

THE STATE OF NEW HAMPSHIRE
BEFORE THE
NEW HAMPSHIRE PUBLIC UTILITIES COMMISSION

Liberty Utilities (Granite State Electric) Corp.

d/b/a Liberty

Docket No. DE 24-061

2024 Default Services Solicitations

Technical Statement of Christopher M. D. Green

Proposing an update to the ISO-New England Market-Based Procurement Tranche

August 07, 2024

A. Purpose of Proposal

On June 20, 2024, Liberty Utilities (Granite State Electric) Corp. (“Liberty” or “the Company”) submitted its 2024 Default Service Solicitation filing for both the large customer group (LCG) and small customer group (SCG), requesting new default service rates to be approved and effective for the period August 1, 2024, through January 31, 2025. Per Commission Order No. 27,027 (June 27, 2024), the Commission approved the proposed default service rates and self-supply methodologies while directing the Company to file a proposal for “an ISO-New England market-based procurement tranche of at least 30 percent, with no upward bound... for the Company’s upcoming February 2025 – July 2025 energy service period for its small customer group.” Order No. 27,027 at page 9 & 10. The following proposal is in response to the Commission’s order.

As a preliminary matter, Liberty notes that the Proposed Procurement Plan would be a deviation from the settlement agreements and orders dictating Liberty’s current solicitation process. See the Settlement Agreement dated November 18, 2005, which was approved by the Commission in Order No. 24,577 (Jan. 13, 2006) in Docket No. DE 05-126; amended by Order No. 24,922 (Dec. 19, 2008) in Docket No. DE 08-011; amended by Order No. 25,601 (Nov. 27, 2013) in Docket No. DE 13-018; and further amended by Order No. 25,806 (Sept. 2, 2015) in Docket No. DE 15-010 (collectively referred to as the “Settlement Agreement”). As stated in Order No. 24,577, at 12, default service must be designed to assure universal access and system integrity; it should be through the competitive market; and the administrative costs should be borne by the customers in a manner approved by the Commission.”

The Commission recognized the standards that would govern any new default service solicitation process: “The statute further permits us to approve ‘alternative means of providing transition or default service which are designed to minimize customer risk; not unduly harm the development of competitive markets; and mitigate against price volatility without creating new deferred costs’ as the competitive market develops.” Order No. 24,577 at 12 (citing former RSA 374-F:3(e)¹ As such, a Commission order finding that the proposals below satisfy these standards would be necessary prior to their adoption.

¹ The revised version of this language now appears in RSA 374-F:3, V,(e): "Notwithstanding any provision of subparagraphs (b) and (c), as competitive markets develop, the commission may approve alternative means of providing transition or default services which are designed to minimize customer risk, not unduly harm the

B. Proposed Procurement Plan

In accordance with Order No. 27,027, Liberty, proposes to procure 50% of the SCG supply and 100% of the LCG supply directly from the ISO-New England Market. The remaining 50% of the SCG load will be served using the existing process of a full-service requirement bid selected by Liberty through the request for proposal (RFP) process beginning on November 1, 2024. Liberty views the full-service requirement as beneficial in the existing default service construct and believes the winning supplier's full-service requirement bid will serve as a partial hedge against potential adverse market conditions. Liberty prefers to procure at least 50% of SCG load through the competitive bidding process in order to attract bidders and provide adequate cost protection, while also creating downward pressure to overall customer costs. In an effort to harmonize the default service procurement process, the Company anticipates a 50/50 split of the SCG will be the most effective and that a heavier weighting toward the self-supply may impact the competitiveness of the November 1st solicitation.

In accordance with Commission Order No. 27,027, Liberty will not pursue additional hedging instruments for the energy procured from ISO-NE, for either the SCG or the LCG, at this time. Rather, Liberty will await further discussions regarding the use of such instruments, which are to be assessed by the Commission and parties in greater detail in a future phase of this proceeding. See Order No. 27,027 at 10.

Consistent with the Company's proposal in response to Order No. 26,913 (December 15, 2023), Liberty will obtain a daily load forecast from a third-party load forecasting software subscription for approximately 50% of the SCG group and 100% of the LCG and procure that portion from the Day-Ahead market. Any amounts that deviate from the forecast will be sold into or purchased from the Real-Time market. This is the same process Liberty used for its LCG from February 1, through April 30, 2023, due to a failed default service solicitation at that time and the methodology approved in Order No. 26,984 (March 29, 2024) for 20% of SCG service beginning August 1, 2024.

C. Customer Retail Rate

For both customer groups, Liberty will determine base monthly supply costs for the six-month period using a weighted average of the full-service bid and a proxy price forecasted by the Company. The Company finds no issue with calculating the proxy energy price as "an average of (a) the four-year rolling weighted average of ISO-New England market prices in the New Hampshire load zone, and (b) the NYMEX future prices for the upcoming six-month energy service period," as directed by the Commission in Order No. 27,027. The Company proposes to use the 13-month average of the other ISO-NE related charges as seen in the monthly Wholesale Load Cost Report and consistent with the methodologies approved in Order No. 27,027. An example of the cost formation methodology for both the LCG and SCG can be seen in Tables 1 and 2 respectively.

D. Necessary Course of Action

As Liberty's next RFP is scheduled for November 1, 2024, the Company would need approval of the above Proposed Procurement Plan by October 1, 2024.

development of competitive markets, and mitigate against price volatility without creating new deferred costs, if the commission determines such means to be in the public interest."

E. Proposed Procurement Plan Tables

Table 1

		2/1/2025	3/1/2025	4/1/2025	5/1/2025	6/1/2025	7/1/2025
ISO-NE AVG RT LMP	\$/MWh	\$ 49.86	\$ 49.86	\$ 49.86	\$ 49.86	\$ 49.86	\$ 49.86
NYMEX-ON	\$/MWh	\$ 114.60	\$ 64.28	\$ 49.15	\$ 42.45	\$ 50.53	\$ 79.55
NYMEX-OFF	\$/MWh	\$ 103.78	\$ 58.20	\$ 40.98	\$ 34.53	\$ 38.45	\$ 51.00
Monthly ON-PEAK Factor	%	47.62%	45.16%	48.89%	45.16%	46.67%	47.31%
NYMEX Weighted	\$/MWh	\$ 108.93	\$ 60.95	\$ 44.97	\$ 38.11	\$ 44.09	\$ 64.51
Weighted Energy ⁽¹⁾	\$/MWh	\$ 79.40	\$ 55.40	\$ 47.42	\$ 43.98	\$ 46.97	\$ 57.18
Capacity Estimate ⁽²⁾	\$/MWh	\$ 7.36	\$ 7.36	\$ 7.36	\$ 7.36	\$ 7.36	\$ 7.36
Net Commitment Period Compensation ⁽²⁾	\$/MWh	\$ 0.88	\$ 0.88	\$ 0.88	\$ 0.88	\$ 0.88	\$ 0.88
Ancillary Markets ⁽²⁾	\$/MWh	\$ 1.67	\$ 1.67	\$ 1.67	\$ 1.67	\$ 1.67	\$ 1.67
Misc.Credit/Charge ⁽²⁾	\$/MWh	\$ (0.32)	\$ (0.32)	\$ (0.32)	\$ (0.32)	\$ (0.32)	\$ (0.32)
Wholesale Market Service Charge ⁽²⁾	\$/MWh	\$ 1.04	\$ 1.04	\$ 1.04	\$ 1.04	\$ 1.04	\$ 1.04
Mystic COS ⁽³⁾	\$/MWh						
IEP Costs (New Hampshire) ⁽²⁾	\$/MWh	\$ 1.56	\$ 1.56	\$ 1.56	\$ 1.56	\$ 1.56	\$ 1.56
Proposed Cost Forecast	\$/MWh	\$ 91.60	\$ 67.61	\$ 59.62	\$ 56.19	\$ 59.18	\$ 69.39
Small Customer Group Load	MWh	10,473.65	10,440.29	8,970.37	9,107.10	10,159.43	11,854.10
Weighted Average Estimate						\$	67.79

(1) straight average between AVG RT LMP and NYMEX Weighted Energy Forward

(2) Estimates based on 13-month New Hampshire average of actual costs published in Wholesale Load Cost Component Report

(3) costs related to Mystic end May 31st, 2024

(4) 48-month rolling average of ISO-NE RT LMPS in NH Load Zone

Table 2

		2/1/2025	3/1/2025	4/1/2025	5/1/2025	6/1/2025	7/1/2025	
ISO-NE AVG RT LMP	\$/MWh	\$ 49.86	\$ 49.86	\$ 49.86	\$ 49.86	\$ 49.86	\$ 49.86	
NYMEX-ON	\$/MWh	\$ 114.60	\$ 64.28	\$ 49.15	\$ 42.45	\$ 50.53	\$ 79.55	
NYMEX-OFF	\$/MWh	\$ 103.78	\$ 58.20	\$ 40.98	\$ 34.53	\$ 38.45	\$ 51.00	
Monthly ON-PEAK Factor	%	47.62%	45.16%	48.89%	45.16%	46.67%	-0.03%	
NYMEX Weighted	\$/MWh	\$ 108.93	\$ 60.95	\$ 44.97	\$ 38.11	\$ 44.09	\$ 50.99	
Weighted Energy ⁽¹⁾	\$/MWh	\$ 79.40	\$ 55.40	\$ 47.42	\$ 43.98	\$ 46.97	\$ 50.43	
Capacity Estimate ⁽²⁾	\$/MWh	\$ 7.36	\$ 7.36	\$ 7.36	\$ 7.36	\$ 7.36	\$ 7.36	
Net Commitment Period Compensation ⁽²⁾	\$/MWh	\$ 0.88	\$ 0.88	\$ 0.88	\$ 0.88	\$ 0.88	\$ 0.88	
Ancillary Markets ⁽²⁾	\$/MWh	\$ 1.67	\$ 1.67	\$ 1.67	\$ 1.67	\$ 1.67	\$ 1.67	
Misc.Credit/Charge ⁽²⁾	\$/MWh	\$ (0.32)	\$ (0.32)	\$ (0.32)	\$ (0.32)	\$ (0.32)	\$ (0.32)	
Wholesale Market Service Charge ⁽²⁾	\$/MWh	\$ 1.04	\$ 1.04	\$ 1.04	\$ 1.04	\$ 1.04	\$ 1.04	
Mystic COS ⁽³⁾	\$/MWh							
IEP Costs (New Hampshire) ⁽²⁾	\$/MWh	\$ 1.56	\$ 1.56	\$ 1.56	\$ 1.56	\$ 1.56	\$ 1.56	
Proposed Cost Forecast	\$/MWh	\$ 91.60	\$ 67.61	\$ 59.62	\$ 56.19	\$ 59.18	\$ 62.63	
Large Customer Group Load	MWh	5,651.47	6,125.92	5,932.35	6,469.24	6,839.07	7,530.43	
		Weighted Average Estimate						\$ 65.51

(1) straight average between AVG RT LMP and NYMEX Weighted Energy Forward

(2) Estimates based on 13-month New Hampshire average of actual costs published in Wholesale Load Cost Component Report

(3) costs related to Mystic end May 31st, 2024

(4) 48-month rolling average of ISO-NE RT LMPS in NH Load Zone