

**STATE OF NEW HAMPSHIRE  
PUBLIC UTILITIES COMMISSION**

**DE 23-044**

**LIBERTY UTILITIES (GRANITE STATE ELECTRIC) CORP. D/B/A LIBERTY**

**2023 Default Service Solicitations**

**Order Approving Modifications to Default Service Procurement**

**O R D E R N O. 26,984**

**March 29, 2024**

This order approves the Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty (Liberty) proposal, made in response to a Commission directive, for the introduction of an ISO-New England market-based procurement tranche of 20 percent for its small Default Service customer group, which includes residential Default Service customers. This change is to be implemented for the August 1, 2024 to January 31, 2025 Default Service period, and is expected to provide cost savings for Default Service customers.

**I. BACKGROUND AND POSITIONS**

On December 15, 2023, the Commission issued Order No. 26,913, in which it required Liberty to file

a proposal, for submission to the Commission no later than January 29, 2024, for an ISO-New England market-based procurement tranche of 10 to 20 percent, through whatever combination of direct Day-Ahead and Real-Time ISO-New England market acquisitions [Liberty] finds advisable, for [Liberty's] upcoming August 2024-January 2025 energy service period for [Liberty's] small customer group. This proposal would be assessed by the Commission in a future phase of this proceeding upon submission by [Liberty].

*Id.* at 8-9. The Commission launched this directive following evidence, provided by Liberty in reports ordered by the Commission, that there was a significant pricing differential between the requirements contracts entered into by Liberty

for serving its default 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 6-8.

On January 29, 2024, Liberty made its proposal pursuant to the requirements of Order No. 26,913, in a petition filed in this instant Docket No. DE 23-044. 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/2023/23-044.html>

As part of its proposal, Liberty included the Technical Statement of Messrs. Christopher M.D. Green, Aaron J. Doll, and Ms. K. Myka Hayward-Hawkins, employees of Liberty's affiliate in Missouri. *See* Hearing Exhibit 15. The Technical Statement delineated the Liberty proposal for including a 20 percent ISO-New England market-based procurement tranche for Liberty's Small Default Service customer group.

On February 8, 2024, the Commission issued a supplemental order of notice commencing this phase of the proceeding, and scheduling a hearing on the Liberty proposal for March 13, 2024. On February 14, 2024, Liberty filed a request to reschedule the hearing in this matter for March 20, which was granted by the Commission in a procedural order issued on February 14, 2024. On February 20, 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 6, 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 Liberty proposal. See Hearing Exhibit 16. On March 20, 2024, the hearing in this matter was held as scheduled, where representatives of Liberty, 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. Messrs. Green and Doll, and Ms. Hayward-Hawkins, also provided remote oral testimony in support of the Liberty proposal at the March 20 hearing and responded to Commission inquiries regarding same.

The Liberty proposal, as described in detail in the Liberty Technical Statement, Hearing Exhibit 15, would operate as follows. Liberty would devise, using NYMEX futures prices for energy during the August 2024 through January 2025 Default Service rate period, a proxy price forecast (that would also incorporate Liberty's informed estimates of ISO-New England Capacity, Net Commitment-Period Compensation, and other ancillary wholesale market charges). These proxy prices would be used to develop a single, fixed customer retail rate for the six-month rate period for the Small Customer Group, with the requirements-contract prices secured through the Company's May 2024 Request For Proposals (RFP) process reflecting 80 percent of the Small Customer Group load, and the proxy market prices reflecting the 20 percent market-based tranche of that load. During the actual rate period, Liberty will obtain a daily load forecast for its 20 percent market-procurement tranche from a third-party software vendor, and procure that portion from the Day-Ahead ISO-New England market. Any load amounts that deviate from this forecast would be sold into or purchased from the ISO-New England Real-Time market. 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 Liberty's existing Default Service reconciliation process. *See Exhibit 15, passim.*

Within its Technical Statement, Liberty also offered what it termed a potential "Alternative Procurement Plan," which would integrate a Locational Marginal Price (LMP) call option feature, designed to ameliorate the impact of the highest price spikes in the ISO-New England market. This sub-proposal would be further developed by Liberty with the involvement of its consultant, Tyr Energy. Exhibit 15 at 2.

Messrs. Green and Doll, and Ms. Hayward-Hawkins, in their oral testimony at the March 20 hearing, provided additional context for their Technical Statement proposals, and responses to DOE, OCA, and Commission inquiries regarding same. In particular, Mr. Doll stated that Liberty had the technical capability to provide up to 100 percent of the load requirements for its Default Service customers through direct market-based procurements, along the general lines provided in its Technical Statement. Liberty also noted that it had an expectation that as market-based procurement expanded as a share of Default Service load, the cost savings offered by this approach would be less diluted and therefore more impactful, which accounted for Liberty's selection of the maximal range (20 percent) for its own market-based procurement tranche proposal.

Liberty also committed to provide, as future Hearing Exhibit 17 and as a response to a Commission record request, an analytical paper to be jointly developed by Liberty and Tyr Energy assessing the costs and impacts of various call-option strategies on energy pricing outcomes, using historical LMP data for the ISO-New England market. In its closing statement, Liberty recommended Commission approval of its proposal as just and reasonable, and in advance of April 1, 2024.

The DOE, in its statements made at the March 20 hearing and in Mr. Eckberg's Technical Statement, stated that any Commission approval of the Liberty proposal should be on a strictly "experimental" basis, due to concerns regarding potential price volatility impacts in the ISO-New England markets. 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 Liberty proposal as filed. Also, both the DOE and OCA expressed interest in assessing any Liberty-Tyr Energy analytical materials regarding a call option approach, when filed.

## **II. COMMISSION ANALYSIS**

In assessing the Liberty proposal to modify its default 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. 24,577 (January 13, 2006); Order No. 24,922 (December 19, 2008); Order No. 25,601 (November 27, 2013); Order No. 25,806 (September 2, 2015); Order No. 26,758 (January 13, 2023); Order No. 26,643 (June 20, 2022); Order No. 26,752 (December 22, 2022); and Order No. 26,854 (June 30, 2023)); the Electric Utility Restructuring Policy Principles governing default 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 Liberty proposal and the supporting data presented by Liberty, 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 Liberty Small Customer Group

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 Liberty, we expect that this approach will offer savings for Liberty default 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 Liberty's market-based rate projections and reconciliation structure embedded in its proposal are also just and reasonable, and will produce rates that are predictable, transparent, and reflective of energy market conditions.

We therefore APPROVE the Liberty proposal for these reasons, for implementation in the August 1, 2024 through January 31, 2025 Default Service rate period; we would expect that any necessary Tariff or other modifications would be presented to the Commission by Liberty as part of its upcoming (June 2024) Default Service rate proposal made for that rate period. We also hereby ORDER Liberty to continue filing its monthly summary comparison of the monthly average ISO-New England market electricity prices with the power supply charge components for Liberty's Small customer group, pursuant to the current timing and format for these reports, in the instant DE 23-044 docket. We also extend our appreciation to Liberty for its ongoing responsiveness and corporate leadership in this process.

Given Liberty's expressed confidence in its technical capabilities and the benefits of market-based procurements, we anticipate to direct, through written Commission record requests, and through questioning at the upcoming June hearing, further inquiries regarding technical aspects of the direct market-procurement process, including, but not limited to, matters relating to the development of proxy

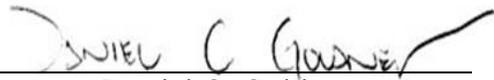
prices for the 6-month rates, the application of call options, and the potential future expansion of direct market procurement. Also, the Commission may establish further proceedings, with a hearing in early September of this year, to explore such matters.

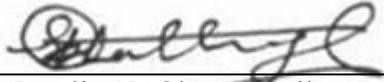
**Based upon the foregoing, it is hereby**

**ORDERED**, that the Liberty proposal for implementation of a 20 percent ISO-New England market-based supply tranche for its Small Default Service customer group is APPROVED, for implementation in the August 1, 2024 to January 31, 2025 Default Service period, with modified Tariff pages and any other necessary modifications to be filed as part of Liberty's upcoming Default Service rate proposal for that rate period; and it is

**FURTHER ORDERED**, that Liberty 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 23-044.

By order of the Public Utilities Commission of New Hampshire this twenty-ninth day of March, 2024.

  
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Daniel C. Goldner  
Chairman

  
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Pradip K. Chattopadhyay  
Commissioner

# Service List - Docket Related

Docket# : 23-044

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