

**STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION**

DE 19-082

PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE D/B/A EVERSOURCE ENERGY

Petition Requesting Approval of Energy Service Solicitation and Resulting Rates

Order Approving Energy Service Solicitation and Resulting Rates

ORDER NO. 26,260

June 13, 2019

APPEARANCES: Matthew J. Fossum, Esq., on behalf of Public Service Company of New Hampshire d/b/a Eversource Energy; the Office of the Consumer Advocate by D. Maurice Kreis, Esq., on behalf of residential ratepayers; and Suzanne G. Amidon, Esq., on behalf of Commission Staff.

This order approves the results of Eversource's solicitation for power supply for customers that have not elected to take energy service from a competitive supplier. The rates apply to the six-month period beginning August 1, 2019. For residential customers, energy service rates will decrease from 9.985 cents per kWh to 8.825 cents per kWh. The rate being approved for the six-month period beginning August 1, 2019, is 0.587 cents per kWh lower than the energy service rate charged for the same period last year. Eversource has proposed additional rate changes in other proceedings for effect on August 1, which will also have an impact on customer bills.

I. PROCEDURAL HISTORY

On April 22, 2019, Public Service Company of New Hampshire d/b/a Eversource Energy (Eversource or the Company) filed a schedule for procuring default energy service for the six-month period beginning August 1, 2019. The filing was made pursuant to a settlement agreement (Settlement Agreement) approved in Order No. 26,092 (December 29, 2017). Order No. 26,092 established the process for Eversource procurement of default service energy supply following divestiture of its generation assets.

On April 30, 2019, the Commission issued an order of notice scheduling a hearing on June 10, 2019. The Office of the Consumer Advocate (OCA) filed a letter of participation pursuant to RSA 363:28 on April 30, 2019.

Springfield Power LLC; DG Whitefield, LLC; Bridgewater Power Company, L.P.; Pinetree Power Tamworth, LLC; and Pinetree Power, LLC (collectively, the Woods) filed a petition to intervene on May 21, 2019. By way of background, Senate Bill 365 (SB 365) became law on September 13, 2018. SB 365 requires Eversource to solicit power from the Woods' generating facilities and to submit the resulting power purchase agreement "to the Commission as part of its submission for periodic approval of its residential electric customer default service supply solicitation." See RSA 362-H:1 and RSA 362-H:2. The statute requires the Commission to review the eligible facility agreements for conformity with the requirements of the law in the same proceeding in which the Commission reviews the Company's default service solicitation and resulting rates.

The Commission was not presented with final power purchase agreements for review. See Order No. 26,208 (January 1, 2019), *rehearing denied* Order No. 26,224 (March 6, 2019). The Woods have appealed the Commission's decision to the New Hampshire Supreme Court. In addition, the Federal Energy Regulatory Commission is considering a motion asserting that SB 365 is preempted by the Federal Power Act.

The Woods' petition for intervention stated their intervention is mandatory under RSA 541-A:32, I, because their rights, duties, and privileges will be affected by this energy procurement proceeding. The Commission granted the Woods' petition at hearing.

With its filing, Eversource included information for which it requested protective treatment pursuant to N.H. Code Admin. Rules Puc 201.06 and 201.07. The Commission acknowledged at hearing the applicability of those rules.

The petition and subsequent docket filings, other than any information for which confidential treatment is requested of or granted by the Commission, are posted to the Commission's website at <http://www.puc.nh.gov/Regulatory/Docketbk/2019/19-082.html>.

II. POSITIONS OF THE PARTIES AND STAFF

A. Eversource

Eversource testified that it conducted the solicitation pursuant to the process approved in Order No. 26,092. On May 2, 2019, Eversource issued a request for proposals (RFP) for power supply services for both the Large and Small Customer groups.¹ Eversource sent the RFP to over 100 potential suppliers, including all members of the NEPOOL Markets Committee, and posted the RFP on the Company's Wholesale Supply website. The RFP requested power supply for its Large Customer Group in a single tranche and power supply for the Small Customer Group in four tranches of equal size. The prices for each tranche and customer group could be different. Eversource evaluated the bids for each tranche separately. The RFP requested that bids be prepared on an as-delivered energy basis, with prices stated monthly on a fixed dollar per megawatt hour (MWh). While bidders could offer prices that varied by month, Eversource required that the prices be uniform within each month, and cover the entire six-month period.

Eversource received bids on June 4, 2019. As specified in the RFP, Eversource evaluated the offers and selected winning suppliers based on the lowest price by customer group, compliance with non-bidding requirements and bidder qualifications, risk relative to prices, and ability to serve load. In addition to price, Eversource considered qualitative factors such as experience in providing similar service to Eversource affiliates, demonstrated understanding of obligations

¹ Eversource's Large Customer Group includes the following rate classes: Primary General Services Rate GV, Large General Service Rate LG, Backup Service Rate B, and any private lighting associated with those accounts billed under Outdoor Lighting Rate OL. The Small Customer Group includes the following rate classes: Residential Rate R, Rate OTOD, General Service Rate G, and G-OTOD, and any outdoor lighting associated with those accounts billed under Outdoor Lighting Rate OL, and municipal lighting under Outdoor Lighting Rates OL and EOL.

under the power supply agreement, and past or present events that might adversely affect the supplier's ability to provide energy. Eversource ultimately selected the winning bids based on price, as all the responding suppliers were qualified to provide energy service.

Eversource selected Exelon Generation Company, LLC (Exelon), to supply power for one tranche of the Small Customer Group requirements, and selected NextEra Energy Marketing, LLC (NextEra), to provide power supply for three tranches of the Small Customer Group requirements. Eversource select Dynegy Marketing and Trade, LLC (Dynegy), to provide power supply for the Large Customer Group.

Based on the winning bids, Eversource calculated the base energy rate for the Small Customer Group for the six-month period beginning August 1, 2019, to be 8.124 cents per kWh. Consistent with the Settlement Agreement, Eversource adds to the base energy rate an amount that recovers the costs that Eversource must pay for compliance with the Renewable Portfolio Standard (RPS) requirements of RSA 362-F. In addition to the RPS adder, Eversource includes in energy rates an amount to recover Eversource's administrative and general costs related to the procurement of energy service for its customers. Eversource also includes an annual energy reconciliation adjustment in the calculation of energy service rates to take effect August 1, 2019.

Eversource calculated the RPS adder based on current market prices for renewable energy certificates that comply with the RPS requirements. The result is a uniform RPS adder of 0.566 cents per kWh for both the Large and Small Customer Groups. Eversource calculated the recovery factor for administrative and general expense to be 0.107 cents per kWh. In addition, Eversource calculated the reconciliation adjustment to be 0.195 for Large Customers and 0.028 cents per kWh for Small Customers. With those adjustments, the fixed energy service rate for the Small Customer Group for the six-month period beginning August 1, 2019, will be 8.825 cents per kWh.

The rate for the Large Customer group includes the same adjustments that apply to rates for the Small Customer Group, but the base energy rates vary from month to month. Based on the winning bid, Eversource proposes monthly energy service rates, on a cents per kWh basis, for the Large Customer Group for the six-month period beginning August 1, 2019, as follows:

| August | September | October | November | December | January |
|--------|-----------|---------|----------|----------|---------|
| 7.563 | 7.533 | 7.824 | 8.590 | 10.674 | 11.955 |

Eversource testified that RSA 362-H requires Eversource to solicit proposals from certain “eligible facility” generators in its service territory to purchase 100 percent of those eligible facilities’ net electric output over a time period that is conterminous with the time period used in Eversource’s energy service supply solicitation. On April 26, 2019, Eversource issued a solicitation to the relevant facilities, and on May 17, 2019, the eligible facilities responded to that solicitation. Because a disagreement exists between the proposed terms offered by Eversource and those offered by the eligible facilities, there are no power purchase agreements in place for Commission review. Eversource noted that the existence or non-existence of such agreements does not have any direct bearing on the energy service rate proposed by Eversource in the instant filing.

Eversource said that the law requires the purchases from such eligible facilities to be at the “adjusted energy rate,” as defined in RSA 362-H. Eversource calculated the adjusted energy rate applicable to the output of the eligible facilities in Eversource’s territory from August 1, 2019, to January 31, 2020, to be 6.613 cents per kWh, or \$66.13 per MWh.

B. Woods

The Woods took no position on the filing.

C. The OCA

The OCA recommended that the Commission approve the petition.

D. Staff

Staff said that it had reviewed the filing and, based on its review, determined that Eversource complied with the solicitation, bid evaluation, and bid selection process approved by the Commission in Docket No. DE 17-113, and that the results are based on competitive market bids. Staff also stated that the resulting rates are market based and are just and reasonable. Finally, Staff said that the Company had appropriately calculated the adjusted energy rate pursuant to RSA 362-H.

III. COMMISSION ANALYSIS

We find that Eversource's solicitation and bid evaluation procedures conform to the process we approved in Order No. 26,092. Eversource's solicitation of bids and selection of Dynegy, Exelon, and NextEra, to provide power supply for the six-month period beginning August 1, 2019, is appropriate and satisfied the requirement that default energy service be procured through a competitive process that produces rates that are market based. *See* RSA 374-F:3, V(c). Accordingly, we find the resulting rates to be just and reasonable. We authorize Eversource to recover through energy service rates the cost of power procured under the power supply agreements.

We find that the calculation of the "adjusted energy rate" is consistent with the requirements of RSA 362-H. We also find that the lack of contracts between Eversource and the Woods as contemplated by RSA 362-H does not affect our approval of Eversource's power supply solicitation and resulting rates.

Based upon the foregoing, it is hereby

ORDERED, that the power supply agreements entered into between Eversource and Dynegy, Exelon, and NextEra to provide power supply requirements are hereby APPROVED; and it is

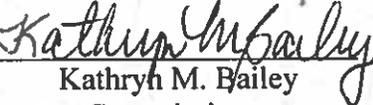
FURTHER ORDERED, that Eversource is authorized to recover the costs of the power supply agreements through the energy service rates proposed in this filing on a service-rendered basis for the six-month period beginning August 1, 2019; and it is

FURTHER ORDERED, that Eversource shall file a tariff as required by N.H. Code Admin. Rules Puc 1603, conforming to this order within 20 days, and the tariff shall demonstrate the calculation of the energy service rate by showing the base energy service rate, the RPS adder, the reconciliation adjustment, and the administrative and general services adder.

By order of the Public Utilities Commission of New Hampshire this thirteenth day of June, 2019.



Martin P. Honigberg
Chairman

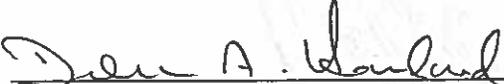


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