

**STATE OF NEW HAMPSHIRE  
PUBLIC UTILITIES COMMISSION**

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Re: Investigation of Energy Commodity Procurement  
Methodology and Process

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Docket No.  
IR 22-053

**PREHEARING COMMENTS OF  
COLONIAL POWER GROUP, INC.**

In its Order of Notice issued by the New Hampshire Public Utilities Commission (the "Commission") in the above-captioned docket on September 6, 2022 (the "Order"), the Commission invited stakeholders to submit comments on the topics raised in the Order in advance of the prehearing conference scheduled for October 5, 2022. Pursuant to its Order, the Commission seeks "to examine all pertinent aspects of RPS, Default Service, and COG procurements in New Hampshire, and related Commission processes." Among other things, it makes specific note of "the potential impacts to Default Service due to Community Power Aggregations (CPAs) pursuant to RSA Chapter 53-E."

Colonial Power Group, Inc. ("Colonial") appreciates the opportunity to submit some initial thoughts regarding this matter. Please note that Colonial did not prepare comprehensive comments on all elements that could be addressed in this investigation. Instead, Colonial offers brief comments to bring attention to certain important elements that deal mostly with the interrelationship between Default Service procurement and alternatives available to consumers in the competitive market.

1. **Default Service procurement design should be evaluated through the lens of providing 'last resort' service.** The original electric restructuring act was based, in part, on the principle of allowing consumers to seek favorable products and services from the competitive market. Many years later, a significant number of CPAs are expected to get underway as early as 2023 and are expected to finally offer residential and small business customers with valuable alternatives to default service. CPAs are expected to offer attractive pricing and products and, in many cases, will be important in furthering local objectives and priorities. Care should be taken not to create procurement constructs that unintentionally create sustained incentives for customers to remain on last resort supply.
2. **Procurement processes should be designed to generate market-based prices.** The selected procurement process should result in retail rates that are reasonably reflective of market prices during each supply period. For example, over-emphasis on rate stability over time runs the risk of muting price signals that are important for incenting changes in consumption behaviors (e.g., acts of conservation) that have long-run benefits for all consumers. Further, where all other supply alternatives to

default service will have prices reflective of the market, a procurement or rate setting approach that is overly divorced from market price fluctuations runs the risk of creating dramatic price differentials between utility and non-utility prices. Such price differentials are likely to invite large customer shifts from one entity to another adding risk and costs to both default service suppliers and retail competitive suppliers, additional costs which are ultimately reflected in prices to consumers.

3. **The procurement process should be transparent.** A transparent process allows consumers to make informed decisions about options, including for future periods.
4. **Procurements should be adaptive.** The procuring parties should be granted flexibility, within clear parameters, to modify individual procurements to align with expected or known *material* changes to default service load. Pursuant to the Commission's new rules for CPAs, CPAs will provide the Commission and utilities with information about the timing of program launches. With this information, for example, a procuring party could procure less than 100% of what it would ordinarily purchase (important details to be discussed at the appropriate time). In short, rather than adhering to a rigid default service process and pressuring for constraints or guardrails on CPA activities, it's entirely possible to adjust how the utilities buy that maintains full flexibility for CPAs (within the new Commission rules) and without creating additional cost burdens on default service customers.

Respectfully submitted,  
COLONIAL POWER GROUP, INC.



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