Public Service Company of New Hampshire d/b/a Eversource Energy
Docket No. IR 22-053

Date Request Received: February 08, 2023 **Date of Response: February 17, 2023**
Data Request No. PUC 2-001 **Page 1 of 1**

Request from: New Hampshire Public Utilities Commission

Request:

ELECTRIC - RENEWABLE PORTFOLIO STANDARDS (RPS)
Utilities are requested to provide:

a. The number of RECs and the associated total cost for each Rate Class (i.e., Residential/Small, Large C&I) used to meet the RPS requirements for each renewable energy source class (Class I non-thermal, Class I thermal, Class II, Class III, and Class IV) **for each 6-month period over the last five years**. Provide the information in live Excel format with a separate tab for each Rate Class.

b. For the requested data in part (a) above, please also indicate **for each 6-month period over the last five years**, what percentage of the RPS requirement was met through Alternative Compliance Payments.

Response:

A. Please see Attachment PUC 2-001: Eversource RPS REC Summary, which contains detailed information responsive to the request. The attachment follows the format of Eversource's annual RPS purchase compliance filing: NH SE-RPS-NH-Form-E-2500. The annual RPS compliance requirement, related REC purchases, and subsequent filings are calculated by calendar year, so there are no REC costs that correspond to the six-month service periods. Because the data is based on the calendar year and not calculated for each six-month service period as asked for in the request, providing the data in six-month increments that correspond to the service periods would be an estimate or weighted average calculation, and would not provide accurate costs associated with the six-month service period. The annual RPS compliance requirement is not based on customer rate classes, so the relevant information is not presented with that categorization.

B. The attached file also includes the percentage of RPS requirement that was met with Alternative Compliance Payments (ACP) for each of the five calendar years. As noted above, RPS compliance and related REC purchases are calculated by calendar year, rather than six-month service periods, and therefore the data is provided in calendar years instead of six-month periods per the request.

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Data Request No. PUC 2-002 **Page 1 of 1**

Request from: New Hampshire Public Utilities Commission

Request:

ELECTRIC - RENEWABLE PORTFOLIO STANDARDS (RPS)
Separate from question #5 below, please provide the 6-month average default energy service price for the Residential rate class over the last 5 years along with the corresponding: (i) RPS portion of the average default energy service price; and (ii) the Administrative and General portion of the default service price. Please provide the requested data in live Excel format.

Response:

Please see Attachment PUC 2-002 that reflects the Small Customer class (residential and Small Commercial customers) average Default Energy Service (DES) prices over the last five years and the corresponding RPS Adder and Administrative and General components of the average DES price in live excel format. Also included in the spreadsheet are the corresponding docket number and order number for each set of data, for reference.

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Data Request No. PUC 2-003 **Page 1 of 2**

Request from: New Hampshire Public Utilities Commission

Request:

ELECTRIC - PROCUREMENT PROCESS
Laddering
Please comment on whether utilities should be provided flexibility to determine at any time, with proper notice to the Commission, a switch from laddering to full requirement (and vice-versa) based on future price trends to lower energy service costs for ratepayers. Participants are welcome to offer recommendations based on hypothetical scenarios.

Response:

Full requirements power refers to the energy service procured having all energy, capacity, ancillary services, and other load-related charges included; full requirements power would be procured regardless of laddering. If the question is asking about switching from laddering to purchasing all load for a service period at one time, that would not achieve the desired policy objective. Laddering staggers purchases by breaking up percentages of the total load for a given service period. If the utilities begin laddering, part of the load for any given service period will already have been procured, and so switching back to purchasing all load requirements for the full service period would require some sort of transition period, during which time the market could fluctuate again. Basically, laddering is intended to level prices, but is not an effective tool for "timing" the market when the market trends lower, because there is a lag due to staggering the procurements. In short, laddering is not designed for switching on and off to achieve near-term market timing.

Providing utilities with the flexibility to ladder purchases on behalf of customers in New Hampshire would be an enhancement to the solicitation process if the policy goal of the Commission is to reduce fluctuations in energy supply price from one service period to the next. Eversource's affiliates in Connecticut and Massachusetts have utilized laddering in default service procurements for years. Based on their experience, it is the Company's understanding that, while laddering purchases does not necessarily reduce customer costs, it does reduce the volatility of changes between rate periods and therefore customers are exposed to more stable prices over the long-term. A hypothetical approach to introduce laddering on behalf of New Hampshire electric customers is illustrated in the following table:

Solicitation date	Rate period				
	Aug '23 – Jan '24	Feb '24 – Jul '24	Aug '24 – Jan '25	Feb '25 – Jul '25	Aug '25 – Jan '26
June 2023	100% of load purchased	50% of load purchased	-	-	-
December 2023	-	50% of load purchased	50% of load purchased	-	-
June 2024	-	-	50% of load purchased	50% of load purchased	-
December 2024	-	-	-	50% of load purchased	50% of load purchased

Adopting laddering is a long-term commitment that should be followed independent of perceived changes to market conditions.

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Data Request No. PUC 2-004 **Page 1 of 1**

Request from: New Hampshire Public Utilities Commission

Request:

ELECTRIC - PROCUREMENT PROCESS
Tranches
Are there ways to approach tranches (e.g., number of procurement periods, percentage of load per tranche, number of tranches etc.) differently so that the default service procurement produces more competitive prices? Please provide detailed recommendations as appropriate.

Response:

For the solicitation that Eversource held in December 2022, the number of tranches for the Small Customer group was divided into eight as opposed to the usual four, and the Large Customer group was divided into two tranches, doubled from the single tranche the Company usually offers. The motivation to increase the number of tranches offered was to incentivize supplier participation by reducing the megawatt-hours (MWh) per tranche, thereby reducing the associated risk and load uncertainty for each individual tranche. The Company attributes smaller tranche size as a possible contributing factor to the number of bids received during the December 2022 (and subsequent January 2023) solicitation, but cautions against reaching any premature conclusions, as additional data points from forthcoming solicitations are required before reaching a definitive conclusion. At this time, the Company cannot definitively say that any particular number of tranches is best, as a confluence of market factors is affecting supplier bids at any given time. Generally, smaller tranches have the ability to reduce relative risk and load uncertainty for the wholesale suppliers, but, at a certain point, tranches, if they get too small, are not worth bidding on. But again, this is not dependent on a single factor, but a totality of market considerations which are constantly in flux.

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Date Request Received: February 08, 2023 **Date of Response: February 17, 2023**
Data Request No. PUC 2-005 **Page 1 of 2**

Request from: New Hampshire Public Utilities Commission

Request:

ELECTRIC - PROCUREMENT PROCESS
Procurement Practices
Utilities are requested to comment on whether (i) there may be changes required to the electricity procurement processes to better accommodate direct electric purchases from the ISO-NE, as was recently approved by the Commission for an electric utility; (ii) all else equal, utilities expect competitive procurement results to change as a result of this authorization?

Response:

Under the typical procurement process, winning suppliers bear risks over the duration of the six-month rate period. In exchange for accepting this risk, suppliers incorporate a "risk premium" into their bids as compensation for their services, which most notably assures a six-month fixed rate for customers that is set approximately two months before the rate period commences. If, for any reason (weather, load variations, supply/demand disruptions, global events, etc.), market prices are higher than suppliers hedged for during the six-month rate period, the suppliers are responsible for delivering the MWh necessary to meet customer demand and will absorb any additional costs, so the customers incur none of that risk.

Moving to market-based procurements (or direct purchases from ISO-NE), which would be necessary following failed solicitations, shifts that risk from suppliers to customers. As a result of this uncertainty, supply costs for customers on default energy service could be considerably higher due to weather conditions or generation availability issues that are characteristically unpredictable. This uncertainty raises the public policy issue of what the objective of default energy service is – is it to try to get the lowest possible costs for customers being supplied by the utility, is it to have the utilities provide market-based pricing or is it merely to provide a failsafe for those not choosing competitive suppliers or municipal aggregation, as it is currently viewed. The current procurement process shifts all risks to the suppliers and guarantees a fixed price for customers. Conversely, purchases from the ISO-NE market would not assure price certainty and could lead to significant under- or over collections of costs that would have to be borne by customers which could mean more price volatility due to larger reconciliations.

In the event of either larger under- or over-recovery, there would be some degree of regulatory lag for utility reconciliation as utilities would need to estimate the cost of market-based procurements and reconcile to actual costs in subsequent filings.

With respect to the impact on competitive procurements following authorization for direct purchases from ISO-NE by Eversource in other states, those direct purchases have only occurred since the latter part of 2022, so at this point it is premature to determine if the wholesale supply market has responded much differently due to that authorization.

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Date Request Received: February 08, 2023 **Date of Response: February 17, 2023**
Data Request No. PUC 2-006 **Page 1 of 2**

Request from: New Hampshire Public Utilities Commission

Request:

ELECTRIC - PROCUREMENT PROCESS
Procurement Practices
Utilities are requested to provide the following:

a. Comment on whether, similar to Cost of Gas filings, long-term,short-term, and peaking contracts could be designed optimally, instead of buying load every six months.

b. Given that the current practice of using a 6-month weighted average prices may not give the exact price signals, e.g., for better conservation of energy during peak load periods, please provide an alternative approach, if any, that could potentially help generate better market signals. Please share the pros and cons of the proposed approach.

Response:

A. This question presupposes a different paradigm than what is currently in place for default energy service under the Electric Restructuring Act and Commission precendent. The Restructuring Act and the relevant Commission orders establishing the utility procurement processes to implement default service are both intended to foster a competitive electric generation and supply market. The approach described in the question would establish default service as being in direct competition with the competitive market and with recently approved municipal aggregations which would be a policy shift regarding the role of default service. The current framework and processes for default service are not currently compatible with this type of mixed-term utility power purchase contracting. A new framework and purpose for default service would have to be established and the current procurement processes replaced before the efficacy of the contracting processes suggested in the question could be analyzed or commented upon.

B. The Company's solicitation process currently allows suppliers to bid prices that vary by calendar month but are fixed for each calendar month, so it would be possible to have monthly rates charged to customers. However, moving from a six-month weighted average price to a monthly price for Small Customers - as is done with Large Customers - would require tariff revisions and IT reconfigurations for residential and small commercial customers. Eversource is also sensitive to the concern of residential and small commercial customers with regard to price volatility in their electric rates, and believes this potential change to monthly rate variation warrants careful evaluation in light of the relevant tradeoffs associated with any such change. As the Commission is aware, winter supply pricing is extremely high, with recent bids in the 40-50¢ per kWh range, while remainder of the year pricing is typically in the 10-15¢ per kWh range.

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Date Request Received: February 08, 2023 **Date of Response: February 17, 2023**
Data Request No. PUC 2-007 **Page 1 of 2**

Request from: New Hampshire Public Utilities Commission

Request:

ELECTRIC - PROCUREMENT PROCESS
Procurement Practices
All utilities are requested provide **5-years historical data** on prices secured through their RFP processes for each Rate Class (i.e., Residential/Small, Large C&I) along with: (i) **monthly bid prices** for each 6-month period; (ii) **weighted average price** used for the Default Energy Service Rate for the corresponding 6-month period; (ii) **daily prices** from the day-ahead market for the corresponding 6-month periods. Provide this data in two separate tabs using the following format in MS Excel:

TAB 1 - RESIDENTIAL/SMALL CUSTOMERS

Month, Year	Monthly Bid Price	6-Month Weighted Average Used for Default Energy Rate	Monthly Market Price

TAB 2 - LARGE C&I CUSTOMERS

Month, Year	Monthly Bid Price	6-Month Weighted Average Used for Default Energy Rate	Monthly Market Price

TAB 3 - DAILY DAY-AHEAD MARKET PRICE

Day, Month, Year	Market Price	Daily Residential/Small Customer Volume (kWh)	Daily Large C&I Customer Volume (kWh)

Response:

Please see Attachment PUC 2-007: Eversource Bid Price and Default Service Rates Summary, which includes the requested five years of historical data (except as otherwise described below),

with a tab for Small Commercial & Residential Customers and a tab for Large Customers and is provided in live excel format.

The data within this file is reflective of the bid prices received by Eversource on the relevant bid days and corresponds to Eversource's attachments for the hearing in each relevant Commission docket.

The request for daily prices from the ISO New England day-ahead energy market and for "Monthly Market Prices" (see Tab 1, Tab 2, and Tab 3) in subpart iii of the request does not align with the way wholesale energy market prices are determined and presented by ISO-NE. An attempt to provide the requested data in a relevant format would involve detailed calculations based on load-weighted averaging of hourly market prices, and the Company has not performed those calculations. The ISO-NE day-ahead market energy prices are available for each hour for the Hub, load zones, and network nodes, but are not available on a per-day or monthly basis. Moreover, full requirements load-following energy service includes additional components such as capacity, ancillary services, net commitment period compensation, and other load-based charges and assessments, and therefore attempting a comparison of the full suite of load-based charges, secured through an RFP, against the single component of day-ahead energy market prices will not produce an accurate price comparison or yield any useful insight on this issue. For further information regarding ISO-NE Wholesale Load Cost Components, including historical monthly data, please refer to the reports and related data available through the following link: https://www.iso-ne.com/isoexpress/web/reports/load-and-demand/-/tree/mthly-whl-load-cost-rpt.

**The confidential version of the attachment contains non-public bid information derived from filings made in Eversource's default service rate proceedings during the relevant time period, and as such that information should be deemed confidential under the provisions of Puc 201.06(a)(15), and will be confidentially provided to the PUC, DOE and OCA only. A redacted version of the attachment will be provided to all participants.*