

**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 August 1, 2023 to January 31, 2024 Rates

ORDER NO. 26,851

June 22, 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 August 1, 2023, through January 31, 2024. The table below summarizes the updated, reduced ES rate of 12.582 cents per kilowatt hour (kWh) for Eversource’s Small Customer Group, which includes residential customers taking energy service from Eversource. This rate includes a charge of 0.834 cents per kWh for Renewable Portfolio Standard (RPS) compliance costs. The RPS costs represent approximately 6.6 percent of the ES charges for residential customers.

Eversource Residential (Small Customer Group) ES Rates

	Effective Date	Power Supply Charge	RPS	Total kWh ES Charge²
Prior Year Rate	8/1/2022	\$0.21986	\$0.00800	\$0.22566
Current Rate	2/1/2023	\$0.19633	\$0.00811	\$0.20221
Approved Rate	8/1/2023	\$0.1318	\$0.00834	\$0.12582

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.

² This Total per-kWh Charge incorporates certain small ancillary charges and credits allowed as part of Eversource ES rates; therefore, the sum of the Power Supply Charge and RPS charge does not exactly equal the Total Charge. Please refer to [Hearing Exhibit 3](#) for more historical details regarding Eversource ES rates since August 2022.

For a residential customer using 650 kWh per month, the result will be a decrease in the monthly bill from \$206.45 to \$156.79 or about \$49.66 (24.1 percent) less, compared to the six-month period ending July 31, 2023.

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.

On April 5, 2023, Eversource made a filing with the Commission advising of the Company's plans to conduct this round of ES solicitations. The Commission issued a Commencement of Adjudicative Proceeding and Notice of Hearing Order on April 11, 2023, scheduling a hearing for June 20, 2023. The Office of the Consumer Advocate (OCA) filed its letter of participation on April 18, 2023. On June 15, 2023, Eversource filed a Petition for Adjustment to the Energy Service Rate for effect on August 1, 2023, which was subsequently replaced with an amended Petition filed by the Company on June 16, 2023, with supporting pre-filed testimony of Luann J. Lamontagne (Senior

Analyst in the Electric Supply department), Parker Littlehale (Manager, Wholesale Power Supply in the Electric Supply department), Marisa B. Paruta (Director, New Hampshire and Connecticut Revenue Requirements), and Scott R. Anderson (Manager of Rates for New Hampshire), all personnel with Eversource Energy Service Company, Eversource's service-company affiliate. See Hearing Exhibit 1.

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 June 20, 2023, as scheduled, where the Company, the OCA, and representatives of the New Hampshire Department of Energy (DOE) appeared. Mss. Lamontagne and Paruta, 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, with a slight modification made for redaction in Hearing Exhibit 4 (the name of the Company's newest ES power supplier).

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 August 1, 2023. Eversource based its filing on the results of its Request for Proposals (RFP) solicitation issued on May 11, 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 June 13, 2023; winning suppliers were also selected on June 13, 2023; and transaction confirmations with the winning bidders were executed by the Company on June 14, 2023.

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 two of the tranches of the Small Customer Group, Constellation Energy Generation, LLC (Constellation) to supply power for three more tranches of the Small Customer Group, Calpine Energy Services, L.P. (Calpine) to supply power for two more tranches of the Small Customer Group, and H.Q. Energy Services (U.S.) Inc. (HQES) for the remaining tranche 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 August 1, 2023, to be 12.582 cents per kWh.

For the Large Customer Group, 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: August 2023, 11.837 cents per kWh; September 2023, 9.734 cents per kWh; October 2023, 9.486 cents per kWh; November 2023, 13.604 cents per kWh; December 2023, 22.688 cents per kWh; January 2024, 29.225 cents per kWh.

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 0.834 cents per kWh for both the Small and Large Customer Groups. Eversource calculated the recovery factor for administrative and general expenses to be 0.066 cents per kWh.

The Company also applied its current Lead/Lag Study used in the calculation of the working capital requirements for ES rates, including those related to RPS costs, using calendar year 2022 data, and incorporated the results of the study to calculate the return on cash working capital requirements included in its ES rate filing for rates effective on August 1, 2023. See Testimony of Marisa B. Paruta and Scott R. Anderson, Hearing Exhibit 1, at Bates Pages 52-56. To balance out past over- and under-recoveries related to the Company's RPS and other ES-related costs, Eversource calculated a credit of 1.498 cents per kWh to be applied as an offset to ES rates for the

Small Customer Group, including residential customers, and a charge of 1.532 cents per kWh to be assessed as part of ES rates for the Large Customer Group. See Hearing Exhibit 3.

In oral testimony provided at hearing, Eversource provided certain technical corrections to its testimony and associated schedules including changes to how the proxy price calculations were reflected, and also provided its perspectives regarding the ES procurement under review. Eversource noted that this RFP round had attracted a new supplier, Calpine, for which the Company executed a new Master Power Supply Agreement. Hearing Exhibit 4. 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.

The OCA stated at hearing that it supported Commission approval of the Eversource ES rate proposal as just and reasonable.

The DOE, in a statement made at hearing, stated it would commit to producing its analytical review of the Company's 2022 Lead/Lag Study in time for the next ES review proceeding, and extended its appreciation for Eversource's and the OCA's accommodation of a technical session prior to the June 20 hearing. The DOE also stated 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, Constellation, Calpine, and HQES to provide power supply for the Small Customer Group for the six-month period beginning on August 1, 2023, 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 approve the results of the Company's 2022 Lead/Lag study for its ES rates, its calculation of ES rate reconciliation credits, and its calculation of the RPS adder, 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 commitment to provide the results of its analytical review of the Lead-Lag Study in time for the next Default Service review proceeding for the Company. Based on the process and our review of the results, we find that the resulting ES rates are market-based, just, and reasonable.

The Commission recognizes that although we do not have regulatory authority over Eversource's power supply since the Company divested itself of its generation/power supply assets several years ago, the Commission has the ability to oversee the procurement process, to ensure that the ES service prices are robustly competitive. In light of this responsibility, we encourage the Company to explore, for its upcoming ES solicitation, the possibility of including a day-ahead and real-time

ISO-NE market-based procurement element for a portion of its Small Customer Group load, given the potential for better pricing outcomes for ES customers. Such an element could include up to two (12.5%) tranches of Small Customer Group load, or 25 percent in total of that load class.

Based upon the foregoing, it is hereby

ORDERED, that the power supply agreements entered into between Eversource and NextEra Energy Marketing, LLC, Constellation Energy Generation, LLC, Calpine Energy Services, L.P., and H.Q. Energy Services (U.S.) Inc. to provide power supply requirements for the Small Customer Group for the six-month period beginning August 1, 2023, 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 August 1, 2023, 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 August 1, 2023, through January 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

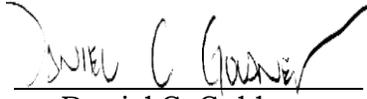
FURTHER ORDERED, that on a monthly basis over the six-month default service rate period, Eversource is to file by the 10th day of the following month, a summary comparison of the monthly average ISO-New England market electricity

prices with the power supply charge components for Eversource's Small Customer Group; and it is

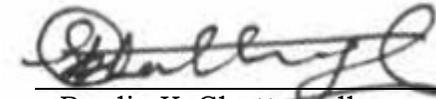
FURTHER ORDERED, that Eversource is authorized to use its price estimates of renewable energy certificates in its calculation of energy service rates; and it is

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-second day of June, 2023.



Daniel C. Goldner
Chairman



Pradip K. Chattopadhyay
Commissioner

Service List - Docket Related

Docket#: 23-043

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