

**STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION**

DE 23-043

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

2023 Energy Service Solicitations

Order Approving Modifications to Energy Service Procurement

ORDER NO. 26,994

April 12, 2024

This order approves the Public Service Company of New Hampshire d/b/a Eversource Energy (Eversource) proposal, made in response to a Commission directive, for the introduction of an ISO-New England market-based procurement tranche of 12.5 percent for its small Energy Service customer group, which includes residential Energy Service customers. This change is to be implemented for the August 1, 2024 to January 31, 2025 Energy Service period, and is expected to provide cost savings for Energy Service customers.

I. BACKGROUND AND POSITIONS

On December 21, 2023, the Commission issued Order No. 26,920, in which it required Eversource to file

a proposal, for submission to the Commission no later than February 5, 2024, for an ISO-New England market-based procurement approach for of 10 to 20 percent of Small Customer Group load, through whatever combination of direct Day-Ahead and Real-Time ISO-New England market acquisitions [Eversource] finds advisable, for [Eversource'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 [Eversource].

Id. at 9. The Commission launched this directive following evidence, provided by Eversource in reports ordered by the Commission, that there was a significant pricing differential between the requirements contracts entered into by

Eversource for serving its energy service load, and the prevailing monthly ISO-New England market prices, including capacity costs and ancillary costs, with the requirements-contract prices being markedly higher. *Id.* at 9.

On February 5, 2024, Eversource made its proposal pursuant to the requirements of Order No. 26,920, in a petition filed in this instant Docket No. DE 23-043. The proposal and subsequent 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>

As part of its proposal, Eversource included the pre-filed testimony of Mr. Parker Littlehale and Ms. Yi-An Chen, employees of Eversource's service-company affiliate, Eversource Energy Service Company, with supporting attachments. See Hearing Exhibit 9 (Eversource Testimony). The Eversource Testimony delineated the Eversource proposal for including a 12.5 percent, or one-eighth, ISO-New England market-based procurement tranche for Eversource's Small Customer Group for Energy Service, with the remaining 87.5 percent, or seven-eighths, of the Small Customer Group load being served through requirements contracts with third-party energy suppliers.

On February 8, 2024, the Commission issued a supplemental order of notice commencing this phase of the proceeding, and scheduling a hearing on the Eversource proposal for March 19, 2024. On February 26, 2024, the Community Power Coalition of New Hampshire (Community Power) filed a timely petition for intervention pursuant to RSA 541-A:32 and N.H. Code Admin. Rules Puc 203.17.

On March 12, 2024, the New Hampshire Department of Energy (DOE), as requested by the Commission in its supplemental order of notice, filed a Technical

Statement by its Utility Analyst, Mr. Stephen R. Eckberg, regarding the Eversource proposal. See Hearing Exhibit 10. On March 19, 2024, the hearing in this matter was held as scheduled, where representatives of Eversource, the DOE, and the Office of the Consumer Advocate (OCA) appeared, and Community Power was granted intervention pursuant to the discretionary intervention standard of RSA 541-A:32, II in a bench ruling by the Commission. See Transcript of March 19, 2024 Public Hearing (Tr.) at 7-8. Mr. Littlehale and Ms. Chen also provided oral testimony in support of the Eversource proposal at the March 19 hearing and responded to Commission inquiries regarding same.

The Eversource proposal, as described in detail in the Eversource Testimony, Hearing Exhibit 9, and as elaborated on in Eversource's oral testimony at hearing, would operate as follows. Eversource would conduct its requirements-contract bidding solicitation, through Eversource's May 2024 Request For Proposals (RFP) process, for all eight tranches of its Small Customer Group energy service load (12.5 percent each). When the RFP bidding results come in, Eversource would select the seven lowest bids as the winning bids for the 87.5 percent of Small Customer group load to be served by requirements contracts. Then, to devise a single six-month rate for the upcoming August 2024 through January 2025 energy service rate period for the Small Customer Group, the single lowest-cost bid price would be used as replacement for the eighth bid to develop an average proxy price. Hearing Exhibit 9 at Bates Pages 5-6.

During the actual rate period, Eversource will obtain a daily load forecast for its 12.5 percent market-procurement tranche from a third-party software vendor, and procure that portion from the Day-Ahead ISO-New England market. Hearing Exhibit 9 at Bates Pages 3-5. Any load amounts that deviate from this forecast would be sold into or purchased from the ISO-New England Real-Time market. Tr. at 79. Any over-

or under-collections resulting from deviations between the actual market costs and loads, and the forecasted costs and loads, would be recovered through Eversource's existing Energy Service reconciliation process. See Exhibit 9, Bates Pages 6-8.

Eversource also committed to provide, as future Hearing Exhibit 11 in response to a Commission record request, an analytical overview of the differentials between the Eversource corporate self-supply proxy prices used recently at its Massachusetts and Connecticut affiliate operations (in 2022 and 2023), and the actual ISO-NE market-based procurement prices during the same rate periods. See Hearing Exhibit 11. In its closing statement, Eversource recommended Commission approval of its proposal as just and reasonable, and in advance of April 15, 2024. Tr. at 85-86.

The DOE, in its statements made at the March 19 hearing and in Mr. Eckberg's Technical Statement, stated that any Commission approval of the Eversource proposal should be on a strictly "experimental" basis, due to concerns regarding potential price volatility impacts in the ISO-New England markets. Hearing Exhibit 10, *passim*, Tr. at 80-81. The OCA generally supported these concerns in its own statements made at hearing; both the DOE and OCA did not object to the Commission's approval of the Eversource proposal as filed. Tr. at 80-84.

On March 25, 2024, Eversource provided the record request response noticed as Hearing Exhibit 11, wherein it was revealed that the Eversource corporate-developed proxy prices applied in market-based procurement programs at Eversource's Connecticut and Massachusetts affiliates were roughly three times higher than the actual ISO-New England market costs incurred through the relevant rate periods. Hearing Exhibit 11. Eversource also provided a further record request response comparing ISO-New England market prices, with all relevant ancillary

elements included, to requirements-contract-based Energy Service rates and costs for the last five Energy Service periods on April 8, 2024.

II. COMMISSION ANALYSIS

In assessing the Eversource proposal to modify its energy service procurement process, the Commission is required to consider whether the proposal is consistent with: the principles elucidated in the relevant prior Commission orders (*see* Order No. 26,092 (December 29, 2017) (approving Settlement Agreement) at 14-16, Order No. 26,733 (November 22, 2022) at 5, and Order No. 26,920 (December 21, 2023) at 9); the Electric Utility Restructuring Policy Principles governing default energy service in RSA 374-F:3, V(c)-(e); and the goal of cost-effectively meeting the state's energy needs and reducing the burden on ratepayers, in RSA 378:37 and RSA 12-P:7-a. The Commission must also assess whether the resulting rates would be just and reasonable as required by RSA 374:2, RSA 378:5, and RSA 378:7.

Having reviewed the Eversource proposal and the supporting data presented by Eversource, including its monthly pricing-comparison reports filed in this docket, we find that the proposal meets the above-listed standards, and will produce market-based, just and reasonable, and cost-effective rates for Eversource Small Customer Group energy service customers. Given the ongoing broad differential between the ISO-New England prevailing monthly market prices, including all components, and the requirements-contract prices being paid by Eversource, we expect that this approach will offer savings for Eversource energy service customers, and offer a valuable process for a market-based procurement approach. We also expect that this proposal will support more competitive energy market outcomes in line with the Restructuring Policy Principles incorporated by statute. We find that, as a starting point, Eversource's rate projections and reconciliation structure embedded in its proposal

are also just and reasonable, and will produce rates that are predictable, transparent, and generally reflective of energy market conditions. (Further discussion of this area follows below).

We therefore APPROVE the Eversource proposal for these reasons, for implementation in the August 1, 2024 through January 31, 2025 Energy Service rate period; we would expect that any necessary Tariff or other modifications would be presented to the Commission by Eversource as part of its upcoming (June 2024) Energy Service rate proposal made for that rate period. We also hereby ORDER Eversource to continue filing its monthly summary comparison of the monthly average ISO-New England market electricity prices with the power supply charge components for Eversource's Small Customer Group, pursuant to the current timing and format for these reports, in the instant DE 23-043 docket.

Having reviewed the record request response presented by Eversource (Hearing Exhibit 11), we note the broad differential between the Eversource corporate-developed proxy prices and the actual ISO-New England market-based procurement prices returned during the relevant Connecticut and Massachusetts rate periods. This roughly 3-to-1 ratio, where the proxy prices ended up being three times as high as the actual market prices, indicates to the Commission the advisability of Eversource's presenting an alternative proxy-price development methodology that, like its other New Hampshire peer utilities (Unitil and Liberty), applies a market-developed pricing forecast element for the market-based procurement tranche. This method uses NYMEX futures prices for the upcoming rate period (in this case, August 2024 through January 2025) to develop the proxy price for the market-based procurement tranche. See Commission Orders Nos. 26,973 (March 15, 2024) (Unitil) and 26,984 (Liberty).

We will therefore order Eversource to present such an alternative NYMEX methodology as part of its upcoming Energy Service filing (for June 2024 hearing). The Commission also reserves the right to explore questions at the upcoming June hearing, and through record requests, regarding other technical aspects of the direct market-procurement process, including, but not limited to, the potential future expansion of direct market procurement, NYMEX forecast data of ISO-New England energy market conditions, and other potential alternative proxy-price development methodologies. Also, the Commission may establish further proceedings, with a hearing in early September of this year, to explore such matters.


Based upon the foregoing, it is hereby

ORDERED, that the Eversource proposal for implementation of a 12.5 percent, or one-eighth, ISO-New England market-based supply tranche for its Small Customer Group for Energy Service group is APPROVED, for implementation in the August 1, 2024 to January 31, 2025 Energy Service period, with modified Tariff pages and any other necessary modifications to be filed as part of Eversource's upcoming Energy Service rate proposal for that rate period; and it is

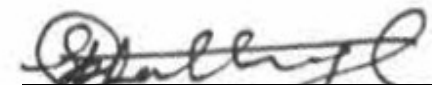
FURTHER ORDERED, that Eversource shall present an alternative proposal for the development of its proxy price element for the market-based supply tranche using NYMEX future prices for the upcoming August 2024 through January 2025 Energy Service rate period for the Commission's consideration at the upcoming June 2024 Energy Service Rate hearing; and it is

FURTHER ORDERED, that Eversource shall continue its monthly reporting of its pricing comparison reports as delineated herein, and with the same timing and format, in this instant Docket No. DE 23-043.


By order of the Public Utilities Commission of New Hampshire this twelfth day of April, 2024.



Daniel C. Goldner
Chairman



Pradip K. Chattopadhyay
Commissioner



Carleton B. Simpson
Commissioner

Service List - Docket Related

Docket#: 23-043

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