

**THE STATE OF NEW HAMPSHIRE
BEFORE THE
PUBLIC UTILITIES COMMISSION**

**CLIFTON BELOW MOTION TO CORRECT ERRORS IN
PUC DETERMINATION OF AVOIDED COSTS**

Docket No. DE 16-674

Stipulation and Settlement Regarding Determination of Avoided Costs Under Puc 903.02

This Stipulation and Settlement Agreement is entered into this 16th day of November, 2016, by and among Clifton Below, Public Service Company of New Hampshire, d/b/a Eversource Energy (Eversource), Liberty Utilities (Granite State Electric) Corp., d/b/a Liberty Utilities (Liberty), Unitil Energy Systems, Inc. (Unitil), the Office of Consumer Advocate (OCA), and the Staff of the Public Utilities Commission (Staff) (hereinafter referred to individually as a Party and collectively as the Parties). This Stipulation and Settlement Agreement resolves all issues regarding the motion filed in this proceeding.

I. INTRODUCTION AND BACKGROUND

On June 17, 2016, Clifton Below, a net metering customer-generator located in Liberty's electric service territory, filed a Motion to Correct Errors in PUC Determination of Avoided Costs (Motion), citing N.H. Code Admin. Rules Puc 903.02(j). A revised version of the Motion, together with supporting documentation and spreadsheets, was filed on June 22, 2016. The Motion asserts that the Commission has erred in its annual determination of rates for utility avoided costs for energy and capacity consistent with the requirements of the Public Utilities Regulatory Policy Act of 1978, as amended (PURPA) (16 U.S.C. §824a-3 and 18 C.F.R. §292.304) and RSA 362-A:9 V(b), as set forth in Puc 903.02(i). Those avoided cost rates provide the basis for payments made by utilities to net metering customer-generators under certain circumstances, as described in Puc 903.02(h).

In particular, the Motion claims that the Commission erred in that avoided cost rate determination by using a simplifying assumption of \$1.00/MWh in lieu of calculating the actual value of "generation related ancillary service charges," and by miscalculating adjustments based on the "average line loss in New Hampshire between the wholesale metering point and the retail metering point," as provided in Puc 903.02(i)(2). Proposed recalculations of those utility avoided cost rate components were submitted together with the Motion.

Representatives of the Parties attended technical sessions on August 18, 2016, September 14, 2016, and September 27, 2016, at which confidential settlement discussions resulted in an agreement as to the resolution of the issues raised in the Motion, including a revised methodology for the annual determination of avoided cost payments available to certain net metering customer-generators under Puc 903.02, to be implemented on a prospective basis.

II. SETTLEMENT OF OUTSTANDING ISSUES

In consideration of the foregoing premises, the Parties hereby stipulate and agree as follows:

1. Staff shall revise its methodology for calculation of the annual rate applicable to the net energy metering excess credit payment option under Puc 903.02, as set forth below, beginning with the 2017 calculation.
2. "Generation related ancillary service charges" shall be determined using actual hourly values obtained from ISO New England for the previous year for ancillary market charges (currently including forward reserve market, real-time reserve market, regulation market, and transitional demand response program charges) and for net commitment period compensation (NCPC), applied or averaged over all hours for the relevant one-year period, as such application or averaging may be appropriate. These values, as well as the Real Time Locational Marginal Price (RTLMP), are available from ISO New England in their hourly wholesale load cost reports for the New Hampshire Load Zone for each month in the form of ".csv" files, presently found at <https://www.iso-ne.com/isoexpress/web/reports/load-and-demand/-/tree/whlsecost-hourly-newhampshire>.
3. With respect to adjustment "for the average line loss in New Hampshire between the wholesale metering point and the retail metering point," pursuant to Puc 903.02(i)(2), Staff shall use the same line loss factors as are used by the utilities based on their most recent line loss studies, weighted by customer class retail loads as reported by the utilities, and averaged for the relevant one-year period.
4. No recalculation, rebilling, or payment adjustment for any prior period or periods shall be required, because (i) the revised calculation methodology described above represents merely a prospective refinement and improvement of the calculation methodology previously implemented, and (ii) the administrative burden and related costs of retrospective application outweigh the potential benefits of any such recalculation, rebilling, or payment adjustment.
5. The revised methodology for calculation of the annual rate applicable to the excess net metering credit payment option shall be implemented based on interpretation of the specific language of Puc 903.02 and for that limited purpose, and any Party may advocate for the same or a different determination of avoided costs under PURPA in any different proceeding or context or for any other purpose.

III. MISCELLANEOUS PROVISIONS

The Parties further agree to the following miscellaneous provisions:

1. Binding on Parties. The Parties agree to support the terms and conditions contained herein. The Parties understand and acknowledge that this Stipulation and Settlement Agreement is subject to adoption and approval by the Commission.

2. Integrated Terms of Settlement. This Stipulation and Settlement Agreement represents an integrated resolution of all issues raised by the Motion. Accordingly, the effectiveness of this Stipulation and Settlement Agreement is conditioned on the Commission's adoption and approval of this Stipulation and Settlement Agreement in its entirety, without condition or modification. If the Commission does not adopt and approve this Stipulation and Settlement Agreement in its entirety and without modification or condition, the Parties shall have an opportunity to amend or terminate this Stipulation and Settlement Agreement. If terminated, this Stipulation and Settlement Agreement shall be deemed withdrawn and shall not constitute a part of the record in any proceeding or be used for any purpose.

3. Procedure. The Parties shall cooperate in submitting this Stipulation and Settlement Agreement promptly to the Commission for approval so that it may be implemented in a timely manner. The Parties shall request that the Commission consider this Stipulation and Settlement Agreement without the need for an evidentiary hearing, but each Party shall make a witness or witnesses available as necessary to answer questions in support of this Stipulation and Settlement Agreement, or provide such other support as the Commission requests, if the Commission schedules a hearing on the merits with respect to this matter. The Parties agree to cooperate, in good faith, in the development of any such other information as may be necessary to support and explain the basis of this Stipulation and Settlement Agreement and to develop and supplement the record accordingly.

4. No Binding Precedent. The Parties enter into this Stipulation and Settlement Agreement to avoid further expense, uncertainty, and delay in resolving the issues raised by the Motion. By its execution of this Stipulation and Settlement Agreement, no Party shall be deemed to have accepted or consented to the facts, principles, methods, or theories employed in arriving at the terms of the Stipulation and Settlement Agreement, and except to the extent expressly set forth in this Stipulation and Settlement Agreement, no Party shall be deemed to have agreed that such terms are or would be appropriate for resolving matters at issue in any different proceeding or context. Each Party shall be free to take the same or a different position on any of the issues resolved hereby in any such different proceeding or context.

5. Confidentiality. This Stipulation and Settlement Agreement is the product of confidential settlement negotiations. The content of these negotiations, including any documents prepared during the course of such negotiations for the purpose of reaching a settlement, shall be privileged and all offers of settlement shall be without prejudice to the position of any Party presenting such offer.

6. Execution. This Stipulation and Settlement Agreement may be executed by the Parties in one or more counterparts, and through original and/or electronic or facsimile signatures, and as so executed this Stipulation and Settlement Agreement shall constitute one and the same agreement.

WHEREFORE, the Parties recommend that the Commission issue an order adopting and approving the terms of this Stipulation and Settlement Agreement in resolution of all issues

raised by the Motion filed by Clifton Below in this proceeding, in the manner specified herein above.

Respectfully submitted,

Clifton Below

**Public Service Company of New Hampshire,
d/b/a Eversource Energy**

By: _____
Matthew J. Fossum, Esq., Senior Counsel

**Liberty Utilities (Granite State Electric) Corp.,
d/b/a Liberty Utilities**

By: 

Michael J. Sheehan, Esq., Senior Counsel

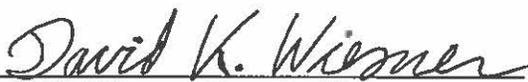
Unitil Energy Systems, Inc.

By: _____
Gary Epler, Esq., Chief Regulatory Counsel

Office of the Consumer Advocate

By: _____
Donald M. Kreis, Esq., Consumer Advocate

Staff of the Public Utilities Commission

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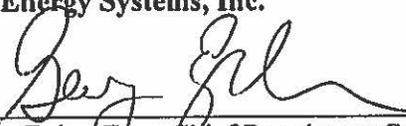
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