HB 1617-FN - AS INTRODUCED

2024 SESSION

24-2464
10/05

HOUSE BILL ***1617-FN***

AN ACT relative to energy procurement agreements for default service.

SPONSORS: Rep. Bernardy, Rock. 36; Rep. Notter, Hills. 12; Rep. D. Thomas, Rock. 16; Rep. Summers, Rock. 20; Rep. Cormen, Graf. 15; Rep. McGhee, Hills. 35; Rep. Muns, Rock. 29

COMMITTEE: Science, Technology and Energy

ANALYSIS

This bill requires the department of energy to allow the procurement of energy from power supply agreements using varying lengths and terms and laddering of agreements.

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Explanation: Matter added to current law appears in ***bold italics.***
Matter removed from current law appears [~~in brackets and struckthrough.~~]
Matter which is either (a) all new or (b) repealed and reenacted appears in regular type.

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STATE OF NEW HAMPSHIRE

In the Year of Our Lord Two Thousand Twenty Four

AN ACT relative to energy procurement agreements for default service.

Be it Enacted by the Senate and House of Representatives in General Court convened:

1 Electric Utilities; Restructuring Policy Principles; Default Service Rate. Amend RSA 374-F:3, V(c) to read as follows:

(c) Default service [~~should~~] ***shall*** be designed to provide a safety net and to assure universal access***, reasonable price stability,*** and system integrity. Default service [~~should~~] ***shall*** be procured through the competitive market and may be administered by independent third parties. ***In order to provide price stability, the commission shall oversee the timing and terms of energy service contracts between the regulated public utilities and energy providers and shall approve such procurement of energy from power supply agreements using varying lengths and terms and laddering of agreements, which shall balance the goals of producing just, reasonable, and reasonably stable retail rates with the need to reflect underlying wholesale market prices. The commission shall review contracts on a quarterly basis, and permitting a mix of short (3 to 6 month duration), medium (6 to 12 month duration) and long-term (12 to 18 month duration) purchase power contracts.*** Any prudently incurred costs arising from compliance with the renewable portfolio standards of RSA 362-F for default service or purchased power agreements shall be recovered through the default service charge. The allocation of the costs of administering default service should be borne by the customers of default service in a manner approved by the commission. If the commission determines it to be in the public interest, the commission may implement measures to discourage misuse, or long-term use, of default service. Revenues, if any, generated from such measures should be used to defray stranded costs.

2 Effective Date. This act shall take effect 60 days after its passage.

LBA
24-2464
12/11/23

HB 1617-FN- FISCAL NOTE
AS INTRODUCED

AN ACT relative to energy procurement agreements for default service.

FISCAL IMPACT: [X] State [X] County [X] Local [ ] None

Estimated State Impact - Increase / (Decrease)				
	FY 2024	**FY 2025**	**FY 2026**	**FY 2027**
Revenue	$0	$0	$0	$0
Revenue Fund(s)	None			
Expenditures	$0	Indeterminable Increase	Indeterminable Increase	Indeterminable Increase
Funding Source(s)	Various Government Funds			
Appropriations	$0	$0	$0	$0
Funding Source(s)	None			

- Does this bill provide sufficient funding to cover estimated expenditures? [X] See Below
- Does this bill authorize new positions to implement this bill? [X] No

Estimated Political Subdivision Impact - Increase / (Decrease)				
	FY 2024	**FY 2025**	**FY 2026**	**FY 2027**
County Revenue	$0	$0	$0	$0
County Expenditures	$0	Indeterminable	Indeterminable	Indeterminable
Local Revenue	$0	$0	$0	$0
Local Expenditures	$0	Indeterminable	Indeterminable	Indeterminable

The Office of Legislative Budget Assistant is awaiting information from the Department of Energy. The Department of Energy was originally contacted on 11/27/23 for a fiscal note worksheet. If information is received, a revised fiscal note will be forward to the House Clerk's Office.

METHODOLOGY:

The Public Utilities Commission (PUC) indicates this bill would mandate that regulated electric utilities procure default service through the competitive market to ensure "reasonable price stability." It would require the PUC to assume the following additional duties:

1. Overseeing the timing and terms of energy service contracts between regulated electric utilities and energy providers, in order to ensure price stability;

2. Approving power supply agreements using varying lengths, terms, and laddering, in order to balance just, reasonable, and reasonably stable retail rates with the need to reflect wholesale market prices; and

3. Reviewing power supply agreements on a quarterly basis.

There are currently three regulated electric utilities that would be subject to this provision: Public Service Company of New Hampshire d/b/a Eversource Energy; Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty; and Unitil Energy Systems, Inc. Each utility may have multiple power supply agreements. The PUC currently reviews each of the three utilities' energy service solicitation processes every six months but does not review each individual power supply agreement in detail. The PUC states that a full-time Utility Analyst IV position would be required to implement the provisions of this bill at an estimated cost of $109,800 in FY 2025, $110,650 in FY 2026, and $110,650 in FY 2027.

The PUC states the effect of this bill, if any, on utility rates and on county and local government expenditures, as well as additional state expenditures, is indeterminable.

AGENCIES CONTACTED:

Department of Energy and Public Utilities Commission