

Wholesale Investigation (IR 15-124) Initial Staff Questions for Unitil Energy Systems (UES)

June 22, 2015

Instructions for responses: Please e-mail responses in PDF format to [alexander.speidel@puc.nh.gov](mailto:alexander.speidel@puc.nh.gov); responses will be promptly posted to the NHPUC website here:

[http://puc.nh.gov/Electric/Investigation\\_into\\_Potential\\_Approaches\\_to\\_Mitigate\\_Wholesale\\_Electricity\\_Prices.html](http://puc.nh.gov/Electric/Investigation_into_Potential_Approaches_to_Mitigate_Wholesale_Electricity_Prices.html)

1. Page 1. UES states that “substantial regulatory and political barriers appear to have stalled efforts to implement such market rule changes.” Please identify the “regulatory and political barriers” referenced in that statement and cite to any documents that address those barriers.
2. Page 2. Is it UES’ position that the over 1 Bcf/day of publicly announced pipeline expansion projects will meaningfully reduce winter period natural gas prices and in turn wholesale electricity prices? If yes, please explain the basis for that view and provide all analytical support including the assumptions used in the analyses. In your response, please provide an estimate of the expected natural gas or electricity price reduction.
3. Page 2. When does UES expect each of the pipeline projects referenced in footnote 1 to be placed into commercial operation? Also, how many years after these projects are placed into commercial operation does UES believe should elapse before an accurate assessment of the impact on wholesale electricity prices can be determined?
4. Page 2. Is there an expectation by UES that the shippers responsible for the pipeline capacity quantities referenced in footnote 1 are unlikely to fully utilize the purchased capacity? If yes, provide all support for that expectation and provide annual estimates of the expected under-utilization of capacity. If the answer is no, please explain.
5. Page 2. Please provide the calculation, together with all assumptions, that supports the claimed distribution rate increase of approximately 8 percent. Also, provide the resulting distribution surcharge in \$/kWh.
6. Page 3. Unitil Corp. also owns the LDC Northern Utilities (Northern). Is Northern only or mostly capitalized to cover its distribution assets? If yes, is Unitil Corp. also concerned about Northern entering into long-term pipeline capacity contracts? If the answer is no, please explain why not.
7. Page 3. For clarification, identify the “new resources under contract.”
8. Page 3. Does UES agree that last winter New England’s generation resources included over 1,000 MW of coal-fired generation that is scheduled to retire before 2018 and that an additional 6,000 MW of oil and coal-fired generation will be at-risk for retirement by 2020?
9. Page 4. Regarding the statement that strong consideration should be given to LNG based solutions, please explain why UES believes LNG can solve or contribute to solving the high winter period electricity price problem. Provide copies of all studies in UES’ possession that show LNG service -based on the liquefaction of domestic natural gas supplies - to be a more cost effective solution than firm pipeline capacity.
10. Page 4. Please clarify the following sentence: “Value should be placed on diversity of new projects and reasonably proportional investment in the regional pipelines that serve existing gas fired generators should be pursued.”

11. National Grid in its comments contends that since “all electric distribution customers in New England will ultimately benefit from the lower energy costs and enhanced reliability resulting from increased pipeline capacity sufficient to allow generally unconstrained access to the lower priced domestic gas supplies available just outside the region .....it is critical that electric distribution customers across New England together support the costs of the additional natural gas delivery infrastructure investments.” Does UES agree with that statement and if so would it voluntarily agree to pay a portion of such infrastructure investment costs, regardless of whether it purchased pipeline capacity under an infrastructure project?