



Tyler J. Culbertson
Director, Rates and Regulatory Affairs
15 Buttrick Rd.
Londonderry, NH 03053
603-361-3475

Tyler.Culbertson@libertyutilities.com

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Via Electronic Mail Only

Daniel Goldner
Chairman
New Hampshire Public Utilities Commission
21 South Fruit St., Suite 10
Concord, NH 03301-2429

**Re: Docket No. DE 17-189; Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty
Battery Storage Pilot, Response to Order No. 26,784 (March 15, 2023)**

Dear Chairman Goldner:

In Order No. 26,784 (Mar. 15, 2023), the Commission “acknowledge[d] the completion of the evaluation period of the first phase of Liberty’s Battery Storage Pilot Program,” and, directed Liberty to “file a proposal for next steps no later than May 30, 2023, addressing . . . the ongoing operation of the Phase 1 batteries, including simplified reporting metrics; whether BYOD initiatives should be addressed in this docket or other dockets . . . ; and whether a second phase of the Battery Pilot will be pursued” Order No. 26,784 at 7.

On behalf of Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty, enclosed please find Liberty’s response to Order No. 26,784 addressing each of the issues listed above.

Thank you for your attention to this matter.

Sincerely,

/s/ Tyler J Culbertson

Tyler J Culbertson

Attachment



Liberty's Future Plan for the Phase 1 Battery Pilot and Reporting, BYOD, and Pursuit of Phase 2

Background

On March 15, 2023, the New Hampshire Public Utilities Commission issued Order No. 26, 784 (the "Order") acknowledging the completion of the evaluation period of Phase 1 of Liberty's Battery Storage Pilot Program. In addition, the Order requested a proposal from Liberty on the next steps for the Battery Pilot, including whether to pursue a second phase, and if so, what a second phase might look like.

Under the terms of the Settlement Agreement in Docket No. DE 17-189 (Exhibit 17 at Bates 009 – 010), Liberty may request authorization to initiate Phase 2 after meeting the following criteria as they relate to Phase 1:

- **Deliver Peak Demand Impacts.** Dispatch stored energy from the batteries to meet peak demand with an accuracy of 75% or greater. That is, must deliver at least 75% of its projected demand reduction during the monthly Liberty distribution system coincident peak demand hours and the annual ISO-NE system coincident peak demand hours during either the full Phase 1 period or the most recent 12-month period.
- **Deliver Cost Savings.** Realize Regional Network Service (RNS), Local Network Service (LNS), and Forward Capacity Market (FCM) cost savings as a fraction of program costs that are equal to or greater than those projected in the cost-benefit analyses, after accounting for actually observed (rather than projected) rates and clearing prices.
- **Demonstrate the Value of Phase 2.** Demonstrate to the Commission that the investment necessary to implement both Phase 1 and Phase 2 has a positive net present value (NPV), after updating all input assumptions to reflect the most recently updated actual or projected values.
- **No Material Adverse Change.** Confirm that there has been no material adverse change in any relevant circumstances or criteria.

Liberty achieved these criteria as presented in the Interim Evaluation Report filed on November 29, 2022.

The Order further requires Liberty to file a proposal addressing the following issues:

- *First*, the ongoing operation of the Phase 1 batteries, including simplified reporting metrics;



- *Second*, whether BYOD initiatives should be addressed in this docket or other dockets and under what structure; and
- *Third*, whether a second phase of the Battery Pilot will be pursued, and if so, present a proposed procedural schedule.

Liberty's Proposal

Liberty filed a distribution rate case on May 5, 2023, Docket No. DE 23-039, which was after the February 7, 2023, Hearing and the March 15, 2023, Order in this docket. In that proceeding, the Company filed a comprehensive proposal in the Direct Testimony of Dmitry Balashov addressing each of the above referenced items in the Order. The Company respectfully requests that this docket be closed and the issues surrounding the Battery Storage Pilot, including Phase 1 and Phase 2 and the Company's plans for a BYOD program, be reviewed as part of the comprehensive review of the Company's distribution case.

Liberty believes a rate case is an appropriate vehicle to review issues identified in the Commission's Order because these Battery Pilot issues can be reviewed in the broader context of the Company's operations and financials, including its capital plan, new program offerings, rate design, and cost recovery that are part of the rate case. For example, the determination to expand the number of batteries and the staffing to support the Battery Storage Pilot program will be reviewed as part of the Company's overall future operations and capital plans, and the BYOD program is a new program offering proposed in the context of the rate case. Intervening parties will have the opportunity to engage with the Company through the discovery process as part of the rate case. Costs to administer the program and costs to participating customers will also be reviewed as part of the rate case.

Mr. Balashov's Direct Testimony addresses how the Company plans to support the assets installed in Phase 1 over their remaining life, recommends modification of reporting requirements on Phase 1 batteries, describes the Company's plan for a BYOD program, and proposes the installation of an additional 300 batteries over a three-year period. Mr. Balashov also provides a staffing plan to support both the Company-owned and customer-owned devices. With this testimony, the Company addressed all of the issues identified in the Order.

A general rate case provides the appropriate forum to address the future of battery storage, and the review of these issues within the context of the rate case also creates administrative efficiencies. A separate proceeding to address these specific issues outside the context of an overall capital plan review would create unnecessary administrative processes with separate



discovery, hearings, and decisions about cost recovery without the context of the Company's operating and financial plan in its entirety.

Conclusion

The Commission's Order directed the Company to address three main issues surrounding the battery storage program – continuation of Phase 1 and reporting requirements, the appropriate forum to discuss BYOD programs, and the pursuit of Phase 2. The Company included a comprehensive overview of battery storage as part of its recent distribution rate case filing and recommends that the Commission close this docket and transfer the remaining issues listed above to the rate case, and allow the Company and intervening parties to review the battery storage program as part of the Company's multi-year rate plan in the pending rate case.