

STATE OF NEW HAMPSHIRE
BEFORE THE
PUBLIC UTILITIES COMMISSION

Docket No. DE 23-044

Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty
Energy Service for the Period August 1, 2023 – January 31, 2024

DIRECT TESTIMONY

OF

JOHN D. WARSHAW

AND

CHRISTOPHER GREEN

June 23, 2023



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1 **I. INTRODUCTION**

2 **Q. Mr. Warshaw, please state your name and business address.**

3 A. My name is John D. Warshaw, and my business address is 15 Buttrick Road,
4 Londonderry, New Hampshire.

5 **Q. Please state your position.**

6 A. I am the Manager of Electric Supply for Liberty Utilities Service Corp. (“LUSC”), which
7 provides services to Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty
8 (“Granite State,” “Liberty,” or “the Company”). I oversee the procurement of power for
9 Energy Service for Granite State as well as the procurement of Renewable Energy
10 Certificates (“RECs”).

11 **Q. What is your professional background?**

12 A. In November 2011, I joined LUSC as Manager, Electric Supply for Granite State. Prior
13 to my employment at LUSC, I was employed by National Grid USA Service Company
14 (“National Grid”) as a Principal Analyst in Energy Supply – New England from 2000 to
15 2010. In that position, I conducted a number of solicitations for wholesale power to meet
16 the needs of National Grid’s New England distribution companies. I also administered
17 both short-term and long-term power purchase agreements for National Grid’s New
18 England distribution companies. Prior to my employment at National Grid, I was
19 employed at COM/Energy (now Eversource) from 1992 to 2000. From 1992 to 1997, I
20 was a Rate Analyst in Regulatory Affairs at COM/Energy responsible for supporting state

1 and federal rate filings. In 1997, I transferred to COM/Electric to work in Power Supply
2 Administration.

3 **Q. Have you previously testified before the New Hampshire Public Utilities**
4 **Commission (“Commission”)?**

5 A. Yes. I most recently testified before the Commission in Docket No. DE 23-037, Granite
6 State’s Annual Retail Rate Adjustments filing, on April 19, 2023.

7 **Q. Have you testified before any other state regulatory agencies?**

8 A. Yes. I have testified before both the Massachusetts Department of Public Utilities and
9 the Rhode Island Public Utilities Commission regarding electric supply and renewable
10 portfolio procurement activities.

11 **Q. Mr. Green, please state your name and business address.**

12 A. My name is Christopher M. D. Green, and my business address is 602 South Joplin
13 Avenue, Joplin, Missouri.

14 **Q. Please state your position.**

15 A. I am the Manager of Energy Market Operations as part of the centralized Energy Support
16 Services Department for Liberty Utilities Service Corp. (“LUSC”), which provides
17 services to Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty (“Granite State,”
18 “Liberty,” or “the Company”). Part of my responsibilities are to oversee the procurement
19 of power for Energy Service for Granite State as well as the procurement of Renewable
20 Energy Certificates (“RECs”).

1 **Q. What is your educational background?**

2 A. I graduated from Northwest Missouri State University in 2011 with a Bachelor of Science
3 in Financial Management. I also received a Master’s in Business Administration from
4 Northwest Missouri State University in 2012.

5 **Q. What is your professional background?**

6 A. In March 2015, I was hired into the LUSC energy trading group that operates in the
7 Southwest Power Pool (SPP). During my tenure, I’ve held various positions with
8 primary responsibilities including budgeting company transmission costs, overseeing the
9 LUSC REC portfolio, managing SPP hedging mechanism impacts, generation and load
10 forecasting, fuel and purchased power reporting, and work with the integrated resource
11 planning (“IRP”) process.

12 **Q. Have you previously testified before the New Hampshire Public Utilities
13 Commission (“Commission”)?**

14 A. No.

15 **Q. Have you testified before any other state regulatory agencies?**

16 A. No.

17 **II. PURPOSE OF TESTIMONY**

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

19 A. The purpose of our testimony is to support the Company’s request for Commission
20 approval of Liberty’s proposed Energy Service rates for both (i) the Large and Medium

1 Commercial and Industrial Customer Group (“Large Customer Group”¹) and (ii) the
2 Residential and Small Commercial Customer Group (“Small Customer Group”²) for the
3 six-month period August 1, 2023, through January 31, 2024. Our testimony will describe
4 the process used by Liberty to procure Energy Service for both the Large and Small
5 Customer Groups and how the Company proposes to meet its 2022 Renewable Portfolio
6 Standard (“RPS”) obligations.

7 **Q. Please provide the list of schedules attached to your testimony.**

- 8 A. Schedule CG/JDW-1 Energy Service RFP August 1, 2023, through January 31, 2024
9 Schedule CG/JDW-2 Energy Service Procurement Summary
10 Schedule CG/JDW-3 Comparison of Change in Futures Prices to Change in Procurement
11 Costs
12 Schedule CG/JDW-4 Energy Service Contract for the Large Customer Group August 1,
13 2023, through October 31, 2023, with NextEra Energy Marketing,
14 LLC
15 Schedule CG/JDW-5 Energy Service Contract for the Large Customer Group November
16 1, 2023, through January 31, 2024, with Calpine Energy Services,
17 L.P
18 Schedule CG/JDW-6 Energy Service Contract for the Small Customer Group August 1,
19 2023, through January 31, 2024, with Constellation Energy
20 Generation, LLC
21 Schedule CG/JDW-7 Summary of May 1, 2023, RPS Solicitation
22 Schedule CG/JDW-8 Summary of 2022 and 2023 REC Positions
23 Schedule CG/JDW-9 Summary of 2022 and 2023 REC Purchase Agreements

¹ The Large Customer Group is comprised of customers taking service under General Long-Hour Service Rate G-2 or General Service Time-Of-Use Rate G-1 of the Company’s Retail Delivery Tariff.

² The Small Customer Group is comprised of customers taking service under Domestic Service Rate D; Domestic Service - Optional Peak Load Pricing Rate D-10; Outdoor Lighting Service Rate M; Limited Total Electrical Living Rate T; General Service Rate G-3; or Limited Commercial Space Heating Rate V of the Company’s Retail Delivery Tariff.

1 **III. ENERGY SERVICE BIDDING PROCESS**

2 **Q. Why does Liberty need to procure Energy Service for both the Large and Small**
3 **Customer Groups for the period beginning August 1, 2023?**

4 A. Pursuant to the procurement process approved by the Commission, which we describe
5 later in our testimony, Liberty procures power supply through contracts having two three-
6 month terms for the Large Customer Group and a six-month term for the Small Customer
7 Group. Liberty's currently effective Energy Service supply contracts for both the Large
8 and Small Customer Groups expire on July 31, 2023. Therefore, to ensure that Energy
9 Service continues to be available, Liberty requires new Energy Service supply
10 arrangements beginning August 1, 2023.

11 **Q. Please describe the process Liberty used to procure its Energy Service supply for**
12 **the six-month period beginning August 1, 2023.**

13 A. Liberty conducted its procurement of Energy Service supply consistent with the
14 principles of the electric restructuring statute, RSA 374-F, and previous Commission
15 orders. The Company complied with the solicitation, bid evaluation, and procurement
16 process set forth in the Settlement Agreement dated November 18, 2005, which was
17 approved by the Commission in Order No. 24,577 (Jan. 13, 2006) in Docket No. DE 05-
18 126, amended by Order No. 24,922 (Dec. 19, 2008) in Docket No. DE 08-011, amended
19 by Order No. 25,601 (Nov. 27, 2013) in Docket No. DE 13-018, and further amended by
20 Order No. 25,806 (Sept. 2, 2015) in Docket No. DE 15-010 (as amended through these
21 subsequent orders, the "Settlement Agreement"). On May 1, 2023, Liberty issued a

1 request for proposals (“RFP”) for certain power supply services and sought suppliers for
2 Liberty’s Energy Service covering both the Large and Small Customer Groups.

3 **Q. Was the Company’s solicitation for the period beginning August 1, 2023, consistent**
4 **with the Commission-approved process for Energy Service?**

5 A. Yes, Liberty’s Energy Service RFP was conducted consistent with the Settlement
6 Agreement.

7 **Q. Please describe the nature of the RFP that Liberty issued.**

8 A. On May 1, 2023, and consistent with past practice, Liberty issued an RFP to several
9 potential suppliers soliciting power for the period August 1, 2023, through January 31,
10 2024. Liberty also distributed the RFP to all members of the New England Power Pool
11 (“NEPOOL”) Markets Committee and posted the RFP on Liberty’s energy supply
12 website. As a result, the RFP had wide distribution throughout the New England energy
13 supply marketplace. The RFP requested fixed pricing for each month of service on an as-
14 delivered energy basis. Prices could vary by month and by service; that is, the prices did
15 not have to be uniform across the entire service period or between the three load blocks.

16 A copy of the RFP is provided as Schedule CG/JDW-1.

17 **IV. RESULTS OF ENERGY SERVICE BIDDING**

18 **Q. Did Liberty receive responses to the RFP?**

19 A. Yes. Indicative proposals were received on June 13, 2023. Final proposals were
20 received on June 20, 2023. None of the bidders made their provision of Liberty’s Energy
21 Service contingent upon the provision of any other service.

1 **Q. Was participation in this RFP like past solicitations?**

2 A. Yes. As in recent RFPs, several bidders elected to not participate in this RFP due to the
3 current volatility in the energy markets, uncertainty regarding costs from the Mystic Cost
4 of Service agreement, and the unknown effects of the New Hampshire Community
5 Aggregation programs.

6 **Q. How do the current futures prices for electricity and natural gas compare to the**
7 **futures prices at the time of the Company's previous solicitations?**

8 A. The futures market prices for electricity and natural gas at the time of receiving final bids
9 for the previous two solicitation periods on June 7, 2022, and December 13, 2022, as well
10 as current futures market prices, are shown in Schedule CG/JDW-3. These are the most
11 recent solicitations for the Small Customer Group. As shown, current electric wholesale
12 and natural gas future prices are lower as compared to the prior year's final bids that were
13 received on December 13, 2022, and when compared to the June 7, 2022, futures prices.
14 The proposed retail prices for the Small Customer Group are similarly lower when
15 compared to the retail prices currently in rates.

16 **Q. Did Liberty select any of the proposals received in response to the RFP?**

17 A. Yes. Liberty evaluated the bids received and selected the supplier that: (i) provided a bid
18 that was conforming to the RFP; (ii) had the lowest price; (iii) met the credit
19 requirements described in the RFP; and (iv) passed our qualitative evaluation. On June
20 20, 2023, Liberty entered into a wholesale Transaction Confirmation with NextEra
21 Energy Marketing, LLC. (NextEra), winning bidder, to provide Energy Service to the

1 Large Customer Group for the three-month period August 1, 2023, through October 31,
2 2023, Block A. Together, a Transaction Confirmation and a Master Power Agreement
3 provide the terms for the purchase of Energy Service from a supplier. A copy of the
4 Transaction Confirmation between NextEra and Liberty, with certain confidential
5 sections redacted, is attached as Schedule CG/JDW-4. A copy of the NextEra Master
6 Power Agreement was filed with the Commission on September 17, 2007, in Docket No.
7 DE 07-012 (Energy Service proceeding), and the First Amendment to that Master Power
8 Agreement was filed with the Commission on September 20, 2010, in Docket No. DE 10-
9 020 (Energy Service proceeding). On June 20, 2023, Liberty entered into a wholesale
10 Transaction Confirmation with Calpine Energy Services, L.P. (Calpine), the winning
11 bidder, to provide Energy Service to the Large Customer Group for the three-month
12 period November 1, 2023, through January 31, 2024. Together, a Transaction
13 Confirmation and a Master Power Agreement provide the terms for the purchase of
14 Energy Service from a supplier. A copy of the Transaction Confirmation between
15 Calpine and Liberty, with certain confidential sections redacted, is attached as Schedule
16 CG/JDW-5. A copy of the Calpine Master Power Agreement was filed with the
17 Commission on September 17, 2007, in Docket No. DE 07-012 (Energy Service
18 proceeding), and the First Amendment to that Master Power Agreement was filed with
19 the Commission on December 12, 2016, in Docket No. DE 16-249 (Energy Service
20 proceeding).

21 On June 20, 2023, Liberty entered into a wholesale Transaction Confirmation with
22 Constellation Energy Generation, LLC (Constellation), the winning bidder, to provide

1 Energy Service to the Small Customer Group for the six-month period August 1, 2023,
2 through January 31, 2024. Together, a Transaction Confirmation and a Master Power
3 Agreement provide the terms for the purchase of Energy Service from a supplier. A copy
4 of the Transaction Confirmation between Constellation and Liberty, with certain
5 confidential sections redacted, is attached hereto as Schedule CG/JDW-6. A copy of the
6 Constellation Master Power Agreement was filed with the Commission on March 20,
7 2006, in Docket No. DE 06-115 (Energy Service proceeding), and the First Amendment
8 to that Master Power Agreement was filed with the Commission on September 15, 2009,
9 in Docket No. DE 09-010 (Energy Service proceeding).

10 **Q. Does the Company have a value of the contracts with Calpine and NextEra?**

11 A. The notional value of the transactions with Calpine, Constellation, and NextEra is \$28.3
12 million, based on the contracted fixed prices and Liberty's forecast of retail sales for this
13 Energy Service period for the combined large and small customer groups.

14 **V. RENEWABLE PORTFOLIO STANDARD**

15 **Q. What are the RPS obligations for 2023 and 2024?**

16 A. As specified in the RPS statute, RSA 362-F, a provider of electricity must obtain and
17 retire certificates sufficient in number and class type to meet the following minimum
18 percentages of total megawatt-hours of electricity supplied by the provider to its
19 customers that year:

NH-RPS Classes	2023	2024
RPS Class I	11.0%	11.9%
RPS Class I Thermal	2.2%	2.2%
RPS Class II	0.7%	0.7%
RPS Class III	8.0%	8.0%
RPS Class IV	1.5%	1.5%
Total	23.4%	24.3%

1

2 **Q. How does Liberty expect to satisfy its RPS obligations consistent with the RPS rules**
3 **as promulgated by the Commission?**

4 A. On February 18, 2009, Liberty entered into an amended settlement agreement with the
5 Commission Staff and the Office of Consumer Advocate intended to resolve all issues
6 associated with the process by which Liberty would comply with the requirements of the
7 RPS statute and the PUC 2500 rules (“Amended RPS Settlement”). The Amended RPS
8 Settlement was approved by the Commission in Order No. 24,953 (March 23, 2009) in
9 Docket No. DE 09-010. The Amended RPS Settlement provides that the Company may
10 satisfy RPS obligations by providing either RECs for each RPS class from the NEPOOL
11 Generation Information System (“NEPOOL-GIS”) or by making an Alternative
12 Compliance Payment (“ACP”) to the State of New Hampshire’s Renewable Energy
13 Fund. As specified in the Amended RPS Settlement, Liberty requested bidders to
14 provide a separate RPS Compliance Adder with their bids. This RPS Compliance Adder
15 is the incremental charge by a bidder for agreeing to take on the RPS obligation with the
16 Energy Service obligation.

17 **Q. Did any of the winning bidders include an RPS Compliance Adder in their bids?**

18 A. No. None of the bidders provided an RPS Compliance Adder in any of their bids.

1 **Q. Is Liberty proposing any changes to the Renewable Portfolio Standard Adder at this**
2 **time?**

3 A. Yes. Liberty is proposing to change the current Commission-approved Renewable
4 Portfolio Standard Adder as discussed in the Energy Service hearing of June 14, 2022.

5 Liberty issued a request for proposals on May 1, 2023, for the acquisition of New
6 Hampshire RPS compliant RECs to meet its 2022 and a portion of its 2023 obligations.
7 The results of Liberty's May 1, 2023, solicitation are included in Schedule CG/JDW-2,
8 Exhibit 10.

9 **Q. What happens if Liberty's actual RPS compliance costs are different from those**
10 **used in calculating the Renewable Portfolio Standard Adder?**

11 A. Liberty reconciles its costs of RPS compliance with the revenue billed to customers from
12 the Renewable Portfolio Standard Adder. This reconciliation occurs as part of the annual
13 Energy Service reconciliation.

14 **Q. Has Liberty been able to contract for RECs?**

15 A. Yes. In June 2023, Liberty was able to contract for Class II RECs to help meet a portion
16 of its 2023 RPS obligations. A summary of the results of Liberty's June 2023 RPS
17 solicitation is included in Schedule CG/JDW-7. Schedule CG/JDW-8 is a summary of
18 Liberty's RPS positions. As shown in Schedule CG/JDW-8, Liberty expects to spend up
19 to \$2,306,031 to meet its 2022 RPS Obligations and forecasts up to \$4,533,883 to meet
20 its 2023 RPS Obligations. Schedule CG/JDW-9 is a list of the contracts Liberty has
21 executed with RPS REC suppliers for vintage 2022 and 2023 NH RPS compliant RECs.

1 **Q. Why does Liberty have a surplus of Vintage 2020 Class III RECs?**

2 A. At this time Liberty will have 25,033 vintage 2020 Class III RECs, at a value of \$864,640
3 based on the 2020 ACP for Class III, that it was unable to use to meet the 2022 or 2023
4 RPS Class III REC obligations due to the 30% limit in using “banked” RECs in a single
5 compliance year as specified in RSA 362-F:7 and that “banked” RECs can only be used
6 in the two subsequent years from the REC vintage year. Liberty is proposing to recover
7 the cost of these surplus RECs in the 2023 Energy Service Reconciliation, as filed on
8 May 30, 2023, and revised on June 23, 2023.

9 **Q. When will Liberty issue the next REC request for proposals?**

10 A. Liberty plans to issue an RPS solicitation in November 2023 to procure RECs to satisfy
11 its 2023 RPS obligations and a portion of the 2024 RPS obligations.

12 **VI. ENERGY SERVICE COMMODITY COSTS**

13 **Q. Mr. Warshaw, please summarize the power supply cost at the retail meter based on
14 Liberty’s expected procurement cost used to develop the proposed retail rates.**

15 A. The load-weighted average of the power supply costs for the Large Customer Group for
16 the six-month period of August 1, 2023, through January 31, 2024, is 11.322¢ per kWh.
17 The load-weighted average of the power supply costs for the Small Customer Group for
18 August 1, 2023, through January 31, 2024, is 12.242¢ per kWh as compared to the load-
19 weighted average of 22.007¢ per kWh for the period February 1, 2023, through July 31,
20 2023. The power supply costs at the retail customer meter (¢ per kWh) were calculated
21 by multiplying the commodity prices at the wholesale level (\$ per MWh) by the

1 applicable loss factor and then dividing the results by ten. The applicable loss factors can
2 be found in the RFP summary in Schedule CG/JDW-2. The loss factor is a calculated
3 ratio of wholesale purchases to retail deliveries.

4 **Q. How will Liberty reconcile any difference in costs associated with Energy Service?**

5 A. To the extent that the actual cost of procuring Energy Service varies from the amounts
6 billed to customers for the service, Liberty will reconcile the difference through the
7 reconciliation mechanism pursuant to Liberty's Energy Service Adjustment Factor
8 contained in its currently effective Retail Delivery Tariff.

9 **VII. CONCLUSION**

10 **Q. When will Liberty issue the next RFP for Energy Service?**

11 A. The Large Customer Group rates and the Small Customer Group rates proposed in this
12 filing will both end on January 31, 2024. Per the terms of the Settlement Agreement,
13 Liberty will next issue an RFP for both groups in November 2023. For purposes of
14 notice to the Commission, the following table illustrates Liberty's proposed timeline for
15 the next RFP:

RFP Process Steps	Proposed November 2023 RFP
RFP Issued	November 1, 2023
Indicative Bids Due	November 28, 2023
Final Bids Due	December 5, 2023
Energy Service Filing to Commission	December 8, 2023
Commission Order Needed	December 15, 2023
Service Begins	February 1, 2024

1

2 **Q. Does this conclude your testimony?**

3 **A.** Yes, it does.