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May 18, 2015

Debra A. Howland, Executive Director
NH Public Utilities Commission
21 S. Fruit Street, Suite 10
Concord, NH 03301

Re: IR 14-338, Review of Default Service Procurement Processes for Electric Distribution Utilities

Dear Ms. Howland:

The purpose of this letter is to provide the Office of Energy and Planning's (OEP's) additional comments on Staff's Memorandum filed on May 3, 2015 in the above-referenced docket. We appreciate the opportunity to provide comments at this time.

Because OEP has already commented on Staff's "guiding principles" in prior filings, it would refer the Commission to those comments, dated April 15, 2015, and now focuses on the Staff's positions on the remaining issues upon which the Parties did not find consensus.

1) *Uniform methodology*

OEP takes no position at this time.

(2) *For the residential and small commercial customers, continued use of six-month contracts, with 100% of required load being bid on each occasion;*

OEP does not believe that continuing to bid 100% of needs every six months will address price volatility concerns, especially if the current default service schedule for Unitil and Liberty does not change. We urge the Commission, at a minimum, to change the service period for Unitil and Liberty's default service periods so that the winter service period does not align with the region's most expensive times for electricity.

OEP shares the concern expressed by others in this investigation that the loads bid by NH's EDCs are so small, when compared to other loads in the region, that they do not attract enough interest from suppliers. OEP therefore believes it would benefit if the Commission explore the practices in other New England states, such as Maine¹, that have combined

¹ http://www.maine.gov/mpuc/electricity/standard_offer_rates/documents/CMPODR_1_27_15_released.pdf

classes and take other steps in order to provide both lower and more stable rates for all customer classes.

(3) Shorten the time frame between the award of the contract and the approval of the rate by separating out the reconciliation process from the bid review process

OEP agrees and urges the Commission to act swiftly so that all parties can prepare for the upcoming procurement cycle.

(4) State wide centralized procurement process

OEP does not believe that this issue has been explored sufficiently and respectfully urges the Commission to engage the expertise of an outside organization to examine how other parts of the country have addressed this challenge.

(5) Support for web page

OEP agrees and reiterates our thanks to Amanda Noonan and the Consumer Affairs Division for their work on the PUC's website in this regard.

(6) Adoption of laddering for residential and small business customers

OEP encourages the Commission to direct Staff to access the additional information that Staff needs to make a determination on this matter that some parties believe could provide benefits to default service ratepayers.

(7) Budget billing clarification

OEP has no further comments at this time.

(8) QF power and mandated use of renewable energy

OEP notes Staff's position that "Through the interaction of market forces, utilities should be free to select the most competitive bid offering available" may not capture the issue for the QFs (namely small hydros). It is OEP's understanding that QFs are unable to participate in bids for default service currently in part because the utilities require proposals for load-following service. OEP believes that the Commission would support other state policy goals by carefully considering ways to allow utilities to avail of local, clean, often cost-competitive energy sources such as small hydro.

Respectfully,



Meredith A. Hatfield
Director

cc: IR 14-338 Service List