



March 31, 2023

BY E-MAIL

Daniel Goldner, Chairman
New Hampshire Public Utilities Commission
21 S. Fruit Street, Suite 10
Concord, NH 03301-2429

Re: DE 22-073, Unitil Energy Systems, Inc., Supplemental Report on Indirect Benefits

Dear Chairman Goldner:

On October 30, 2022, Unitil Energy Systems, Inc. (“Unitil” or the “Company”) filed a petition requesting that the New Hampshire Public Utilities Commission (the “Commission”) find the Company’s proposed solar generating facility is in the public interest (the “Project”) pursuant to New Hampshire Revised Statutes Annotated (“RSA”) 374-G.

In its October 30th filing, Unitil explained that, consistent with the requirements of RSA 374-G:5, I(d)6 and 374-G, II(g), it is employing a two-stage, competitive Request for Proposals (“RFP”) process to select an engineering, procurement, and construction (“EPC”) contractor to design and build the Project. The Company conducted a Preliminary EPC RFP in Stage 1 of the procurement process and the results of that RFP are reflected in Exhibit FDGP-1 (Benefit-Cost Analysis) to the initial filing. The Company’s initial filing also included a quantification of indirect benefits in Exhibits GPP-1 and GPP-2, which were based on the results of the Preliminary EPC RFP.

On November 30, 2022, Unitil issued the Final EPC RFP and received responses on January 20, 2023. Unitil completed its evaluation of the RFP responses and selected ReVision Energy, Inc. (“ReVision”) as the EPC contractor, subject to negotiating and executing a final contract.

To provide the Commission and the parties with the most up-to-date assumptions and inputs from ReVision’s RFP response, the Company updated its Benefit-Cost Analysis and filed supplemental testimony and exhibits on February 21, 2023. That updated Benefit-Cost Analysis yielded a present value of \$19.3 million in benefits and \$16.7 million in

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costs.¹ This represents a net present value (“NPV”) benefit of \$2.5 million and a Benefit-Cost ratio of 1.15.² The updated Benefit-Cost ratio of 1.15 does not include the value of the Project’s indirect benefits, which would serve to further increase the Project’s already positive benefits.³

Although the Project has a positive NPV based solely on direct benefits, the indirect benefits are meaningful and reinforce a finding that the Project is in the public interest. Accordingly, the Company’s consultant, Daymark Energy Advisors (“Daymark”), has updated its Indirect Benefits Analysis based on ReVision’s response to the Final EPC RFP. The enclosed, updated Indirect Benefits Analysis (marked as Exhibit GPP-2 (Updated)[Clean]) reflects the following updates:

- For economic benefits, Daymark updated project labor and material pricing to reflect ReVision’s proposal as provided in Exhibit SP-7, Schedules 5 and 12.
- For emissions and DRIPE benefits, Daymark updated annual energy production figures consistent with those provided in Exhibit SP-7, Schedule 2.

In addition to the above updates, Daymark made the following corrections to the Indirect Benefits Analysis:

- For Operating and Maintenance (“O&M”) expense, corrected the calculation to reflect real dollars instead of nominal dollars.
- For emissions benefits, a correction was made to the formula calculating NOx savings.

The results of the updated Indirect Benefits Analysis are as follows:

- Overall economic benefits increased by approximately 8 percent as compared to the initial analysis (i.e., \$11,196,930 vs. \$12,069,045).⁴
- Emissions savings increased by 28 percent as compared to the initial analysis (i.e., 57,300 tons of CO₂ vs. 73,500 tons of CO₂).
- DRIPE was not impacted as a result of the updated analysis.

The Company has enclosed a redline copy of the updated Indirect Benefits Analysis Exhibit GPP-2 (Updated)[Redline] so the Commission and the parties can easily see the information that has been updated relative to version provided in the initial filing.

¹ Exhibit SP-1 at Bates Page 22; Exhibit SP-7 at Bates Page 128.

² *Id.*

³ The Commission has held that it is appropriate to include indirect benefits in the Benefit-Cost Analysis after first considering direct and readily quantifiable benefits. *Unitil Energy Systems Inc.*, Order No. 25,111, at 35 (June 11, 2010).

⁴ Please note that the induced impacts were slightly reduced as compared to the initial analysis, which is the result of correcting the O&M expense calculation to reflect real dollars instead of nominal dollars (i.e., \$3,478,635 vs. \$3,347,025).

Please do not hesitate to contact me if you have any questions regarding the enclosed materials.

Thank you for your continued attention to this matter.

Sincerely,

A handwritten signature in black ink that reads "Matthew Campbell". The signature is written in a cursive, flowing style.

Matthew C. Campbell, Esq.

Enclosures

cc: Service List