on the basis that the Company thought proceeding with such an approach would not be advisable, due to: the current pendency of the DOE Investigative Proceeding Relative to Default Energy Procurement, DOE Docket No. INV 2023-001; the lack of clear Commission ordering authority regarding this approach; concerns regarding the potential impact of price volatility on Eversource's small customer group; and the impacts of community aggregation on Eversource's ES customer pool.

The Commission inquired with Mr. Littlehale further regarding these issues, especially in light of the Commission's own investigative findings in Docket No. IR 22-053, which indicated a significantly higher pricing level for the wholesale requirements contracts entered into by New Hampshire's electric utilities, as compared with the monthly average market prices in the ISO-New England market over time. (Eversource has also submitted, as part of the ordering requirements of Order No. 26,851, data for the months of August, September, and October 2023 showing that the Company's requirements-contract prices for energy service were higher than the direct ISO-New England market prices for each month by a factor of approximately 1.5 to 2). See Hearing Exhibit 8. The Commission also inquired about the appearance of an

oligopolistic trend in the wholesale requirements-contract market in this region. Mr. Littlehale stated that the Company maintained its concerns regarding potential volatility and the ongoing impact of community aggregation, but also, that Eversource had developed practical experience with operations in the ISO-New England Day-Ahead and Real-Time energy markets in supplying energy for its ES customers in its affiliate jurisdictions (Connecticut and Massachusetts) that could be applied in responding to Commission directives. (Specifically, Eversource's Southern New England affiliates have made use of a third-party vendor to generate ES customer load projections to help Eversource guide its purchases in the ISO-New England market). Mr. Littlehale also stated that the Company would prefer directional certainty from the Commission in New Hampshire regarding any new approaches being taken for ES procurement.

The OCA stated at hearing that it supported Commission approval of the Eversource ES rate proposal as just and reasonable. Regarding the potential for a direct ISO-New England market-based procurement approach being integrated into Eversource's future ES solicitation processes, the OCA stated that it had no position regarding this question, but did have concerns relating to potential price-volatility impacts that led the OCA to be unenthusiastic about the prospects for such an approach.

The DOE, on December 18, 2023, filed a Technical Statement of Mr. Scott T. Balise, stating to the Commission that the DOE supported the methodology of the Company's 2022 Default Service and Renewable Energy Credits Lead Lag Study, as reasonable and accurate, and recommended that the Commission approve it as filed. In a statement made at hearing, the DOE also indicated that it supported Commission

approval of the Company's ES rate proposals as just and reasonable, and in conformity with the Settlement Agreement.

II. COMMISSION ANALYSIS

We find that Eversource's solicitation and bid evaluation procedures conform to the process approved by the Commission in Order No. 26,092, and re-confirmed in Order No. 26,733. In Order No. 26,092, the Commission approved a settlement agreement that generally established the process whereby Eversource would procure power supply for customers taking energy service from Eversource following Eversource's divestiture of its generation plants. Order No. 26,733 emphasized the critical role of the Company in applying its business judgment and market expertise to the management of its ES RFP process.

Eversource's solicitation of bids and selection of NextEra and Constellation to provide power supply for the Small Customer Group for the six-month period beginning on February 1, 2024, is appropriate and satisfies the requirement that default energy service be procured through a competitive process that produces rates that are market based. *See* RSA 374-F:3, V(c). Likewise, we approve of the solicitation process, and resulting contract, between Eversource and HQES to supply both of the 50% tranches of the Large Customer Group load, as producing rates that are market based.

We also find Eversource's price estimates of RECs, which are reconciled annually, are appropriate and we approve the price estimates for inclusion in retail rates effective February 1, 2024. We also continue to endorse, in light of the DOE's Technical Statement, the Company's 2022 Default Service and Renewable Energy Credits Lead Lag Study used in the calculation of the working capital requirements for this Default Service filing, subject to the proviso that they are subject to reconciliation

on any further review by DOE, the Commission, and the Company itself. We appreciate the DOE's provision of the results of its analytical review of the Lead-Lag Study through its Technical Statement filed in this proceeding.

The Commission recognizes that although we do not have regulatory authority over power supply since New Hampshire's utilities divested themselves of their generation/power supply assets, the Commission has the ability to oversee the procurement process, to ensure that the ES service prices are robustly competitive. In light of the empirical data developed through IR 22-053, and the monthly data being submitted by the Company in this docket, the Commission believes that the time is right to develop an ISO-New England market-based component for energy service procurement for Eversource's Small Customer Group, as recently ordered for Unitil Energy Services, Inc. in Order No. 26,910 (Dec. 8, 2023), and Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty in Order No. 26,913 (Dec. 15, 2023). To that end, as an interim, measured approach, and in light of the Company's stated desire for directional certainty, we order Eversource to develop a proposal, for submission to the Commission no later than February 5, 2024, for an ISO-New England market-based procurement approach for 10 to 20 percent of Small Customer Group load, through whatever combination of direct Day-Ahead and Real-Time ISO-New England market acquisitions the Company finds advisable, for the Company's upcoming August 2024-January 2025 energy service period, as appropriate. This proposal would be assessed by the Commission in a future phase of this proceeding upon submission by the Company. Furthermore, we expect to issue data requests involving synthesis of the monthly market-price data being submitted by the Company in this future phase.

Based upon the foregoing, it is hereby

ORDERED, that the power supply agreements entered into between Eversource and NextEra Energy Marketing, LLC and Constellation Energy Generation, LLC, to provide power supply requirements for the Small Customer Group for the six-month period beginning February 1, 2024, are hereby APPROVED as filed and discussed herein above; and it is

FURTHER ORDERED, that the power supply agreement entered into between Eversource and H.Q. Energy Services (U.S.) Inc. to provide power supply requirements for the two 50 percent tranches of the Large Customer Group for the six-month period beginning February 1, 2024, is hereby APPROVED as filed and discussed herein above; and it is

FURTHER ORDERED, that Eversource's request to recover the costs of the power supply agreements through the energy service rates proposed in this filing effective with services rendered on and after February 1, 2024, through July 31, 2024, is hereby APPROVED, as filed and discussed herein above; and it is

FURTHER ORDERED, that Eversource is authorized to use the results of the 2022 Lead/Lag study in the calculation of rates, subject to any reconciliation; and it is


FURTHER ORDERED, that Eversource shall file with the Commission, no later than February 5, 2024, a proposal for an ISO-New England market-based procurement approach for 10 to 20 percent of the load, through whatever combination of direct Day-Ahead and Real-Time ISO-New England market acquisitions the Company finds advisable, for the Company's upcoming August 2024-January 2025 energy service period for its Small Customer Group, to be assessed by the Commission in a future phase of this proceeding; and it is


FURTHER ORDERED, that Eversource, for this upcoming default service rate period, is to continue to file, by the 30th day of the following month, a summary comparison of the monthly average ISO-New England market electricity prices with the power supply charge components for Eversource's small customer group, as delineated in the Commission's procedural orders issued in this Docket; and it is

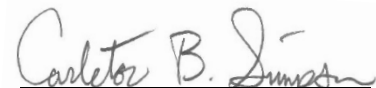
FURTHER ORDERED, that Eversource is authorized to use its price estimates of renewable energy certificates in its calculation of energy service rates; and it is

FURTHER ORDERED, that Eversource shall file conforming tariff pages, incorporating the new energy service rates, all as approved herein, within 20 days of the date of this order, consistent with N.H. Code Admin. Rules, Puc 1603.

By order of the Public Utilities Commission of New Hampshire this twenty-first day of December, 2023.


Daniel C. Goldner
Chairman


Pradip K. Chattopadhyay
Commissioner


Carleton B. Simpson
Commissioner

Service List - Docket Related

Docket#: 23-043

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