EVERSOURCE ENERGY

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August 13, 2015

Alexander Speidel
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RE: Docket No. IR 15-124
Investigation into Potential Approaches to Ameliorate Adverse Wholesale Electricity Market Conditions in New Hampshire

Responses of Eversource Energy to Staff's Requests

Dear Attorney Speidel:

On August 3, 2015, the Commission Staff issued a series of follow up questions intended for Access Northeast. In that some of the questions required information from Public Service Company of New Hampshire d/b/a Eversource Energy ("Eversource"), included herein are responses to the staff questions applicable to Eversource, which are being provided separately from any responses on behalf of the Access Northeast project.

Consistent with Staff's instructions, these responses are being provided electronically only. If you have any questions, please do not hesitate to contact me. Thank you for your assistance with this matter.

Very truly yours,

Matthew J. Fossum
Senior Counsel

Enclosures

Public Service of New Hampshire dba Eversource Energy
Docket No. IR 15-124

Date Request Received: 08/03/2015 **Date of Response: 08/13/2015**
Request No. STAFF 2-001 **Page 1 of 1**
Request from: New Hampshire Public Utilities Commission Staff

Witness: James G. Daly

Request:
Questions 1 and 3 of Staff's Initial Questions to Access Northeast asked respectively how LNG commodity service would be priced and to describe the pricing method/approach. While Eversource responded that it planned on releasing the LNG commodity to generators using "market-based pricing", the details of the pricing method or approach were not disclosed. During the July 22 stakeholder meeting with Eversource, Staff was told that the price of LNG commodity will be set at the daily spot price of natural gas in New England. Please confirm that the price of LNG commodity will be set at the daily spot price of natural gas in New England.

Response:
Eversource EDC's contemplate that the price of LNG commodity sold from the facility will be driven by the demand from generators who will be seeking a price reflective of the operating conditions at the time of that purchase which is likely to be near if not the daily spot price reported in the daily indices.

Public Service of New Hampshire dba Eversource Energy
Docket No. IR 15-124

Date Request Received: 08/03/2015 **Date of Response: 08/13/2015**
Request No. STAFF 2-002
Request from: New Hampshire Public Utilities Commission Staff

Witness: James G. Daly

Request:
Eversource have said that under the Access Northeast proposal gas generators will be able to nominate and take delivery of re-gasified LNG from local storage facilities on certain winter days at a price indexed to the price of natural gas in New England on the day of delivery. If the difference between the indexed price and the actual LNG commodity cost (which Staff assumes to be the sum of the price of gas at the receipt point, the variable cost of transportation to the LNG plant, the variable cost of liquefaction, the variable cost of storage and the variable cost of vaporization) is positive, Eversource has said that the margin will be credited back to EDC customers. If the margin is negative, perhaps due to the construction of a second pipeline, Staff assumes the margin will increase the overall cost to EDC customers. Please confirm this assumption and compare the risks of cost increases and decreases.

Response:
The re-gasified LNG provides a reliable, local economic source of gas during the peak hourly periods of demand when pipeline capacity is most constrained. This approach is not dissimilar from how LDCs currently utilize their on-system LNG facilities. Hypothetically, if a second pipeline were built into the region, then summer refill prices would still likely compare favorably to peak period prices. The Eversource EDCs do not yet know the variable costs/rates of liquefaction, storage and vaporization of this project, but if they are similar to its domestic resources, then the variable costs should not be substantially higher when compared to the commodity cost of the gas since the majority of the facility costs would likely be recovered through the demand charge. While it is possible for the storage WACOG to be higher than the winter peak period prices, it would likely require a severe drop in the difference between winter and summer prices to generate a sufficient differential to make the effective margin negative. In that case the EDC's Asset Manager would decide not sell gas from the tank at that time as it is not obligated to do so and it would hold the storage until such time as either the market prices appreciate enough to sell the gas at a positive margin or the supply was needed for reliability reasons. If this scenario were to occur, then power prices which have typically tracked gas prices will be lower and the EDC's customers would realize the benefit of lower electricity prices.

Public Service of New Hampshire dba Eversource Energy
Docket No. IR 15-124

Date Request Received: 08/03/2015 **Date of Response: 08/13/2015**
Request No. STAFF 2-003
Request from: New Hampshire Public Utilities Commission Staff

Witness: James G. Daly

Request:
Please provide a breakdown of the cost of re-gasified LNG commodity inclusive of commodity cost, variable cost of liquefaction, variable storage cost, and variable cost of vaporization. Regarding the commodity component, please indicate whether gas is assumed to be procured in New England at spot market prices or outside of New England and transported to the region at an appropriate firm/interruptible rate.

Response:
As indicated in the Eversource EDC's response to STAFF 2-002, the EDC's do not know the variable costs associated with the facility at this time but EDC's contemplate that the Asset Manager would procure the cheapest available supply available to it, whether that is gas being transported with a portion of the pipeline capacity to its respective receipt points or at regional market rates as witnessed this summer, both have been near or below $2/MMBtu on average for the majority of the summer (off-peak) period to date.

Public Service of New Hampshire dba Eversource Energy
Docket No. IR 15-124

Date Request Received: 08/03/2015 **Date of Response: 08/13/2015**
Request No. STAFF 2-005 **Page 1 of 1**
Request from: New Hampshire Public Utilities Commission Staff

Witness: James G. Daly

Request:
Eversource in response to Initial Question 14 proposes that each participating New Hampshire EDC contract for its Load Ratio Share of electrical load in New Hampshire. Assuming New Hampshire's three regulated EDCs choose to participate in the procurements of pipeline capacity, please provide a calculation of each EDC's Load Ratio Share.

Response:

	2014 MW Sales *	Load Ratio Share (%)
Liberty	910,825	9.1
PSNH	7,886,054	78.9
Unitil	1,204,303	12.0
		100.0

* Source FERC Form 1