

**STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION**

DE 24-046

**PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE
d/b/a EVERSOURCE ENERGY**

2024 Energy Service Solicitations

Order Approving Modifications to Energy Service Procurement

ORDER NO. 27,064

October 15, 2024

This order approves the Public Service Company of New Hampshire d/b/a Eversource Energy (Eversource or the Company) proposal, made in response to a Commission directive, for the expansion of its ISO-New England market-based procurement tranche to 30 percent of the default Energy Service load for its Small Customer Group, which includes residential Energy Service customers, and 100 percent of the load for Eversource's Large Customer Group, which includes commercial and industrial (C&I) Energy Service customers. The changes regarding market-based procurement are to be implemented for the February 1, 2025 to July 31, 2025 Energy Service period, and are expected to provide cost savings for residential and C&I default Energy Service customers.

I. BACKGROUND AND POSITIONS

On June 20, 2024, the Commission issued Order No. 27,022, in which it required Eversource to file

a proposal for the Company's upcoming February-July 2025 Energy Service period that would include the following components: (1) an ISO-New England market-based procurement tranche of at least 30 percent, with no upper bound, for the Small Customer Group, and full (100 percent) ISO-New England market-based procurement for the Large Customer Group, along the lines approved by the Commission in Order Nos. 26,994 and 27,005 and this instant Order, with the following adjustments, and with an explanation of the Company's choice of the given tranche size provided by the Company for the

Small Customer Group; (2) a modification wherein the "proxy price" for these market-based procurement tranches for the Small Customer Group would be 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 futures prices for the upcoming six-month energy service period for ISO-New England; (3) a continuation of the monthly pricing approach for the Large Customer Group, with an appropriate proxy price.

Id. at 8-9. The Commission expanded this market-based procurement approach due to ongoing evidence that prevailing ISO-New England market prices, including all cost components, were markedly lower than those prices for third-party requirements contracts entered into by the Company to serve its Energy Service load. *See Id.* at 8; *see also* Order No. 26,994, (April 12, 2024) at 1-2.

On July 30, 2024, Eversource made its proposal pursuant to the requirements of Order No. 27,022, in a petition filed in this instant Docket No. DE 24-046. The proposal 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/2024/24-046.html>

As part of its proposal, Eversource included the Technical Statement of Mr. Parker Littlehale and Ms. Yi-An Chen (Hearing Exhibit 4). The Technical Statement delineated Eversource's approach to the expanded ISO-New England market-based procurements.

On August 23, 2024, the Commission issued a supplemental order of notice commencing this phase of the proceeding, and scheduling a hearing on the Eversource proposal for September 11, 2024. On August 26, 2024, the Office of the Consumer Advocate (OCA) filed a motion, styled as a "Motion for Partial Reconsideration of Supplemental Order of Notice," requesting that the Commission grant leave for the OCA to file the testimony of its Director of Economics and Finance, Dr. Marc Vatter,

and to reschedule the September 11 hearing. The Commission issued a procedural order granting the relief requested by the OCA on August 28, 2024, which rescheduled the hearing for this phase of the proceeding for September 23, 2024.

Subsequently, on September 13, 2024, the OCA filed Dr. Vatter's testimony (Hearing Exhibit 5). The New Hampshire Department of Energy (DOE), through its counsel, also filed a Position Statement regarding the matters connected to the Eversource proposal on September 13, 2024.

On September 23, 2024, the hearing in this matter was held as scheduled, where representatives of Eversource, the DOE, and the OCA appeared. Mr. Littlehale and Ms. Chen provided additional oral testimony in support of the Company proposal at the September 23 hearing, and responded to Commission inquiries regarding same. Dr. Vatter also provided oral testimony at the September 23 hearing, and responded to Commission inquiries, in elaboration of the OCA's positions.

Dr. Vatter's testimony, Hearing Exhibit 5, available here:

<https://www.puc.nh.gov/Regulatory/Docketbk/2024/24-046/TRANSCRIPTS-OFFICIAL%20EXHIBITS-CLERKS%20REPORT/24-046-2024-09-23-EXH-5.PDF>

ranged over a series of technical recommendations centering on the OCA's interest in exploring the use of the futures market as a vehicle for Default Service procurements, the dangers of energy-price shocks feeding into electricity-market pricing outcomes, and hedging strategies in general. Dr. Vatter, in his oral testimony provided at the September 23 hearing, generally recommended a cautious, status-quo approach for the current Energy Service procurement cycle for the Company.

In the Company's presentation of its proposals, Hearing Exhibit 4, and in its supporting oral testimony at the September 23 hearing, presented its methodologies for applying a 30 percent ISO-New England market-based procurement component for

the Small Customer Group, and the 100 percent market-based procurement approach for the Large Customer Group of C&I Energy Service customers.

In general, Eversource established in its proposal that the procurement methodology it would apply for the 30 percent Small Customer Group tranche would be the same as that approved in Order No. 26,994 for its 12.5 percent tranche; that is, the Company would primarily rely on the Day-Ahead ISO-New England electricity market to supply that component, with the remainder (70 percent) provided for by the usual Request For Proposals (RFPs)\requirements-contract process. Hearing Exhibit 4 at Bates Page 3. The Company also stated that it would apply the proxy-price development methodology specified by Order No. 27,022, wherein the six monthly proxy prices so determined would be averaged on a load-weighted basis to calculate a single proxy price for use in developing the flat price component for the Small Customer Group Energy Service rate for the six-month rate period. Hearing Exhibit 4 at Bates Pages 7-8.

For the Large Customer Group, Eversource would apply the same Day-Ahead market-based procurement approach for 100 percent of that group's load, and apply the same proxy-price development methodology as used for the Small Customer Group, with the difference that, as required by Order No. 27,022, the rates would be monthly rates, generated by discrete monthly averages. Hearing Exhibit 4 at Bates Page 8. The Company also provided an overview of its reconciliation methodologies, impacts on working-capital requirements, and expected incremental administrative costs in connection with its proposal. Hearing Exhibit 4 at Bates Pages 8-11.

At the September 23 hearing, the Company re-stated its request that the Commission approve its proposals presented here, as in conformity with the requirements of Order No. 27,022. See Transcript of September 23, 2024 Public

Hearing (Tr.) at 109-110. Mr. Littlehale also expressed his opposition to the concept of using futures contracts in the way recommended by Dr. Vatter, with Mr. Littlehale focusing on volumetric- and pricing-forecasting risks, to both the Company's Energy Service customers and shareholders, leading him to describe the OCA proposal as "unfeasible and unreasonable." Tr. at 35-39. The Company re-expressed its opposition to Dr. Vatter's proposals in its closing statement, though the Company did note that it had not had sufficient time to "properly evaluate" the proposals. Tr. at 110-113.

The DOE, in a statement made at hearing, encouraged the Commission to "proceed with caution" with the market-based procurement strategy, and to give time for reconciliation-related figures, and other data, to develop from the earlier approval of the 12.5 percent market-based tranche by the Commission. Tr. at 105-106.

The OCA stated at hearing that, in OCA's view, the Commission should not proceed with the Eversource-proposed expansion of market-based procurement considered here, pending further analysis of the outcomes of the 12.5 percent tranche procurement for the Small Customer Group (approved by the Commission in Order No. 26,994). Tr. at 106-109.

II. COMMISSION ANALYSIS

In assessing the Eversource proposal to modify its Energy Service procurement process, the Commission is required to consider whether the proposal is consistent with: the principles elucidated in the relevant prior Commission orders (*see* Order No. 26,092 (December 29, 2017) (approving Settlement Agreement); Order No. 26,733 (November 22, 2022); Order No. 26,920 (December 21, 2023); Order No. 26,994 (April 12, 2024), *clarified by* Order No. 27,005 (May 6, 2024); and Order No. 27,022 (June 20, 2024), *rehearing denied by* Order No. 27,046 (August 9, 2024)); the Electric Utility Restructuring Policy Principles governing default Energy Service in RSA 374-F:3,

V(c)-(e); and the goal of cost-effectively meeting the State's energy needs and reducing the burden on ratepayers, in RSA 378:37 and RSA 12-P:7-a. The Commission must also assess whether the resulting rates would be just and reasonable as required by RSA 374:2, RSA 378:5, and RSA 378:7.

Having reviewed the Eversource proposal and the supporting data presented by Eversource, including its monthly pricing-comparison reports filed in this docket, we find that the proposal meets the above-listed standards, and will produce market-based, just and reasonable, and cost-effective rates for Eversource residential and C&I Energy Service customers. Given the ongoing broad differential between the ISO-New England prevailing monthly market prices, including all components, and the requirements-contract prices being paid by Eversource, we expect that ongoing expansion of the ISO-New England market-based procurement component will offer savings for Eversource Energy Service customers, and offer a valuable process for an expanded market-based procurement approach. We also expect that this proposal will support more competitive energy market outcomes in line with the Restructuring Policy Principles incorporated by statute. We find that Eversource's market-based rate projections, including proxy price development, and reconciliation structure embedded in its proposal are also just and reasonable, and will produce rates that are predictable, transparent, and reflective of energy market conditions.

We therefore APPROVE the Eversource proposal, for implementation in the February 1, 2025 through July 31, 2025 Energy Service rate period. We would expect that any necessary Tariff or other modifications would be presented to the Commission, in final form, by Eversource as part of its upcoming (December 2024) Energy Service rate proposal for the February 2025-July 2025 rate period. We also hereby ORDER Eversource to continue filing its monthly summary comparison of the

monthly average ISO-New England market electricity prices with the power supply charge components for Eversource's Small Customer Group, pursuant to the current timing and format for these reports, in the instant DE 24-046 docket.

The Commission remains interested in the technical issues raised by the parties. There is always scope for improvement of the Default Service process for all of New Hampshire's investor-owned electric utilities, which has been the animating principle for the Commission in recent years-- to provide the best pricing and service outcomes for residential and C&I Default Service customers. To that end, we expect that a further phase of this proceeding will be launched this winter, with an expected hearing date of March 2025, to further consider the technical proposals presented by the Company, the DOE, and the OCA in this proceeding. These would include the potential implementation of hedging strategies; application of more-frequent reconciliations for Energy Service; and expansion of Small Customer Group market-based procurement.


Based upon the foregoing, it is hereby

ORDERED, that the Eversource proposal for implementation of a 30 percent ISO-New England market-based supply tranche for its Energy Service Small Customer Group, and full (100 percent) ISO-New England market-based supply tranche for its Energy Service Large Customer Group, is APPROVED, for implementation in the February 1, 2025 to July 31, 2025 Energy Service period, with modified Tariff pages and any other necessary modifications to be filed as part of Eversource's upcoming Energy Service rate proposal for that rate period; and it is

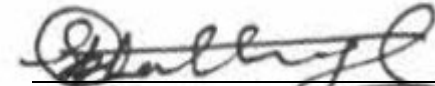
FURTHER ORDERED, that Eversource, for this upcoming Energy Service rate period, is to continue to file in this docket, by the 30th day of the following month, a summary comparison of the monthly average ISO-New England market electricity

prices with the power supply charge components for Eversource's Small Customer Group.

By order of the Public Utilities Commission of New Hampshire this fifteenth day of October, 2024.



Daniel C. Goldner
Chairman



Pradip K. Chattopadhyay
Commissioner

Service List - Docket Related

Docket#: 24-046

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Email Addresses

ClerksOffice@puc.nh.gov
scott.anderson@eversource.com
yi-an.chen@eversource.com
Energy-Litigation@energy.nh.gov
paul.b.dexter@energy.nh.gov
Stephen.R.Eckberg@energy.nh.gov
sandra.gagnon@eversource.com
donald.m.kreis@oca.nh.gov
luann.lamontagne@eversource.com
parker.littlehale@eversource.com
jmiranda@rc.com
nhregulatory@eversource.com
elizabeth.r.nixon@energy.nh.gov
amanda.o.noonan@energy.nh.gov
ocalitigation@oca.nh.gov
bryant.robinson@eversource.com
Marc.H.Vatter@oca.nh.gov
david.wiesner@eversource.com
Matthew.C.Young@energy.nh.gov