



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

**Docket No. DE 23-043  
Public Service Company of New Hampshire d/b/a Eversource Energy  
2023 Default Service Procurement  
Direct Market Procurement of a Portion of Default Energy Service per Order No. 26,920**

Technical Statement of Stephen R. Eckberg, Utility Analyst  
Division of Regulatory Support  
New Hampshire Department of Energy,

The New Hampshire Department of Energy (“DOE”) has reviewed the proposal of Public Service Company of New Hampshire d/b/a Eversource Energy (“Eversource” or “Company”) made on February 5, 2024 for a direct ISO-New England (ISO-NE) market-based procurement tranche of ten to twenty percent of its small customer group energy requirement. The Company’s proposal was submitted in compliance with the Public Utilities Commission’s Order 26,920 issued December 21, 2023. *See Order at 9-10.*

**Summary**

As described herein, in the opinion of DOE, the Company’s proposal complies with the Public Utilities Commission’s (PUC’s) directive and the methodology proposed to include the forward estimated costs of self-procured energy together with the costs derived from the Company’s traditional RFP process and continue to provide the small customer group with an all-in fixed price for each six month period is reasonable.

Further, the Company’s proposal to reconcile its total actual costs incurred for energy procurement through the Day Ahead (DA) and Real Time (RT) markets in the Company’s subsequent energy service reconciliation of costs without any significant change to the existing reconciliation process appears reasonable. The DOE believes that this is an acceptable approach to cost reconciliation.

**DOE’s Analysis and Recommendation**

The DOE has reviewed Eversource’s proposal to self-procure one of the eight tranches of its small customer energy requirements which it usually serves via its RFP energy procurement process, representing approximately 12.5% of that energy requirement, through direct purchase of that energy in ISO-NE’s DA and RT markets. The Company’s proposal states it will reconcile the actual costs of that energy against the estimated costs which it will include in the calculation of its fixed price of default energy service for the upcoming six-month period beginning August 1, 2024. The Company proposes to include the reconciled costs of this 12.5% self-procured tranche of small customer default energy service in its next scheduled reconciliation which otherwise occur in mid-2025.

The DOE agrees with the statement made in the testimony of Company witnesses Littlehale and Chen where they state “However, the future is highly unpredictable and energy markets may be quite volatile, therefore, should future market-based costs come in higher than wholesale supplier bid prices, it would result in an under-collection, and that would necessitate cost recovery from customers in a successive rate period(s), as described below. This unpredictability in market-based costs effectively shifts the corresponding risks from

wholesale suppliers to the Small Energy Service customers.”<sup>1</sup> This is an accurate portrayal of potential electric market price volatility here in the ISO-NE area winter months. A significant portion of New England electricity is generated with natural gas and during periods of extreme and/or extended cold weather, natural gas prices can spike, causing corresponding spikes in market prices for electricity.

While Eversource’s market procurement proposal would not expose its small customer group to any such price volatility in real-time, those customers will be financially responsible for the actual energy costs through the energy service cost reconciliation process. As the Company’s procurement proposal has customers continuing to pay a fixed six-month rate, if the portion of load acquired through such direct market participation was greater than the currently proposed single 12.5% tranche, there would be a correspondingly greater risk of over- or under- collections, which would then be collected through reconciliation.

The DOE believes that this Commission directed utility self-procurement of a portion of small customer load should be considered an experiment only. It is unclear what the specific data, information or experience the experiment is designed to collect. It may be that the Company gains useful experience in such self-procurement as a result of this experiment. However, the DOE believes that any such experience should be held in reserve as a contingency only to be used in the event of a future failed RFP procurement process.

The DOE recommends that if the Commission approves the Company’s self-procurement process as filed, or in a modified form, it should do so only for the upcoming six-month rate period. Following that six-month period, the DOE recommends that there should be a period of at least twelve months for the Commission and parties to review lessons learned<sup>2</sup>, analyze the experience and any relevant data, and to discuss whether further direct market procurement participation is appropriate.

## **Conclusion**

In conclusion, the DOE recommends that if the Commission approves the Company’s proposal to procure a single tranche representing approximately 12.5 percent of the Company’s energy for its small customer group via direct purchase and settlement in the ISO-NE Day Ahead and Real Time energy markets that it do so only for the Company’s next energy service period of August 2024 – January 2025.

The DOE’s suggestions regarding the Company proposal should not be considered as open ended support for ongoing direct market procurement of this, or any, portion of the Company’s default energy service requirements.

---

<sup>1</sup> See Testimony of Littlehale and Chen at page 5 of 9, lines 11-16.

<sup>2</sup> “The actual costs of limited direct market participation may not be finally known until several months after the conclusion of the ES service period. This lag is due to ISO-NE hourly market pricing, market settlement lag, and the resettlement process for load volumes.” See Testimony of Littlehale and Chen at page 7, line 33 – page 8, line 2.