

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

**Public Service Company of New Hampshire
d/b/a Eversource Energy
Energy Service Solicitation for
August 2022 through January 2023**

**DIRECT TESTIMONY OF
LUANN J. LAMONTAGNE, JAMES R. SHUCKEROW, and
PARKER LITTLEHALE**

Docket No. DE 22-021

1 **I. INTRODUCTION**

2

3 **Q. Please state your name.**

4 A. My name is Luann J. LaMontagne.

5 **Q. Ms. LaMontagne, please provide your business address and title.**

6 A. My business address is 107 Selden St, Berlin, Connecticut. I am a Senior Analyst
7 in the Electric Supply department of Eversource Energy.

8 **Q. Ms. LaMontagne, please describe your responsibilities at Eversource Energy.**

9 A. I perform the activities required to fulfill the power supply requirement obligations
10 of Public Service of New Hampshire, d/b/a Eversource Energy (“Eversource” or the
11 “Company”), including conducting solicitations for the competitive procurement of
12 power for Energy Service (at times referred to herein as “ES”) and for fulfilling
13 Renewable Portfolio Standards (“RPS”) obligations. I am also responsible for on-
14 going activities associated with independent power producers and purchase power
15 agreements.

16

17 **Q. Please state your name, positions and business address.**

18 A. My name is James R. Shuckerow. I am the Director, Electric Supply for Eversource
19 Energy Service Company. My business address is 107 Selden Street, Berlin,
20 Connecticut.

1

2 **Q. Mr. Shuckerow, could you please provide a brief summary of your**
3 **responsibilities as Director, Electric Supply?**

4 **A.** In my present position as Director, Electric Supply, my responsibilities include
5 leading the process to procure wholesale power supply contracts for Eversource
6 Energy customers in New Hampshire, Connecticut and Massachusetts who have not
7 selected retail power supply.

8

9 **Q. Please state your name.**

10 **A.** My name is Parker Littlehale.

11 **Q. Mr. Littlehale, please provide your business address and title.**

12 **A.** My business address is 247 Station Dr., Westwood, MA. I am a Manager,
13 Wholesale Power Supply in the Electric Supply department of Eversource Energy.

14 **Q. Mr. Littlehale, please describe your power procurement responsibilities at**
15 **Eversource Energy.**

16 **A.** I oversee the process required to fulfill the power supply requirement obligations of
17 the Company, including overseeing solicitations for the competitive procurement of
18 power for ES, and supervising the fulfilling RPS obligations. I also manage this
19 process for NSTAR of Massachusetts, d/b/a Eversource Energy.

20

21 **II. PURPOSE**

22

23 **Q. What is the purpose of your testimony?**

24 **A.** The purpose of our testimony is to support the Company's request for Commission
25 approval of Eversource's planned procurements of full requirements power from
26 wholesale energy providers and ES rates for both the Large and Small Customer
27 groups for the period of August 1, 2022 through January 31, 2023. ES is provided
28 to retail Eversource customers who are not taking service from a competitive
29 supplier and is currently provided to approximately 85% of residential customers,
30 30% of commercial customers, and under 10% of industrial customers, which in the

1 aggregate represent about 50% of Eversource’s total distribution load. Load
2 requirements may change from time to time and winning suppliers are responsible
3 for their share of Large or Small Energy Service supply regardless of changes in
4 customer demand for any reason, including daily load fluctuations, increased or
5 decreased usage, demand-side management activities, extreme weather and similar
6 events. Suppliers are required to supply their share of load for the full delivery term
7 of August 2022 through January 2023. Our testimony will describe the solicitation
8 process used by Eversource to procure full requirements power, the results of the
9 solicitation and selection of suppliers, and the development of the RPS rate adder.

10 **Q. Please provide a list of attachments to your testimony.**

11 A. LJL-1 Energy Service RFP for August 1, 2022 through January 31, 2023
12 LJL-2 RFP Results and Selection of Suppliers
13 LJL-3 RPS Rate Adder
14 LJL-4 Executed Transaction Confirmation –Large
15 LJL-5 Executed Transaction Confirmation –Small
16 LJL-6 Executed Transaction Confirmation –Small

17 **III. ENERGY SERVICE SOLICITATION PROCESS**

18 **Q. What is the background leading to Eversource procuring Energy Service from**
19 **competitive wholesale suppliers?**

20 A. On June 10, 2015, and following extensive negotiations, Eversource and numerous
21 other parties filed the 2015 PSNH Restructuring and Rate Stabilization Agreement
22 (the “2015 Agreement”), which was approved by the Commission along with a
23 related litigation settlement in Order No. 25,920 (July 1, 2016).

24 Consistent with the 2015 Agreement, on June 29, 2017 Eversource filed a petition
25 and supporting testimony with the Commission seeking approval of a proposed
26 process for procuring and providing default ES to customers on a competitive basis,
27 rather than through its previous paradigm of a managed portfolio with owned
28 generation resources. This filing-initiated Docket No. DE 17-113, “Petition for

1 Approval of Energy Service Supply Proposal.” Following discussions among the
2 parties to that docket, a Settlement Agreement was reached which described the
3 method of and timing for Eversource’s transition to competitively procured Energy
4 Service following the sale of its thermal generating assets. That Settlement
5 Agreement was approved by Order No. 26,092 (December 29, 2017).

6 Consistent with the Settlement Agreement in Docket No. DE 17-113, Eversource
7 conducted its initial solicitation for full requirements ES (not including RPS
8 obligations) for the period April 1 through July 31, 2018. Also consistent with the
9 Settlement Agreement, going forward, subsequent solicitations are made for service
10 effective in the August through January, and February through July periods.

11
12 The Company has continued its procurement consistent with the Settlement
13 Agreement from Docket No. DE 17-113, adhering to the process which includes a
14 single procurement for 100% of the ES for each of the two six-month procurement
15 periods spanning February through July, and August through January. Eversource’s
16 periods were established by splitting the typically highest-cost months of January
17 and February to reduce price volatility.

18 **Q. Please describe the process Eversource used to procure its Energy Service**
19 **supply for August 1, 2022 through January 31, 2023.**

20 A. Eversource conducted its procurement of ES supply in accordance with applicable
21 law, Commission directives, and the Settlement Agreement approved by the
22 Commission in Order No. 26,092, and consistent with the manner of similar
23 solicitations for other companies throughout New England. On May 12, 2022,
24 Eversource issued a request for proposals (“RFP” – Attachment LJJ-1) for power
25 supply services for Eversource’s ES covering both the Large and Small Customer
26 groups. Notices of the issuance of the RFP were sent to prior participants in
27 Eversource’s wholesale supply solicitations, numerous other ISO-NE wholesale
28 market participants and potential suppliers, the distribution list for the New England
29 Power Pool (“NEPOOL”) Markets Committee, and the RFP was posted on

1 Eversource's Wholesale Supply (New Hampshire) website. Therefore, the RFP had
2 wide distribution throughout the New England energy supply marketplace.

3 Proposals were to be stated on an "as-delivered" energy basis to Pool Transmission
4 Facilities ("PTF") within the Eversource metering domain, with prices stated
5 monthly on a fixed \$/MWH basis. Prices could vary by calendar month but were
6 required to be uniform for the entire calendar month and cover the entire delivery
7 term. The Small Customer group was divided into four tranches and the Large
8 Customer group was one tranche. The prices for each tranche and customer group
9 could be different. In addition, prices could not contain demand components or
10 vary by time-of-use within a calendar month, consistent with the settlement
11 agreement in Docket No. DE 17-113. Each tranche for each customer group was
12 evaluated separately. Offers were due on June 14, 2022, winning suppliers were
13 selected the same day, and transaction confirmations were executed the following
14 day.

15 **III. ENERGY SERVICE SOLICITATION RESULTS**

16 **Q. Did Eversource receive acceptable and competitive responses to the RFP and**
17 **select winning proposals for serving Energy Service load?**

18 A. Yes. Eversource received conforming proposals on June 14, 2022. Eversource
19 evaluated the offers and selected winning suppliers based on lowest price by
20 customer group using a forecast of monthly ES load by customer group, compliance
21 with non-price bidding requirements and bidder qualifications, and risk relative to
22 price and ability to serve the load, in accordance with the RFP. On June 14, 2022,
23 Eversource entered into Transaction Confirmations for the period August 1, 2022
24 through January 31, 2023 with the winning suppliers for the Large and Small
25 Customer groups. Together, a Transaction Confirmation and a Master Power
26 Supply Agreement ("MPSA"), provide the terms for the purchase of ES from a
27 supplier, and both have been executed for all the winning suppliers. Copies of
28 executed Transaction Confirmations are included in this filing as Confidential

1 Attachments LJL-5 and 6. Executed MPSAs with winning bidders were previously
2 provided in Docket No. DE 18-002.

3 **Q. Please discuss the offers received and the analysis leading to the selection of**
4 **winning suppliers.**

5 A. The offers received and the identification of winning offers are shown in
6 Confidential Attachment LJL-2. In addition to ranking by price and the ability to
7 meet credit requirements, Eversource also considered the following regarding each
8 supplier: experience in providing similar services to Eversource, demonstrated
9 understanding of the market rules related to the provision of ES, demonstrated
10 understanding of its obligations under the MPSA, and any past or present events
11 that are known that may adversely affect a supplier's ability to provide ES.
12 Eversource has previously experienced successful full requirements power supply
13 transactions with all the suppliers providing offers in response to this RFP, and all
14 of them have demonstrated good competence throughout the terms of those
15 transactions. No suppliers were downgraded by any prior experiences and all have
16 met the credit requirements outlined by the MPSA and RFP. Eversource concluded
17 that all responding suppliers were qualified to provide ES and therefore selections
18 were based on lowest prices.

19 **Q. Did Eversource have a market price expectation as to the results of the**
20 **procurement, what were those expectations based upon, and how did results**
21 **compare with expectations?**

22 A. Yes, Eversource's expectations for the current market price for ES were based upon
23 its procurement for energy services for its Massachusetts affiliates that were
24 completed in May 2022, and also took into account the current exceptional global
25 energy circumstances. The bids received were for the time period of July through
26 December 2022, similar to the Eversource New Hampshire bid term of August 2022
27 through January 2023. The bidders Eversource expected for the New Hampshire
28 ES RFP on June 14th were the same that bid into the Massachusetts RFPs, and the
29 results Eversource received on June 14th were consistent with those expectations.
30 The Massachusetts bids received in May reflected a sharp increase in energy prices

1 caused by exceedingly high natural gas prices used by the generation combined
2 cycle fleet of resources within New England. The dramatic increase in energy
3 prices throughout New England is largely a function of the war in Ukraine, which
4 has profoundly impacted natural gas supply globally, resulting in a steady and
5 pronounced increase in natural gas costs, which in turn has impacted ES throughout
6 Eversource's service territories. Because of these novel circumstances, the
7 Company determined that the most insightful information it could rely upon were
8 the most recent RFP results from Massachusetts, given the commonality in
9 underlying circumstances and overlap of bidders.

10

11 **Q. How does the ES price in New Hampshire compare to the price of Default**
12 **Service of other Eversource service territories?**

13 A. Eversource has completed its ES procurements for its Connecticut and
14 Massachusetts affiliates for the time period of July through December 2022. Just as
15 the Company follows regulatory directives in New Hampshire for ES procurement,
16 Eversource likewise implements the ES procurement plans in its other service
17 territories as directed by the Connecticut Public Utility Regulatory Authority and by
18 the Massachusetts Department of Public Utilities. There are many similarities
19 between the procurement plans among New Hampshire, Connecticut and
20 Massachusetts but there is one notable difference with New Hampshire
21 procurement. This difference is the amount of energy service that is procured at a
22 given time. In New Hampshire, the procurement process established by the
23 Settlement Agreement from Docket No. DE 17-113 directs Eversource to purchase
24 100% of what is needed approximately six weeks ahead of ES rate changes. In
25 Connecticut and Massachusetts, the energy service purchases are spread out using
26 staggered, multiple purchases in advance of the changing energy service rate. In
27 Connecticut purchases were made in October 2021, January 2022 and April 2022
28 for the energy service rate change beginning July 2022. In Massachusetts purchases
29 were made in November 2021 and May 2022 for the energy service rate change of
30 July 2022.

31

1 This is important because the very large increase in New England electric energy
2 price began in February 2022. As a result, the proposed Eversource New
3 Hampshire ES rate is higher than those of Connecticut and Massachusetts. The
4 Eversource Connecticut residential energy service rate for July through December
5 2022 is 12 cents/kwh and in Massachusetts for the same July through December
6 2022 energy service residential rate there is a separate rate for western
7 Massachusetts of 15.4 cents/kwh and eastern Massachusetts of 17.9 cents/kwh.
8 These lower prices are attributable to the pre-February 2022 purchases, mitigating
9 the impact from purchases made after February 2022. While staggered purchasing
10 in Connecticut and Massachusetts in this instance successfully avoided the degree
11 of increase seen in the proposed New Hampshire ES rate, ultimately there is no
12 definitive best approach to procurement, and it was extraordinary external global
13 factors, and not the procurement process, that resulted in the price proposed for
14 New Hampshire ES for the upcoming service period.

15 **IV. RENEWABLE PORTFOLIO STANDARDS**

16 **Q. Previously you stated that the procurement of full requirements Energy**
17 **Service did not include RPS obligations. How will Eversource fulfill the RPS**
18 **requirements associated with Energy Service?**

19 A. In accordance with the Settlement Agreement in Docket No. DE 17-113,
20 Eversource will manage its RPS needs outside of the ES RFP process. Consistent
21 with the manner employed by Eversource for ES customers in New Hampshire over
22 many previous years, by Eversource's affiliated companies in other jurisdictions,
23 and by other New Hampshire utilities, Eversource will fulfill RPS requirements
24 through purchases of Renewable Energy Credits ("RECs") from the issuance of
25 periodic RFPs, through purchases directly from producers, through the bilateral
26 market, or through Alternative Compliance Payments ("ACPs") to RECs.

27 Regarding fulfillment of Class I Renewable Energy Certificate ("REC")
28 requirements, Eversource will continue to purchase Class I RECs from the Burgess
29 BioPower and Lempster Wind facilities under existing PPAs. The REC amounts

1 purchased from these sources may more than meet Energy Service obligation
2 quantities, eliminating the need for other Class I purchases.

3 **Q. How will RPS requirements be reflected in Energy Service customers' rates?**

4 A. Eversource has established an RPS Adder rate based on REC class percentage
5 requirements, current market price information as of the full requirements power
6 supply RFP due date, and any RECs currently existing in inventory. Development
7 of the RPS Adder is outlined in Attachment LJL-4. The RPS component of ES
8 rates will apply these factors to reflect the current expected cost of RPS compliance
9 obligations. The RPS Adder and the rate developed to recover the costs of full
10 requirements power supply procurements from suppliers comprise the two
11 components of the overall ES rate. Please refer to Ms. Paruta's testimony which
12 addresses ES rate development.

13 **Q. Are there any provisions unique to the Burgess BioPower and Lempster Wind**
14 **PPAs due to the purchase requirements discussed above?**

15 A. Since the 2015 Agreement calls for the costs of those PPAs to be recovered via the
16 Stranded Cost Recovery Charge ("SCRC"), a transfer price must be set for Class I
17 RECs obtained under those PPAs which are used to satisfy the RPS compliance
18 needs of ES customers. Eversource has established the Class I transfer price
19 according to the Settlement Agreement from Docket No. DE 17-113 and the
20 methodology described in the June 28, 2017 Joint Testimony of Shuckerow, White
21 and Goulding in Docket No. DE 17-113. The \$/REC transfer price is the current
22 market price for Class I RECs shown in Attachment LJL-4, and the volume of Class
23 I RECs needed for RPS compliance for ES during August 2022 through January
24 2023, will be transferred at that price.

1 **V. CONCLUSION**

2 **Q. How does Eversource view the outcome of its solicitation for the provision of**
3 **Energy Service for August 1, 2022 through January 31, 2023?**

4 A. Eversource believes this filing describes a successful solicitation process resulting
5 in reasonable market-based power supply rates for the Company's ES customers.

6 **Q. What is the plan for the provision of Energy Service after January 31, 2023?**

7 A. Eversource plans to issue an RFP for the Large and Small Customer groups in
8 October 2022 for Energy Service over the period February 1, 2023 through July 31,
9 2023. For purposes of notice to the Commission, the following illustrates
10 Eversource's proposed schedule for the next RFP:

11	Issue RFP	Thursday, October 27, 2022
12	Final Offers Due	Tuesday, December 6, 2022
13	Filing	Thursday, December 8, 2022
14	Requested PUC Decision	No Later Than, Thursday, December 15, 2022

15 **Q. Does that complete your testimony?**

16 A. Yes, it does.