

**STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION**

DE 23-044

LIBERTY UTILITIES (GRANITE STATE ELECTRIC) CORP. d/b/a LIBERTY

2023 Energy Service Solicitation

Order Approving Petition for February 1, 2024 to July 31, 2024 Rates

ORDER NO. 26,913

December 15, 2023

This order authorizes Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty (Liberty or the Company) to recover the costs of power supply through energy service (ES)¹ rates for effect for the six-month period of February 1, 2024, through July 31, 2024. The table presented on the next page summarizes the updated, reduced ES rate of 9.758 cents per kilowatt hour (kWh) for Liberty's Small Customer Group, which includes residential customers taking ES from Liberty. This order also requires Liberty to prepare a filing to the Commission delineating how it will accommodate an ISO-New England market-based procurement component for its upcoming August 2024-January 2025 energy service.

This rate includes a charge of 0.851 cents per kWh for Renewable Portfolio Standard (RPS) compliance costs, which is unchanged from the last six-month ES rate period. The RPS costs represent approximately 8.7 percent of the ES charges for residential customers. For a residential customer using 650 kWh per month, the result will be a decrease in the monthly bill from approximately \$167.13 to \$148.75,

¹ The customer bill for those customers that take Liberty default service is composed of three parts: power supply, transmission, and distribution. The ES rates for default service customers are for the power supply component only.

or about \$18.38 (11 percent) less, compared to the six-month period ending January 31, 2024.

Liberty Residential (Small Customer Group) ES Rates

	Effective Date	Power Supply Charge	RPS	Total kWh ES Charge²
Prior Year Rate	2/1/2023	\$0.21069	\$0.00781	\$0.22007
Current Rate	8/1/2023	\$0.12188	\$0.00851	\$0.12612
Approved Rate	2/1/2024	\$0.09334	\$0.00851	\$0.09758

The Commission does not administratively set the prices offered by wholesale electricity prices operating in the regional ISO-New England market to Liberty for serving Liberty's ES load. These prices are set by the wholesale suppliers themselves, informed by the prevailing market conditions, in a competitive bidding process, where Liberty endeavors to select the least-cost supplier. The Commission does oversee this market process as part of this proceeding and approves the resultant rates under the governing statutory standards.

I. BACKGROUND AND POSITIONS

Liberty made its ES filing pursuant to a settlement agreement (Settlement Agreement) approved in Docket No. DE 05-126, by Order No. 24,577 (January 13, 2006), as modified by Order No. 24,922 (December 19, 2008), Order No. 25,601 (November 27, 2013), Order No. 25,806 (September 2, 2015), Order No. 26,752 (December 22, 2022), and Order No. 26,758 (January 13, 2023).

This proceeding was inaugurated by the Commission's Commencement of Adjudicative Proceeding and Notice of Hearing Order issued on April 11, 2023. The Office of the Consumer Advocate (OCA) filed its letter of participation on April 18,

² This Total per-kWh Charge incorporates certain small ancillary charges and credits allowed as part of Liberty ES rates; therefore, the sum of the Power Supply Charge and RPS charge does not exactly equal the Total Charge. Please refer to [Hearing Exhibit 12](#) for more historical details regarding Liberty ES rates.

2023. At the request of the Company, the Commission issued a procedural order scheduling the review hearing for this phase of the proceeding (that pertaining to the February 2024-July 2024 ES rate period) on October 30, 2023, scheduling the hearing for December 12, 2023. On December 7, 2023, Liberty filed a Petition for Adjustment to the ES Rate for effect on February 1, 2024, with supporting pre-filed testimony of Messrs. Aaron Doll, Robert Garcia, Christopher Green, James King, and Ms. Myka Hayward, all personnel with Liberty Utilities Service Corp., Liberty's service-company affiliate. *See* Hearing Exhibits 12 and 14.

Certain schedules included in Liberty's filings contain information that Liberty claims is confidential pursuant to the New Hampshire Code of Administrative Rules, Puc 201.06 and 201.07. This material includes the Company's bid evaluation and summary information, renewable energy certificate pricing, and other confidential pricing terms. The hearing was held on December 12, 2023, as scheduled, where the Company, the OCA, and representatives of the New Hampshire Department of Energy (DOE) appeared. Liberty personnel (Messrs. Aaron Doll, Robert Garcia, Christopher Green, James King, and Ms. Myka Hayward) provided additional oral testimony in support of the Company's petition at hearing. Neither the OCA nor the DOE objected to the Company's request for confidential treatment.

The petition and subsequent docket filings, other than any information for which confidential treatment is requested of or granted by the Commission, are posted on the Commission's website at

<https://www.puc.nh.gov/Regulatory/Docketbk/2023/23-044.html>

Liberty's ES petition seeks approval of new ES rates for the six-month period beginning February 1, 2024. Liberty based its filing on the results of its Request for Proposals (RFP) solicitation issued on November 1, 2023, for power supply to serve the

Company's Large and Small Customer groups. According to Liberty, the RFP was widely distributed, including to all members of the New England Power Pool (NEPOOL) Markets Committee and was posted on the Company's website.

On November 28, 2023, Liberty received initial bids that included detailed background information on the bidding entities, proposed changes to the contract terms, and indicative pricing. Liberty received final bids on December 5, 2023. Liberty said it evaluated bids received for each customer group and chose the supplier that provided a bid that conformed to the RFP; had the lowest price; met the credit requirements described in the RFP; and passed Liberty's qualitative evaluation. The Small Customer Group supply requirement (100% share) winning bidder was Constellation Energy Generation, LLC (Constellation), for the six-month period of February 1, 2024 through July 31, 2024; Liberty notified Constellation that it was the winning bidder, and entered into a power supply agreement (PSA) with Constellation.

The Large Customer Group supply requirement (100% share) was divided by the Company into two 3-month increments (February to April, or "Block A," and May to July, or "Block B"). Constellation was the winning bidder for the Large Customer Group, Block A load, and DTE Energy Services, Inc. (DTE) was the winning bidder for the Large Customer Group, Block B load. The Company attached to its testimony the PSAs with Constellation and DTE.

Liberty included an RPS compliance adder with power supply costs in its calculation of the energy service rates. The RPS compliance adder is the charge by which Liberty obtains revenue to meet its RPS obligations under RSA 362-F:3. To comply with its RPS requirements, the Company first attempts to purchase qualifying renewable energy certificates (RECs), where one REC represents one megawatt hour of power produced by a qualified renewable generation source. In November 2023,

Liberty launched an RFP process for RECs to meet a portion of its 2023 and 2024 RPS obligations, which is ongoing. Effective with rates on February 1, 2024, the RPS compliance adder will be 0.851 cents for both the Small and Large Customer Groups, which is unchanged from the current ES rate period.

Liberty calculates the base energy rate for both Customer Groups using the applicable loss factors, and then adjusts the rates by the amount of the RPS adder, the Energy Service [Reconciliation] Adjustment Factor (ESAF), and the Energy Service Cost Reclassification Adjustment Factor (ESCRAF). In this filing, the ESAF is a credit of 0.470 cents per kWh to the Small Customer Group rate, and a credit of 2.090 cents per kWh to the Large Customer Group rates. The ESCRAF is a charge of 0.043 cents per kWh for the Small Customer Group and a credit of 0.038 cents per kWh for the Large Customer Group. Liberty calculated the energy service rate for the Small Customer Group, adjusted for the RPS, ESAF, and ESCRAF components, to be 9.758 cents per kWh, a decrease from the current retail rate of 12.612 cents per kWh.

For the Large Customer Group (rate classes G-1 and G-2), Liberty develops base energy rates that vary by month based on the supplier's bid and Liberty's loss factor. Liberty then adjusts those rates using the reconciliation factors and the RPS adder, to calculate a total energy service rate for each month in the energy service period. Liberty derived the following monthly rates for customers in the Large Customer Group, per kWh: February 2024, 14.101 cents; March 2024, 8.671 cents; April 2024, 6.629 cents; May 2024, 5.931 cents; June 2024, 8.073 cents; July 2024, 9.854 cents.

Liberty requested that the Commission approve its filing and allow the costs associated with the Constellation and DTE PSAs to be recovered through rates. Liberty also requested that the price estimates of RECs be included in retail rates.

In oral testimony provided at hearing, Liberty reiterated that it sought approval of its ES rates as filed. In response to Commissioner inquiries regarding the Company's Time of Use (TOU) rate proposals included in its suite of ES rates for consideration here, specifically, that the variability of the Company's TOU rates by peak and off-peak periods appeared counterintuitively limited, Mr. Garcia and Mr. King of Liberty indicated that the Company had applied its approved TOU modelling to this period's TOU rate structure, which resulted in the rates cited. Liberty committed to an internal review of the TOU rate structure to see if some error was driving the lack of variability in TOU rates.

Mr. Doll also provided a series of responses to Commissioner questions regarding the issue of the Company potentially adding a tranche of energy service supply through direct acquisitions in the ISO-New England Day-Ahead and Real-Time energy markets, which the Commission had invited Liberty to do through the terms of Order No. 26,854 (June 30, 2023), which approved the current Liberty ES rates in effect. Mr. Doll confirmed, as presented in the Company's written testimony, that Liberty had not elected to include such a market-based tranche, on the basis that the Company thought proceeding with such an approach would not be advisable, due to: the current pendency of the DOE Investigative Proceeding Relative to Default Energy Procurement, DOE Docket No. INV 2023-001; the lack of clear Commission ordering authority regarding this approach; concerns regarding the potential impact of price volatility on Liberty's small customer group; and the impacts of community aggregation on Liberty's ES customer pool.

The Commission inquired with Mr. Doll further regarding these issues, especially in light of the Commission's own investigative findings in Docket No. IR 22-053, which indicated a significantly higher pricing level for the wholesale requirements

contracts entered into by New Hampshire's electric utilities, as compared with the monthly average market prices in the ISO-New England market over time. (Liberty has also submitted, as part of the ordering requirements of Order No. 26,854, data for the months of August, September, and October 2023 showing that the Company's requirements-contract prices for energy service were higher than the direct ISO-New England market prices for each month by a factor of approximately 1.5 to 2). The Commission also inquired about the appearance of an oligopolistic trend in the wholesale requirements-contract market in this region. Mr. Doll stated that the Company maintained its concerns regarding potential volatility and the ongoing impact of community aggregation, but also, that Liberty had developed practical experience with operations in the ISO-New England Day-Ahead and Real-Time energy markets in supplying energy for its ES customers that could be applied in responding to Commission directives.

The OCA stated at hearing that it supported Commission approval of the Liberty ES rate proposal, as being in conformity with market conditions. Regarding the potential for a direct acquisition tranche for future ES filings by Liberty, the OCA recommended that the Commission proceed with great caution, in light of the concerns surrounding market volatility, and stated that OCA would assess any future Liberty proposals in this regard carefully.

The DOE, in a statement made at hearing, stated that it generally supported Commission approval of the Liberty ES solicitation and the ES rates resulting therefrom as being in conformity with the Settlement Agreement, as modified, and relevant statutory standards and Commission precedent. The DOE also recommended that the Commission proceed with caution regarding any direct-procurement approach.

II. COMMISSION ANALYSIS

We find that Liberty's solicitation and bid evaluation process conforms with Order No. 24,577, as modified, for the procurement of power supply for customers taking ES from Liberty. *See also* RSA 374-F:3, V(c). We also find that the resulting rates are market-based, just, and reasonable. We find Liberty's selection of Constellation to provide power supply for the Small Customer Group, and for the Large Customer Group, Block A load, and DTE for the Large Customer Group, Block B load, to be consistent with prior Commission orders. We also find Liberty's price estimates of RECs for the period, which are reconciled annually, are appropriate. Therefore, we approve the REC price estimates for inclusion in retail rates effective February 1, 2024.

The Commission recognizes that although we do not have regulatory authority over power supply since New Hampshire's utilities divested themselves of their generation/power supply assets, the Commission has the ability to oversee the procurement process, to ensure that the ES service prices are robustly competitive. In light of the empirical data developed through IR 22-053, and the monthly data being submitted by the Company in this docket, the Commission believes that the time is right to develop an ISO-New England market-based component for energy service procurement for Liberty's small customer group, as ordered for Unitil Energy Services, Inc. recently in Order No. 26,910 (Dec. 8, 2023). To that end, as an interim, measured approach, we order Liberty to develop a proposal, for submission to the Commission no later than January 29, 2024, for an ISO-New England market-based procurement tranche of 10 to 20 percent, through whatever combination of direct Day-Ahead and Real-Time ISO-New England market acquisitions the Company finds advisable, for the Company's upcoming August 2024-January 2025 energy service period for the

Company's small customer group. This proposal would be assessed by the Commission in a future phase of this proceeding upon submission by the Company.

Based upon the foregoing, it is hereby

ORDERED, that the power supply agreement entered into between Liberty and Constellation Energy Generation, LLC for 100 percent of power supply requirements for the Small Customer Group for the six-month period beginning February 1, 2024, is hereby APPROVED as filed and discussed herein above; and it is

FURTHER ORDERED, that the power supply agreements entered into between Liberty and Constellation Energy Generation, LLC, and DTE Energy Trading, Inc., for the Large Customer Group for the three-month "Block A" period of February 1, 2024 through April 30, 2024, and the three-month "Block B" period of May 1, 2024 through July 31, 2024, respectively, are hereby APPROVED as filed and discussed herein above; and it is

FURTHER ORDERED, that Liberty's request to recover the costs of the power supply agreements through the energy service rates proposed in this filing effective with services rendered on and after February 1, 2024, through July 31, 2024, is hereby APPROVED, as filed and discussed herein above; and it is

FURTHER ORDERED, that Liberty is authorized to use its price estimates of renewable energy certificates in its calculation of energy service rates; and it is


FURTHER ORDERED, that Liberty shall file with the Commission, no later than January 29, 2024, a proposal for an ISO-New England market-based procurement tranche of 10 to 20 percent, through whatever combination of direct Day-Ahead and Real-Time ISO-New England market acquisitions the Company finds advisable, for the Company's upcoming August 2024-January 2025 energy service

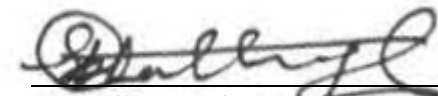
period for its small customer group, to be assessed by the Commission in a future phase of this proceeding; and it is

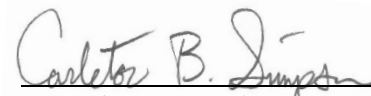
FURTHER ORDERED, that Liberty, for this upcoming default service rate period, is to continue to file, by the 30th day of the following month, a summary comparison of the monthly average ISO-New England market electricity prices with the power supply charge components for Liberty's small customer group, as delineated in the Commission's procedural orders issued in this Docket; and it is

FURTHER ORDERED, that Liberty shall file conforming tariff pages, incorporating the new energy service rates, all as approved herein, within 20 days of the date of this order, consistent with N.H. Code Admin. Rules, Puc 1603.

By order of the Public Utilities Commission of New Hampshire this fifteenth day of December, 2023.


Daniel C. Goldner
Chairman


Pradip K. Chattopadhyay
Commissioner


Carleton B. Simpson
Commissioner

Service List - Docket Related

Docket#: 23-044

Printed: 12/15/2023

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