

**STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION**

DE 15-248

PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE d/b/a EVERSOURCE ENERGY

2015 Least Cost Integrated Resource Plan

Order Clarifying Waivers of LCIRP Requirements

ORDER NO. 25,828

October 19, 2015

In this Order, the Commission clarifies its prior waiver of certain LCIRP requirements for Eversource's 2015 LCIRP. The Order affirms the Commission's decision in Order No. 25,676 that Eversource's 2015 LCIRP shall be limited to its transmission and distribution systems.

BACKGROUND

On June 19, 2015, Public Service Company of New Hampshire d/b/a Eversource Energy (Eversource) filed its 2015 Least Cost Integrated Resource Plan (LCIRP). The filing was made pursuant to RSA 378:38 and Commission Order No. 25,659 (May 1, 2014), as clarified by Order No. 25,676 (June 12, 2014). The Commission issued an Order of Notice on July 14, 2015, scheduling a prehearing conference on August 6, 2015. On June 25, 2015, the Office of Consumer Advocate (OCA) filed a letter indicating that it would be participating in the docket on behalf of residential ratepayers pursuant to RSA 363:28. The Commission granted the Office of Energy and Planning's (OEP) petition to intervene, and approved a procedural schedule on August 11, 2015.

On August 28, 2015, Eversource filed a combined motion for a waiver pursuant to RSA 378:38-a, for clarification of filing requirements, and to stay the proceedings. No party

objected to the motion. The Commission suspended the procedural schedule on September 1, 2015.

I. EVERSOURCE MOTION

Eversource began its motion by discussing recent Commission rulings regarding Eversource's LCIRP filings. With respect to its 2013 LCIRP, the Commission issued two orders. Order No. 25,659 (May 1, 2014) found that Eversource's 2013 LCIRP was adequate under the relevant statutory standards, and approved a settlement agreement which required certain elements to be included in the Company's 2015 LCIRP. Specifically, Eversource agreed to provide additional information on its distribution planning, including a description of how it integrates least cost objectives into its planning processes, and updates to its assessments of demand-side management. In addition, Eversource agreed to include additional information relating to "Smart Grid" benefits, and, in particular, the integration of distribution automation into its next plan. Order No. 25,659 acknowledged that there was pending legislation that could affect the timing and content of future resource plan filings.

On June 2, 2014, Eversource filed a motion for reconsideration or clarification of Order No. 25,659, in light of then-pending legislation, and the "guidelines" that the Commission had set for Eversource's LCIRP filings in Order No. 25,459 (January 29, 2013). In its 2014 motion, Eversource said that, if the then-pending legislation were enacted, it would be unclear whether the Company would be required to comply with the new LCIRP filing requirements, as compared with the "guidelines" enunciated in Order No. 25,459. Eversource also sought clarification of the timing of its next filing, in light of the statements by the Commission that the need for a full filing would not arise until after the conclusion of the Commission's process relating to the Company's ownership of generation.

The Commission issued Order No. 25,676 on June 12, 2014, granting reconsideration of portions of Order No. 25,659. Citing its authority under RSA 378:38-a to waive certain requirements for LCIRPs, the Commission reiterated that it would waive the requirement that Eversource file a full LCIRP until the conclusion of the investigation into the Company's ownership of generation units. The Commission said that the limited LCIRP "shall conform to the guidance in Order No. 25,459 related to transmission and distribution planning, to Order No. 25,659, and to any statutory changes made to RSA 378:38." Order No. 25,676 at 4.

In the instant motion, Eversource noted that the 2014 amendments to RSA 378:38 were enacted into law. Eversource said that its 2015 filing appropriately incorporated the statutory changes, but certain parties to the docket hold differing opinions of the requirements in light of the Commission Orders and the legislative amendments. Through its motion, Eversource sought to identify what matters are, or should be, covered in its 2015 LCIRP, and which matters are, or have been, waived pursuant to RSA 378:38-a, or otherwise.

RSA 378:38 reads as follows:

Pursuant to the policy established under RSA 378:37, each electric and natural gas utility, under RSA 362:2, shall file a least cost integrated resource plan with the commission within 2 years of the commission's final order regarding the utility's prior plan, and in all cases within 5 years of the filing date of the prior plan. Each such plan shall include, but not be limited to, the following, as applicable:

- I. A forecast of future demand for the utility's service area.
- II. An assessment of demand-side energy management programs, including conservation, efficiency, and load management programs.
- III. An assessment of supply options including owned capacity, market procurements, renewable energy, and distributed energy resources.
- IV. An assessment of distribution and transmission requirements, including an assessment of the benefits and costs of "smart grid" technologies, and the institution or extension of electric utility programs

designed to ensure a more reliable and resilient grid to prevent or minimize power outages, including but not limited to, infrastructure automation and technologies.

V. An assessment of plan integration and impact on state compliance with the Clean Air Act of 1990, as amended, and other environmental laws that may impact a utility's assets or customers.

VI. An assessment of the plan's long- and short-term environmental, economic, and energy price and supply impact on the state.

VII. An assessment of plan integration and consistency with the state energy strategy under RSA 4-E:1.

According to Eversource, the requirements of RSA 378:38, I (forecast of demand), II (assessment of demand-side energy management programs) and IV (assessment of distribution and transmission requirements), as amended, have not been waived.

Eversource then addressed the items that were waived by the Commission in Order No. 25,676. RSA 378:38, III, as amended, requires the LCIRP to assess supply-side options. Eversource noted that the Commission specifically waived the requirement for Eversource to address supply-side options in its 2015 LCIRP. *See* Order No. 25,676 at 4. Although RSA 378:38, III, was amended, Eversource opined that the amendment served only to provide a non-exhaustive list of items to include in the evaluation, and did not amend the general requirement relating to an assessment of supply-side options. Accordingly, because the Commission waived the underlying obligation, and because the statutory amendment did not invalidate the waiver, Eversource asked the Commission to confirm that the requirement in RSA 378:38, III, as amended, has been waived.

RSA 378:38, V, requires LCIRPs to include an assessment of compliance with the Clean Air Act in the planning process. The amended statute contains an additional obligation to assess compliance with the Clean Air Act and other environmental laws. The Commission waived this

requirement in Order No. 25,676, because compliance with environmental laws is primarily an issue with generating units. Eversource requested that the waiver apply with respect to the amended requirements of RSA 378:38, V.

RSA 378:38, VI, requires the LCIRP to include an assessment of the plan's long- and short-term environmental, economic and energy price and supply impact on the state. Eversource pointed out that the text of RSA 378:38, VI, as amended, is identical to the text of RSA 378:38, IX, in the prior version of the LCIRP statute. The Commission waived RSA 378:38, IX, in Order No. 25,676. *Id.* Eversource asked the Commission to confirm that the waiver of this requirement still applies to Eversource's 2015 LCIRP.

Finally, RSA 378:38, VII, as amended, includes a new requirement that an LCIRP include an assessment of the plan's integration and consistency with the State Energy Strategy (SES). Because it is a new requirement, Eversource acknowledged that it is not directly addressed in any Commission order. Eversource reviewed the SES, and stated that some of the goals of the SES are not applicable to electric utilities (such as recommendations related to transportation) or are beyond the utilities' control (e.g., legislative amendment to the New Hampshire Renewable Portfolio Standard statute, RSA 362-F).

Eversource acknowledged that the SES calls for more utility investment in energy efficiency, but noted that the Commission has an open docket related to the establishment of an energy efficiency resource standard. *See* Docket No. DE 15-137. Similarly, with respect to the SES's call to look at grid modernization, this issue has been taken up by the Commission in Docket No. IR 15-296. Eversource said its 2015 LCIRP provides an analysis of the existing energy efficiency programs that it administers, and information related to a smarter and more modern grid, consistent with the expectations of the SES.

Eversource urged the Commission to conclude that the requirement in RSA 378:38, VII, has been waived by Order No. 25,676, or by the initiation of other Commission dockets.

Eversource argued further that if the Commission did not waive RSA 378:38, VII, then the Commission should clarify the scope of the required submission. Eversource emphasized that it is not seeking a finding relating to the adequacy or sufficiency of its 2015 LCIRP, but only clarity on the scope of the obligation in light of the concerns that were expressed at the prehearing conference. To the extent necessary, Eversource said it would provide additional or supplementary information for the items that are to be included.

II. COMMISSION ANALYSIS

We review the adequacy of each LCIRP under the authority granted to us by RSA 378:37-:40. Pursuant to RSA 378:38-a, the Commission may waive “for good cause any requirement under RSA 378:38, upon written request by a utility.” Because the statute was amended in 2014, we find it appropriate to consider Eversource’s motion as a written request to waive the LCIRP requirements enumerated in the motion.

As a preliminary matter, we must determine whether Eversource is required to address all the elements of RSA 378:38 in its 2015 LCIRP. Having reviewed, our prior orders, the amendments to RSA 378:38, and Eversource’s motion, we reaffirm our direction in Order No. 25,676 that Eversource file a limited LCIRP. We do so for two reasons. First, pursuant to the 2015 Settlement Agreement among Eversource and other parties, which is under consideration in Docket No. DE 14-238, there is a possibility that Eversource will divest its generation resources within the next 2-3 years, the planning horizon for the LCIRP. It would not be reasonable to require Eversource to file a full LCIRP including an analysis of its generation units, given that divestiture is a possibility. Second, a limited LCIRP will allow us to expedite

our review of the plan, and give more time for the Company to participate in the important investigations by the Commission related to energy efficiency and grid modernization. Through this participation we expect a more robust discussion of these issues in the Company's next LCIRP.

RSA 378:38, I, II, and IV

We note that Eversource agrees that items in RSA 378:38, I, forecast of demand; RSA 378:38, II, an assessment of demand-side energy management; and RSA 378:38, IV, relative to smart grid, must be part of the filing. The settlement agreement we approved in connection with PSNH's 2013 LCIRP specifically states that the next LCIRP will include "an updated assessment of demand-side energy management programs, including conservation, efficiency improvement, and load management programs." Order No. 25,659 at 7. The Settlement Agreement also requires Eversource to include a discussion of Smart Grid, which is defined in the settlement agreement as follows: "[a] Smart Grid is one that incorporates information and communications technology into every aspect of electricity generation, delivery and consumption in order to minimize environmental impact, enhance markets, improve reliability and service, reduce costs and improve efficiency." Docket No. DE 13-177, Hearing Exhibit 2, at 3(fn). Consequently, there is no disagreement that the LCIRP must contain an assessment of these three items.

RSA 378:38, III

The prior version of RSA 378:38, III, required an LCIRP to include an assessment of supply options. The Legislature amended the section to include in the assessment, owned capacity, market procurements, renewable energy and distributed generation. In Order No. 25,676, we waived the requirement that Eversource assess supply side options, particularly

in light of the ongoing proceeding in DE 14-238, concerning Eversource's generation assets. We agree that this assessment is not necessary at this time, and waive the requirement that Eversource assess supply-side options in the 2015 LCIRP.

RSA 378:38, V

In Order No. 25,676, we also waived the requirement that Eversource consider the Clean Air Act in its 2015 LCIRP (formerly RSA 378:38, VII). The 2014 legislative amendments renumbered this section as RSA 378:38, V, and added the requirement that the assessment include an evaluation of other environmental laws as well. We waived this requirement in Order No. 25,676 because environmental issues primarily relate to the operation of the generation units. As we have previously indicated, the continued ownership of generation by Eversource remains an issue under the Commission's consideration. Therefore, we waive the requirement that Eversource's LCIRP address compliance with the Clean Air Act and other environmental laws.

RSA 378: VI

RSA 378:38, VI (formerly RSA 378:38, IX) requires LCIRPs to include an assessment "of the plan's long- and short-term environmental, economic, and energy price and supply impact on the state." We waived this requirement in Order No. 25,676 with respect to Eversource's 2015 LCIRP, and we affirm the waiver here. We recognize the difficulties for Eversource to develop such assessments, particularly given potential divestiture of Eversource's generation units.

RSA 378:38, VII

We did not waive the requirement in RSA 378:38, VII, that Eversource address the SES in its 2015 LCIRP, because the law was not in effect at the time we issued Order No. 25,676. The SES was issued in September 2014 by the Office of Energy and Planning and can be found

at <http://www.nh.gov/oep/energy/programs/documents/energy-strategy.pdf>. The SES contains four major initiatives, (1) the electric grid of the future, (2) increased investments in cost effective energy efficiency, (3) fuel diversity and choice, and (4) increased transportation options. SES transportation options are beyond the scope of electric utility planning and thus are not included in an LCIRP. Grid modernization is covered by requirements in RSA 378:38, IV, and is under consideration in IR 15-296. Energy efficiency is included in RSA 378:38, II, and is under consideration in DE 15-137. We do not find that analysis of, and planning for, fuel diversity is necessary while Eversource's generation supply options are under review. For these reasons, we waive consideration of RSA 378:38, VII.

We will require a full consideration of all elements of RSA 378:38 for Eversource's next LCIRP, including those items waived in this more abbreviated proceeding, such as a full analysis of energy efficiency as a supply option, and consideration of promoting fuel diversity. Based on this clarification of the scope of the current 2015 LCIRP, we direct Eversource, Staff and the parties to develop a procedural schedule for the remainder of this proceeding.

Based upon the foregoing, it is hereby

ORDERED, that the Commission affirms its prior rulings in Order No. 25,459, Order No. 25,659, and Order No. 25,676; and it is

FURTHER ORDERED, that Eversource incorporate the issues described in RSA 378:38, I, II, and IV, as described herein, in its 2015 LCIRP.

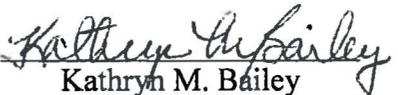
By order of the Public Utilities Commission of New Hampshire this nineteenth day of
October, 2015.



Martin P. Honigberg
Chairman

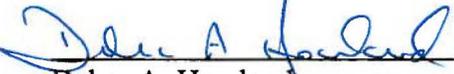


Robert R. Scott
Commissioner



Kathryn M. Bailey
Commissioner

Attested by:



Debra A. Howland
Executive Director