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DEPARTMENT OF ENERGY
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July 6, 2023

INV 2023-001 – DOE Energy Procurement Investigation

DOE Set 1 Questions

On May 24, 2023, the New Hampshire Department of Energy (Department) issued an Order of Notice (Order) in DOE Docket INV 2023-001. Pursuant to the Department’s investigative powers established in RSA 12-P:2, IV and RSA 12-P:10, the Department opened this proceeding and directed the participation of all three regulated electric distribution utilities; Public Service Company of New Hampshire d/b/a Eversource Energy, Unitil Energy Systems, Inc., and Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty. While their participation is not required, the Department welcomes responses from wholesale energy suppliers and the New Hampshire Electric Cooperative.

Attached hereto, participants will find the first set of questions regarding various aspects of default energy service procurement. As you will see, certain questions are directed towards the utilities, while others are directed to suppliers and other participants. After addressing the relevant segment-related questions, the Department invites all participants to offer comments where appropriate.

Responses to Set 1 questions must follow the included instructions and be submitted to the Department by **Friday, July 28, 2023**. The Department shall post non-confidential responses received on its website, as it deems appropriate. Participants may then submit replies to posted responses by **Friday, August 18, 2023**.

INVESTIGATIVE QUESTIONS OF N.H. DEPARTMENT OF ENERGY

INSTRUCTIONS

1. Please furnish responses by **Friday, July 28, 2023**.
2. For each set of responses, please identify the name, title, and contact information for an individual who may be contacted for any follow-up, if necessary. Each request and response should start on a new page as illustrated by the following example:

ORGANIZATION NAME HERE

INV 2023-001

DOE SET 1 QUESTIONS

Date Request Received: 7/6/23

Date of Response: 7/28/23

Request No. DOE IQ 1-xxx

Contact: Contact Information Here

REQUEST:

RESPONSE:

3. If requested data is duplicative of that furnished in a response to another question, simply identify in the response where in another question the Department may find the requested information.
4. If you find a request to be unclear or imprecise, please request clarification, by email, to Matthew Young, Hearings Examiner/Staff Attorney at Matthew.C.Young@energy.nh.gov.
5. By submitting a response, the participant acknowledges that the Department is subject to the Right-to-Know Law, RSA Chapter 91-A. If any part of a response contains information that a participant asserts is exempt from public disclosure, **the participant must specifically identify all relevant text in a letter to the Department and must mark or stamp each page of the materials claimed to be exempt from disclosure as “confidential,”** and provide support for such assertion(s) as part of participant’s response to this RFP. The participant shall explain, in writing, what measures it has taken to keep such information confidential, and the personal privacy or competitive business interests

that would be harmed if such information were to be publicly disclosed. The explanation shall also identify by page number and question number the specific information the participant claims to be exempt from public disclosure pursuant to RSA 91-A:5. It is helpful if the text claimed to be confidential is also highlighted, underlined, or otherwise identified in the actual response itself. Merely marking all responses as “confidential” will neither be accepted nor honored. The Department shall maintain the confidentiality of information contained in responses, insofar as doing so is consistent with RSA Chapter 91-A. Any information a participant identifies as exempt from disclosure shall be kept confidential until the Department has determined, as necessary, whether such information is exempt from public disclosure pursuant to RSA 91-A.

If the Department receives a request to view portions of a response that the participant has properly and clearly marked “confidential,” the Department shall notify the participant and specify the date the Department intends to release the requested information, redacting any information the Department independently concludes is exempt, consistent with applicable laws and regulations. Any effort to prohibit or enjoin the release of the information the Department identifies for release shall be the participant’s responsibility at the participant’s sole expense. If the participant fails to obtain a court order enjoining the disclosure, the Department may release the information on the date the Department specified in its notice to the participant, or in its notice to any other relevant parties, without any liability to the participant.

INV 2023-001 – DOE Energy Procurement Investigation
DOE Set 1 Questions

Electric Distribution Utilities

The Department requests that the three regulated electric distribution utilities provide answers to the following inquiries and submit them to the Department on or before the close of business on **Friday, July 28, 2023**. In addition to the three regulated utilities, the Department would also welcome input from any other interested participant.

- 1) Please quantify how many bidders participated in your utility's New Hampshire default energy procurements, as well as that of your affiliates in other states, for the past five years.
- 2) Please comment and quantify, to the degree and extent possible, how community power aggregation has impacted bidder participation in your utility's past solicitations, as well as estimate its impact on future solicitations.
- 3) In your opinion, if a utility were to purchase all of its default energy service from the Day Ahead (DA) and Real Time (RT) ISO-NE Energy markets, please describe potential changes in the Company's business processes, operations, rate-making, and regulatory relations that might occur. For example, the DOE understands that ISO-NE bills energy market participants two times per week for energy purchased directly from the market whereas under the current energy procurement paradigm, utilities pay energy suppliers once per month for energy provided through default service contracts. Therefore, if the utility were to procure all of its customers' default energy service via the DA and RT markets there may be changes in cash flow requirements, business risk profile, and/or financial rating. Please discuss the implications of this and other possible business impacts were the energy procurement model to change.
- 4) Auction structures can create different outcomes. What, in your opinion, are the relative advantages of sealed bid, descending clock, and reverse auctions as they apply to default energy service procurement?

- 5) In your opinion, what differentiates the default service products of one utility to the next? Are there legal requirements placed on your company that would not apply to other New Hampshire utilities? If so, what are the impacts of these requirements?
- 6) In your opinion, if a utility were to procure energy in the DA market, what additional wholesale market costs would be incurred? What market products are not included in real time energy prices (e.g. capacity costs, reserves, regulation, forward reserves, etc.) whose prices would need to be included in the final cost to customers?
- 7) If no bids are received for an RFP, what next steps would you propose to the Commission? For example, would you recommend rerunning the same RFP, change the RFP parameters, or seek to procure directly from the wholesale markets?
- 8) In New Hampshire or other jurisdictions, have you experienced different procurement results, such as different pricing outcomes or increased/decreased numbers of bids, with varying tranche sizes? If so, please explain.
- 9) Please describe the method used to calculate the expected price outcomes going into a procurement. What do you do if results significantly differ from these expected price outcomes?
- 10) Describe generally, and include specific examples if available, how you determine if a particular RFP or auction meets your definition of a “failed auction.”
- 11) Please describe default service procurement practices in other regulatory jurisdictions in which you operate, where applicable. How do the length of contracts, frequency of RFPs, and quantities procured differ?

12) Please describe the role of a third-party procurement manager in other jurisdictions in which you operate and explain how such an entity would interact with the procurement process in New Hampshire.

Supplier Focused Questions

The Department requests that wholesale energy suppliers produce answers to the following inquiries and submit them by the close of business on **Friday, July 28, 2023**. In addition to wholesale energy suppliers, the Department would also welcome input from any other interested participant, entities or stakeholders.

13) Auction structures can create different outcomes. What, in your opinion, are the relative advantages of sealed bid, descending clock, and reverse auctions as they apply to default energy service procurement?

14) Please explain how your company decides whether to submit a response to a New Hampshire Utility default service RFP. Including, but not limited to:

- a) If your company decides to submit a bid, what information is used to assemble the bids?
- b) Does a utility's debt and credit worthiness impact bids?
- c) How does your company evaluate tranche size and quantity?
- d) How would your company view a subset of tranches that utilized self-supply? How would this impact your bids/participation?
- e) How impactful are economies of scale in procurement bids? Does the size of the procurement impact your ability to create bids?
- f) Do out-of-market conditions, such as the Reliability Must Run contract with Mystic, create additional risks that impact your bids? How could that risk be mitigated?

15) As a supplier, what percentage of your load is the New Hampshire market?

16) How might the implementation of laddering procurements, where multiple overlapping procurements with varying parameters occur, impact your bid?

- 17) Currently, New Hampshire utilities solicit bids for full requirements load following service for six-month contracts. How would a longer contract period impact your bid(s)?
- 18) Would regulatory provisions that limit the frequency of customers switching to and from default service impact your bid?
- 19) How does your company evaluate the risk of having a contract *not* approved by the Public Utilities Commission?
- 20) What wholesale market products are not included in real time energy prices?
- 21) In your opinion, how frequently should procurements occur? For example, should there be one procurement covering the whole year, multiple procurements covering different seasons, or some combination thereof?
- 22) Please describe why a procurement result can differ from real time prices.
- 23) Please describe the role of a third-party procurement manager in other jurisdictions in which you operate and explain how such an entity would interact with the procurement process in New Hampshire.

Other Stakeholders

- 24) Please discuss other issues and provide other information that you believe the Department should consider as part of this investigation into the Default Energy Service procurement process.