# Portsmouth Community Power

# Electric Aggregation Plan

**[As Approved by the Portsmouth City Council]**

**on**

**[DATE]**

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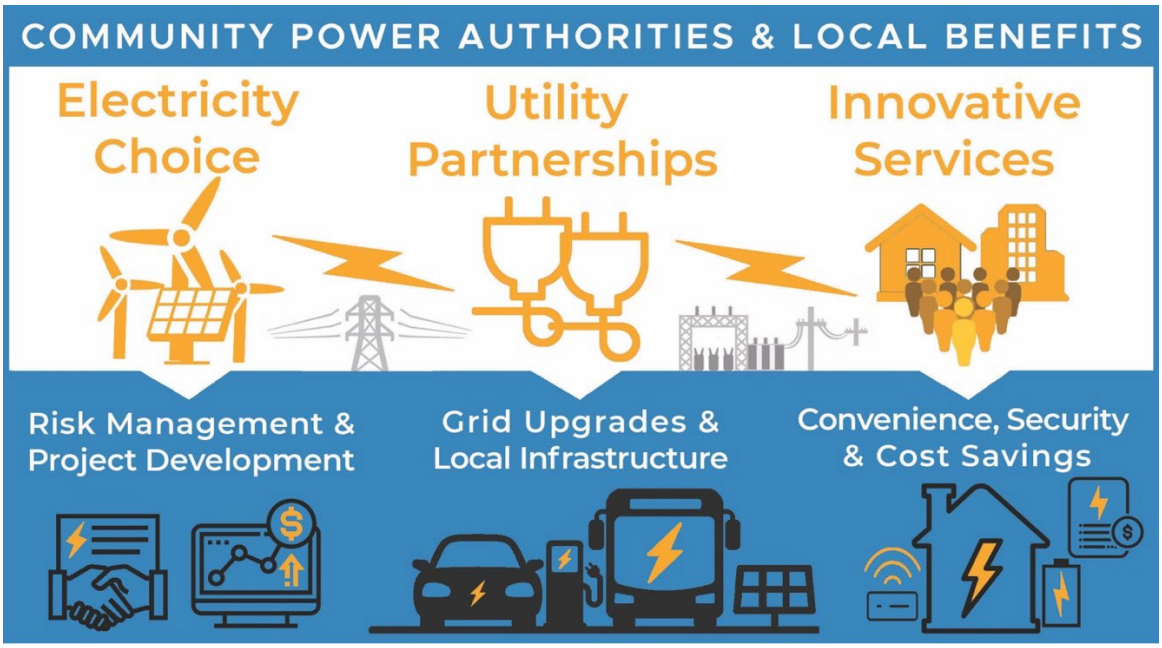
# INTRODUCTION TO COMMUNITY POWER

New Hampshire's updated Community Power law (RSA 53-E, as amended by SB 286, effective October 1, 2019) is a bipartisan policy designed to further democratize, evolve, and enhance the economic efficiency of our electric power industry.

The Legislature's intent in enacting RSA 53-E was to "*encourage voluntary, cost effective and innovative solutions to local needs with careful consideration of local conditions and opportunities.*" (Refer to Attachment 1 for a summary of the legislative context and local control authorities of Community Power.) To achieve this goal, RSA 53-E authorizes local governments (cities, towns, and counties) to launch Community Power programs that:

- Provide electricity supply service to residents and businesses, who are notified and enrolled on an "opt-in" customer choice or "opt-out" default service basis and may thereafter leave or rejoin the program (by switching suppliers in advance of their next billing cycle date);
- Procure a reliable supply of "all-requirements" electricity, inclusive of Renewable Portfolio Standard requirements, with the option to participate directly in the ISO New England wholesale market (as a load-serving entity on behalf of participating customers);
- Offer a range of innovative services, products, new Net Energy Metering supply rates, and local programs to participating customers;
- Establish a joint powers agency with other Community Power programs to share services, contract for energy project developments, and facilitate related energy initiatives; and
- Work collaboratively with distribution utilities, regulators, policymakers, and innovative energy businesses to help modernize our electrical grid and market infrastructure.

These authorities and local benefits are depicted in the graphic below:




Distribution utilities will continue to deliver power to all customers, regardless of whether they are supplied electricity by new Community Power programs or Competitive Electric Power Suppliers (or have chosen to switch back to utility-provided default service).

# OVERVIEW OF PORTSMOUTH COMMUNITY POWER

Portsmouth Community Power is a program authorized under RSA 53:E to provide electricity supply service for Portsmouths residents, businesses, and other types of customers. Providing electricity supply involves being responsible for procuring electric generation (supply) to match customer loads (consumption) in real time, except when the grid goes down. The program will only launch if it is able to initially offer residential default rates that are lower than or competitive with those offered by Eversource. Thereafter, the program will:

- Serve as the default electricity supplier for all customers on a default "opt-out" basis;
- Offer innovative services and generation rates to customers on an "opt-in" or "opt-up" basis (such as 100% renewable premium products, time-varying rates and Net Energy Metering generation credits for customers with solar photovoltaics);
- Operate on a competitive basis, in that customers may choose to switch between Portsmouth Community Power, service provided by Competitive Electric Power Suppliers, and utility-provided default service; and
- Be self-funded through revenues generated by participating customers; the City will not use taxes to cover program expenses.

Eversource will continue to own and operate the distribution grid and be responsible for delivering power to all customers within the City. Customers will continue be charged for utility delivery services at rates set by the Public Utilities Commission.

The City Council, in coordination with advisory support from the Portsmouth Portsmouth Energy Advisory Committee, will authorize the City Manager to contract for the necessary services and power supplies to implement and operate the program, set customer rates prior to program launch and continue to provide oversight over the program thereafter.

## Customer Notification and Enrollment Process

Prior to launch of Portsmouth Community Power, all eligible customers will be mailed notifications and provided the opportunity to "opt-out" or "opt-in" to the program, depending on whether they currently are on default service provided by Eversource or take service from a Competitive Electric Power Supplier:

- Customers already served by Competitive Electric Power Suppliers will be notified and may request to "opt-in" to the program; and
- Customers currently on default energy service provided by Eversource will be notified, provided the opportunity to decline participation ("opt-out"), and thereafter transferred to Portsmouth Community Power if they do not opt-out.

Notifications to customers on utility-provided default service will include the initial fixed rate for the program's default service compared with the Eversource's rate, be mailed to customers at least 30 days in advance of program launch and provide instructions for customers to decline participation (for example, by return postcard, calling a phone number or using a web portal).

After the launch of Portsmouth Community Power, any new customers starting service within the City will be given a similar opt-out notice and will be transferred onto default service provided by the program, unless they choose to take energy service from Eversource or a Competitive Electric Power Supplier.

All customers on Portsmouth Community Power default service will remain free to switch back to the Eversource or to take energy service from a Competitive Electric Power Supplier.

## Customer Accounts and Electricity Usage Estimates

The tables below show the total number and annual electricity usage of customers within Portsmouth's territory who would initially receive either "opt-out" or "opt-in" notifications:

| | **Utility Default Supply Customers** (Eligible for Opt-Out Notifications & Automatic Enrollment) | | **Competitive Supply Customers** (Eligible for Opt-In Notifications & Voluntary Enrollment) | |
|---|---|---|---|---|
| | **Customer Accounts** | **Annual Usage (MWh)** | **Customer Accounts** | **Annual Usage (MWh)** |
| Municipal | [INSERT] | [INSERT] | [INSERT] | [INSERT] |
| Residential | [INSERT] | [INSERT] | [INSERT] | [INSERT] |
| Commercial | [INSERT] | [INSERT] | [INSERT] | [INSERT] |
| Industrial | [INSERT] | [INSERT] | [INSERT] | [INSERT] |
| St Lighting | [INSERT] | [INSERT] | [INSERT] | [INSERT] |
| **Total** | **[INSERT]** | **[INSERT]** | **[INSERT]** | **[INSERT]** |

*Aggregated data shown was provided by Eversource for the 12 months ending **[INSERT DATE]**.*

**[NOTE: modify rate classes as appropriate to the distribution utility service territory and modify combine commercial and industrial class rows in the event that too few industrial customers may violate confidentiality re: data disclosure.)**

## Membership in the Community Power Coalition of New Hampshire

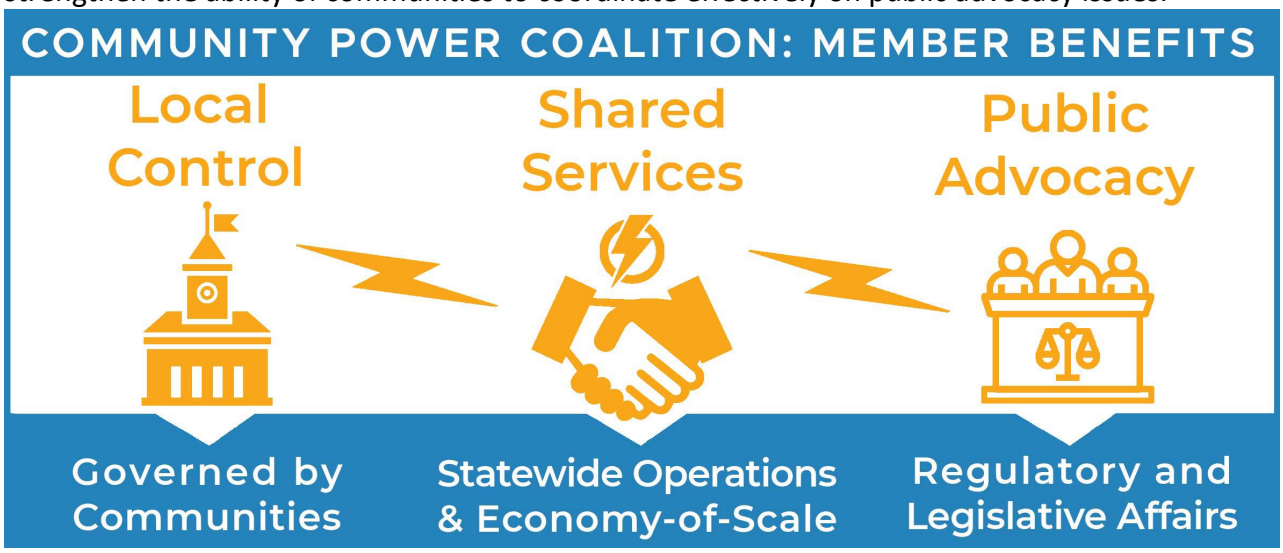
Portsmouth is a member of the Community Power Coalition of New Hampshire ("the Coalition"), a joint powers agency authorized under RSA 53-A ("*Agreements Between Governments: Joint Exercise of Powers"*) that will operate on a not-for-profit basis.

The Coalition was created so that towns, cities, and counties across New Hampshire could:

1. Access the resources and support required to streamline the process of establishing an Portsmouth Energy Advisory Committee, drafting an Electric Aggregation Plan and approving a new Community Power program.
2. Jointly solicit and contract for third-party services and staff support to launch and operate Community Power programs, without requiring any upfront costs or imposing any financial liabilities on participating communities.
3. Participate in joint power solicitations and local project development opportunities.
4. Share knowledge and collaborate regionally on clean energy and resilient infrastructure development at the community-level throughout the state.
5. Speak with one voice at the Legislature and Public Utilities Commission on public advocacy issues related to energy and Community Power.

The Coalition's joint powers agency governance model and competitive business model have been designed in accordance with energy industry best practices to ensure that participating Community Power programs benefit from transparent governance and high-quality services —so that all communities are able to take full advantage of their local control authorities under RSA 53-E and achieve the full scope of their local energy policy goals.

The Coalition is governed "*for communities, by communities*" under a voluntary and flexible membership structure, will provide competitive electricity service on a statewide basis, and will strengthen the ability of communities to coordinate effectively on public advocacy issues.




Key aspects of the Coalition's design, governance, services and start-up process are summarized in:

- The appendix (Attachment 2) provides an overview of the communities, volunteers and experts involved in the process of designing the power agency.
- The chapter "Overview of the Community Power Coalition of New Hampshire" provides context regarding the purpose of joint action power agencies, highlights the importance of joint public advocacy (and summarizes the Coalition's successful engagements at the Legislature and Public Utilities Commission on Community Power and public advocacy issues to-date), and summarizes key features of the Coalition's business model and services.
- The chapter "Portsmouth Community Power Goals, Objectives and Requirements" explains how the Coalition's joint action governance and business model should help enable Portsmouth to achieve the full scope of our policy goals, delineates what our goals are over the short-to-long term, and summarizes the program's near-term operational requirements as a power enterprise.
- The remainder of this chapter summarizes the City's anticipated role in the Coalition's governance and implementation process through the launch of Portsmouth Community Power.

## Purpose of this Electric Aggregation Plan

The Portsmouth Energy Advisory Committee was tasked by the City Council to prepare this Electric Aggregation Plan, which sets forth Portsmouth's policy goals for our Community Power program, summarizes program governance and implementation processes, and commits Portsmouth Community Power to comply with applicable statutes and regulations in terms of:

- Providing universal access, reliability, and equitable treatment of all classes of customers

subject to any differences arising from varying opportunities, tariffs, and arrangements between different electric distribution utilities in their respective franchise territories; and

- Meeting, at a minimum, the basic environmental and service standards established by the Public Utilities Commission and other applicable agencies and laws and rules concerning the provision of service under Community Power.

This plan does not otherwise commit Portsmouth to any defined course of action, including participation in the Coalition for the purposes of launching the program, and does not impose any financial commitment on the City.

The City Council retains the power to contract for all required program services and electricity supplies, to set rates, and to pursue related projects independently of the Coalition.

## Approval Process for Portsmouth Community Power

This Electric Aggregation Plan was developed by the Portsmouth Energy Advisory Committee with due input from the public, as required under RSA 53-E. Public hearings were held on [INSERT DATE] and [INSERT DATE]. Refer to Attachment 7 for additional information.

The Portsmouth Energy Advisory Committee has determined that this Electric Aggregation Plan satisfies applicable statutory requirements and is in the best, long-term interest of the City and its residents, businesses, and other ratepayers.

Adoption of this Plan by the City Council, by majority approval of those present and voting, establishes Portsmouth Community Power as an approved aggregation with statutory authorities defined under RSA 53-E:3 (to be exercised with due oversight and local governance, as described herein), and authorizes the City Council to arrange and contract for the necessary professional services and power supplies to launch Portsmouth Community Power.

## Implementation Process for the Coalition & Portsmouth Community Power

The City became a member of the Coalition on February 22, 2022[1] when the City Council unanimously approved entering into the Coalition's Joint Powers Agreement.

The Coalition's Joint Powers Agreement includes the Articles of Agreement and Bylaws of the nonprofit. It establishes the general purpose, authorities, structure, Board of Directors, committees, cost-sharing principles, liability protections, and other aspects of the organization.

The Coalition was incorporated on October 1, 2021 by the following founding local government Members: the cities of Lebanon, Nashua and Dover; the towns of Hanover, Harrisville, Exeter, Rye, Warner, Walpole, Plainfield, Newmarket, Enfield and Durham; and Cheshire County.

This plan assumes, but does not require, that the City will participate fully in the Coalition for the purposes of implementing and operating Portsmouth Community Power.

### *City Participation in Joint Powers Agency Governance*

After the founding members jointly executed the Joint Powers Agreement to incorporate the Coalition, the Board of Directors was constituted with representatives appointed by each member's governing body.

[1] Portsmouth City Council February 22, 2022 Meeting Minutes, Page 13: https://files.cityofportsmouth.com/agendas/2022/citycouncil/cc022222min.pdf

The City Council appoints primary and alternate representatives of Portsmouth Community Power to serve on the Coalition's Board of Directors and as Member representatives to Annual meetings and certain votes. The City's representatives will directly oversee the Coalition's initial startup and implementation activities, including the:

- Adoption of Board policies and the election of officers;
- Hiring of expert staff to provide qualified management and oversight;
- Solicitation and contracting of third-party service vendors to launch and operate Community Power programs; and
- Appointment of Board members and other community representatives to committees.

Portsmouth and all other members will be directly represented on the Coalition's Board until more than twenty-one (21) members join, at which point directors will be elected by vote of the Members' representatives at annual meetings (with a Board size of between 11 and 21 representatives, at the Members' direction).

Additionally, to exercise more regular oversight over specific aspects of the joint powers agency, the Coalition will have six standing committees as it develops: Executive, Finance, Audit, Regulatory and Legislative Affairs, Risk Management, and Governance. The Board may also establish ad-hoc committees, and each direct project that members choose to pursue in the future will be overseen by a committee specific to that project.

All meetings of the Coalition will comply with New Hampshire's Right-to-Know Law (RSA 91-A), the purpose of which is to "*ensure both the greatest possible public access to the actions, discussions and records of all public bodies, and their accountability to the people*", based on the recognition that "*openness in the conduct of public business is essential to a democratic society*."

*Development of Member Cost Sharing Agreement and Services for Portsmouth Community Power*

Under the terms of New Hampshire's Community Power law (RSA 53-E):

- Community Power programs must be self-funded, with ongoing costs paid for using the revenues generated by participating customers.
- Municipalities are only allowed to incur incidental costs associated with implementing Community Power programs, such as the costs necessary to comply with the Community Power law, up to the time that the program starts to produce revenue from participating customers. Incidental costs should not include any costs that are more properly accounted for as capitalized or operating costs of the Portsmouth Community Power program.

Membership in the Coalition, and the implementation of Portsmouth Community Power, will not require any upfront cost for the City other than such incidental expenses (e.g., the staff time, counsel review of agreements, and other expenses required to comply with the Community Power law before the program starts to generate revenue).

To provide the services, credit support and electricity supply required to launch and operate Portsmouth Community Power:

- The Coalition will administer competitive solicitations on behalf of all participating Community Power programs to contract with qualified vendors and credit-worthy suppliers.
- Vendors are expected to fund and self-manage the upfront cost of launching Community Power programs, under at-risk and performance-based contract structures with payments contingent

upon successful launch.

- Program implementation costs for Portsmouth, along with ongoing operational and power procurement expenses, will be factored into the customer rates adopted by the City Council and be recovered from the revenues received from participating customers after the launch of Portsmouth Community Power.

Similar solicitations and at-risk, performance-based contract structures have been used to successfully launch and operate new joint powers agencies in other Community Power markets.

Portsmouth's representatives on the Coalition's Board of Directors are participating in the solicitation of services, agency startup activities and the development of a cost-sharing agreement with other founding members.

The Coalition's Joint Powers Agreement provides certain requirements regarding how costs will be tracked and shared across participating Community Power programs, which will guide the development of the Coalition cost-sharing agreement:

- Costs will be tracked in three distinct categories: direct project costs, member services, and general and administrative costs (which are overhead costs that are not associated with any specific project or member service);
- Member cost-sharing agreements will be the same in all material respects: general and administrative costs will be allocated based on each Community Power program's share of total electricity usage each year, while each member will choose and separately pay for the costs of specific services and projects (under terms that reflect a fair allocation across all the members that chose the same services and projects); and
- The debts, liabilities and obligations of the Coalition, and of other participating Community Power programs, will be non-recourse to Portsmouth (unless expressly agreed to by the City Council under Portsmouth's Cost Sharing Agreement or a Project Contract).

The Coalition intends to contract for all the services required to launch and operate member Community Power programs, which is expected to enable access to advanced services and expertise at least cost for Portsmouth Community Power. However, note that:

- The City will be under no obligation to rely on the services provided through the Coalition until the City Council executes the Coalition's cost-sharing agreement and chooses which services will be provided through the Coalition.
- At that time, the City Council may decide to rely on the Coalition for all or a subset of the services required to launch and operate Portsmouth Community Power.
- Alternatively, the City Council could decide to withdraw from the Coalition entirely, prior to executing the cost-sharing agreement, and launch Portsmouth Community Power independently.
- Lastly, after Portsmouth Community Power launches, the City could still decide to procure certain services independently or to withdraw from the Coalition at a future date, subject to the terms, conditions and any continuing obligations specified in the cost-sharing agreement approved by the City Council.

Decisions made by the City Council regarding how to best implement and operate Portsmouth Community Power, including the execution of the Coalition cost-sharing agreement and selection of services provided through the Coalition, will be made at duly noticed public meetings.

## Electric Aggregation Plan Submission to the Public Utility Commission

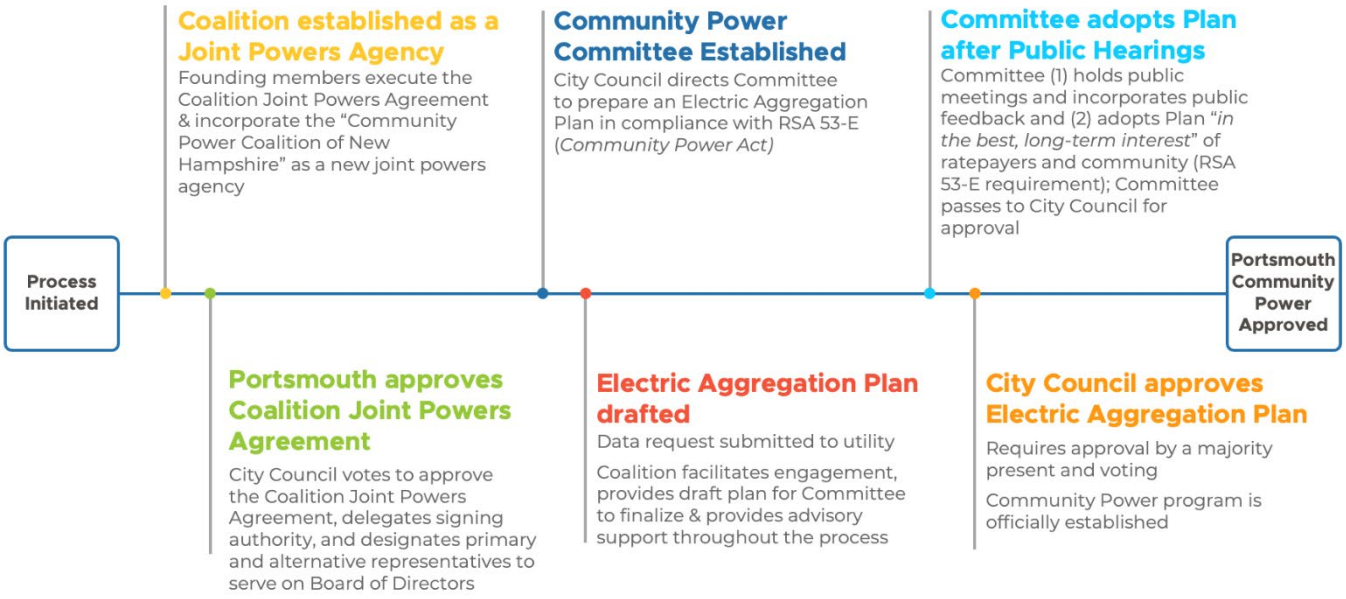
Portsmouth will submit this final Electric Aggregation Plan to the Public Utilities Commission for review and approval as per RSA 53-E:7, II. Chapter Puc 2200 Municipal and County Aggregation rules are available at:
https://www.cpcnh.org/_files/ugd/202f2e_0fbc54d8a5104faab2b4cc352fab1445.pdf

## Coalition & Portsmouth Community Power Implementation Milestone Charts

The milestone charts below show the anticipated approval, formation and launch processes for Portsmouth Community Power and the Coalition power agency, as described in the sections above.

The first chart below summarizes the different categories of activities required to approve Portsmouth Community Power and join the Coalition as a founding member to create the joint powers agency:

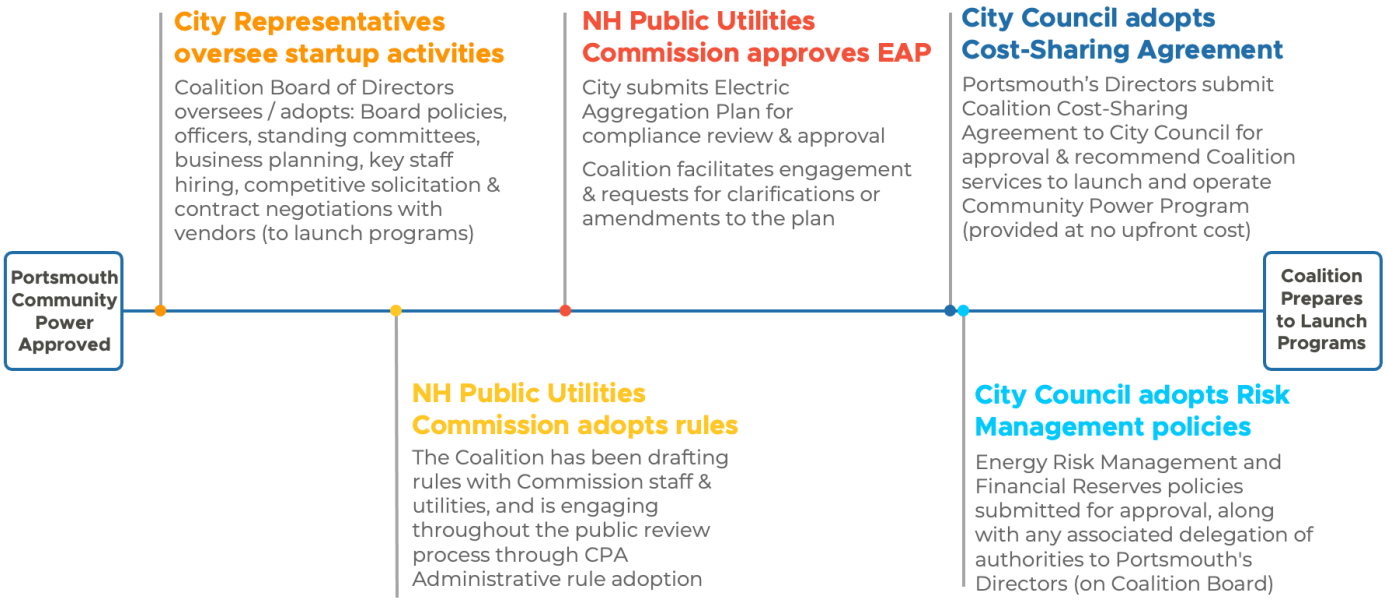
### Approval Process for Coalition Agency & Portsmouth Community Power




Portsmouth's directors on the Coalition Board are now overseeing startup activities, including engagement at the Public Utilities Commission to finalize the administrative rules governing the

Community Power market, and will bring forward the Coalition's cost-sharing agreement along with Energy Risk Management and Financial Reserve policies for approval by the City Council:

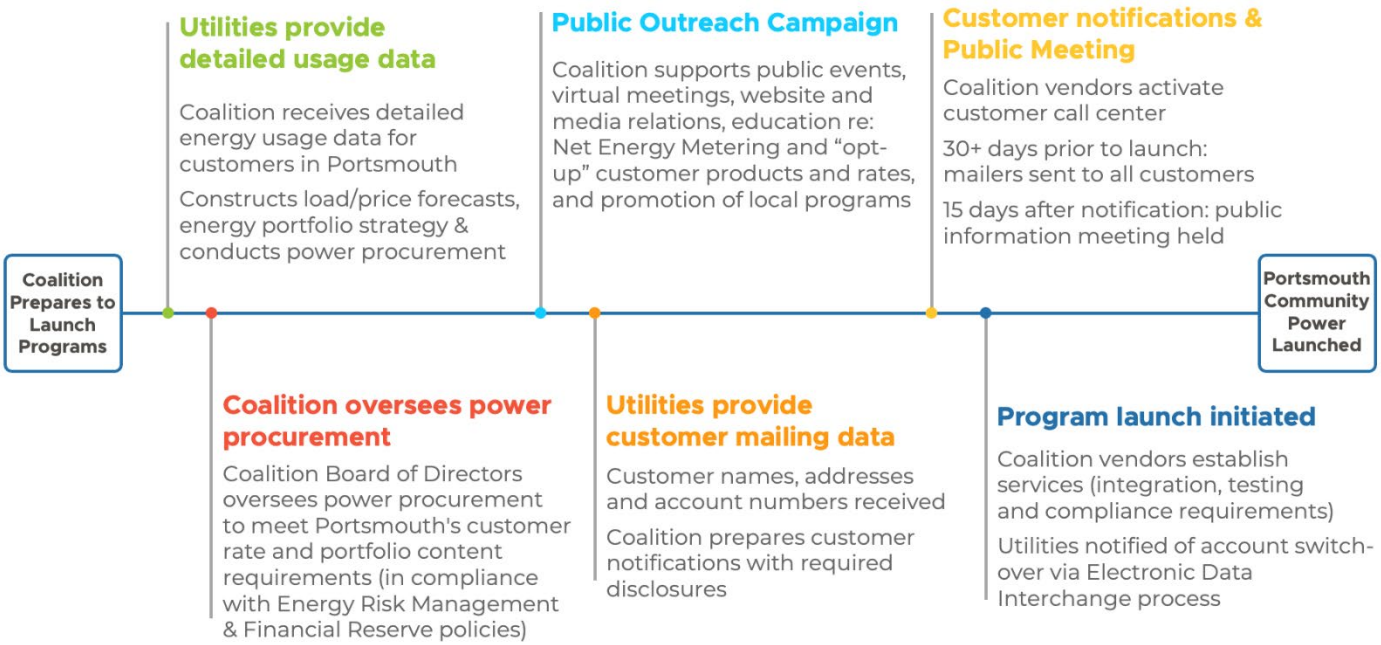
## Coalition Startup, Rule Making and Risk Management Policy Approval Process




After the Public Utility Commission adopts rules and opens the market, the Coalition will be allowed to launch Portsmouth Community Power (and the programs of other participating municipalities).

The milestones below summarize the process by which the Coalition will structure and conduct data collection, forecasting, power procurement solicitations and rate setting exercises — in compliance with the Energy Risk Management and Financial Reserve policies adopted by the City, and with oversight provided by Portsmouth's representatives on the Coalition's Board of Directors — and the local outreach, customer notification mailings and public meeting process that culminates in the launch of Portsmouth Community Power:

## Portsmouth Community Power Launch Process



# OVERVIEW OF THE COMMUNITY POWER COALITION OF NEW HAMPSHIRE




Portsmouth is a member of the Community Power Coalition of New Hampshire, a nonprofit joint powers agency authorized under RSA 53-A.

Joint powers agencies are governed by communities, operated on a not-for-profit basis as instrumentalities of local governments, and allow Community Power programs to voluntarily join forces to take advantage of economies of scale and shared services to boost operational efficiencies.

The public power industry has created over seventy joint powers agencies in the last fifty years, and several hundred local governments operate Community Power programs through joint powers agencies or comparable collaborative governance structures in Massachusetts, New York, Ohio, Illinois and California.

The experience of these markets demonstrates that the economics of joint purchasing can enable access to advanced services and expertise for participating Community Power programs, which helps keep power rates competitive and supports long-term financial stability.

The Coalition was incorporated on October 1, 2021 by the following founding local government Members: the cities of Lebanon, Nashua and Dover; the towns of Hanover, Harrisville, Exeter, Rye, Warner, Walpole, Plainfield, Newmarket, Enfield and Durham; and Cheshire County. Following incorporation, the city of Portsmouth and the towns of Hudson, New London, Pembroke and Webster joined the Coalition's membership.

The 18 city and town members of the Coalition represent more than 270,000 residents, or ~20% of the population of New Hampshire. To put the anticipated electricity usage of all Coalition Members Community Power programs in context, at full enrollment of all eligible customers, the Coalition would be larger in size than the default service loads of Unitil, Liberty Utilities and the New Hampshire Electric Coop on an individual basis, and smaller than Eversource (New Hampshire's largest investor-owned distribution utility).

Portsmouth anticipates relying upon the Coalition's member services to launch and operate Portsmouth Community Power, but approval of this plan does not commit the City to doing so. The City Council retains the authority to contract for any and all required program services and electricity supplies, and to pursue projects independently of the Coalition.

Based on the design and projected size of the Coalition, the Portsmouth Energy Advisory Committee anticipates that participation will result in cost savings, lower staff requirements, and enhanced quality of services for Portsmouth Community Power and other member programs.

Operating Portsmouth Community Power through the Coalition is expected to provide a number of distinct benefits in terms of transparency, scope and cost of services, regulatory and policy engagement, local program options, quality of energy risk management advice, the accrual of financial reserves sufficient to ensure long-term financial stability, and opportunities to develop new energy projects. These benefits are summarized in the "Regulatory and Policy Advocacy" and "Coalition Member Services" sections below.

## Regulatory and Policy Advocacy

Changes in law and regulations that adversely impact Community Power programs will be a non-trivial source of risk for Portsmouth Community Power.

Additionally, extending and maintaining the full range of benefits that Portsmouth Community Power could create for customers will require informed participation and advocacy on energy issues at the Legislature and Public Utilities Commission.

Coordination with other municipalities and Community Power initiatives on matters of common interest through the Coalition have already produced meaningful results in these areas. For example, Coalition Members have:

- Led the Community Power informal and formal rule drafting processes, including by providing the initial and subsequent draft rules for discussion, arranging bilateral meetings with utilities and other stakeholders, and leading significant portions of the subsequent stakeholder workshops at the request of Public Utilities Commission staff.
- Intervened in regulatory proceedings to represent the interests of customers and Community Power programs, such as by advocating for expanded data access in the Commission's Statewide Data Platform docket (DE 19-197), under which a settlement agreement with the utilities was negotiated and recently submitted to the Public Utilities Commission. (If adopted, the settlement would create a statewide platform to enables data access for customers and Community Power programs, which would be overseen by a Governance Council that includes Coalition representatives.)
- Testified in legislative hearings — and organized hundreds of people, elected officials and civic organizations to register in support of the Coalition's position on key legislation — in order to successfully negotiate critical amendments to House Bill 315 to clarify and expand Community Power authorities, as well as engaging on other important legislative initiatives.

Portsmouth Community Power will continue and expand on these activities through the Coalition.

## Coalition Member Services

The Coalition's business model has been designed to provide Community Power programs with:

- **Innovative local programs and customer services**: new rates, technologies and services for customers that lower electricity supply costs and risk for the program in aggregate, along with the electricity bills of participating customers from a "full bill" perspective (i.e., inclusive of transmission and distribution charges).
- **Energy Risk Management & Financial Reserve Policies, Procedures and Practices*:*** expert guidance on energy risk management, procurement of a diversified portfolio of energy contracts, rate setting, and financial reserves — sufficient to ensure the stability and operational continuity of Community Power programs over the long-term (as technologies, market dynamics, risk factors, consumer preferences and energy policies continue to evolve).
- **Development of Renewable and Battery Storage Projects:** joint contracting opportunities for the construction of new renewable and battery storage projects financed under long-term contracts — to diversify program energy portfolios, provide a physical hedge against wholesale market price fluctuations, enhance the resiliency of our electrical grid, and stimulate local construction and economic development.

The Coalition intends to contract with qualified vendors and credit-worthy suppliers to provide the services, credit support and electricity required to launch and operate Community Power programs. These third parties are expected to fund the upfront cost of implementing Community Power programs, the expense of which would be amortized and recovered for a specified term, along with ongoing operating costs, in customer rates.

The extent of services offered by the Coalition is expected to thereafter expand over time, in response to new market opportunities and ongoing regulatory rule reforms, and to meet the local objectives of participating Community Power programs. The Coalition also plans to hire a small number of qualified staff to ensure effective oversight of operations, as well as enhanced transparency and expert management as the Coalition's business operations evolve.

The proceeding sections explain how the above categories of member services are interrelated in ways that combine to ensure Portsmouth Community Power remains operationally stable, competitive and able to achieve the full range of our local policy goals over the long-term.

*Innovative Local Programs & Customer Services*

Cost-effective local programs provide new retail products and services that enable customers to:

- Intelligently moderate their use of electricity from the grid during times of high wholesale power prices and when the physical grid is constrained (at-risk of not being able to deliver enough power to meet all customers' usage requirements during the hours of "peak demand");
- Increase their use of electricity from the grid when wholesale prices are relatively low and the physical grid is not constrained.

Examples of innovative retail products and services that enable customers to do so include time-based rate options, individual and group net metering, targeted efficiency, distributed generation and energy storage programs, electric vehicle charging rates, and other offerings that empower customers directly and enable the services of third-party energy companies that are helping customers adopt and use new technologies.

Programs that enable the intelligent use of electricity will help Portsmouth Community Power to:

- Lower electricity supply costs and risk for the program in aggregate, along with the electricity bills of participating customers from a "full bill" perspective (inclusive of transmission and distribution charges);
- Strengthen customer relationships and local brand recognition; and
- Protect against customer attrition (the risk that customers opt-out of the program by choosing an alternative supplier) and potentially grow the program's customer base over time.

Local programs, in order to be cost-effective, need to be designed in ways that relate to and actively help manage the various sources of cost and risk involved in operating a competitive power agency.

As explained in the section below, the Coalition will adopt a structured approach to monitoring, analyzing and actively managing energy cost and risk — both to enable the design of cost-effective local programs, and provide additional benefits such as long-term financial stability.

*Energy Risk Management & Financial Reserve Policies, Procedures and Practices*

Portsmouth Community Power's ability to maintain competitive rates, as market prices and Eversource default rates change over time, is a primary goal for the program. Competitive rates

will significantly reduce the risk that customers opt-out of Portsmouth Community Power and allow the program to achieve our medium- to long-term goals.

To that end, working with the other members of the Coalition, Portsmouth Community Power will adopt Energy Risk Management and Financial Reserve policies. The purpose of these policies is to:

- Ensure that Portsmouth Community Power allocates customer revenues in ways that balance our community's goals and objectives over the short-to-long term; and
- Define how the Coalition will conduct energy risk management, procurement and market operations on behalf of Portsmouth Community Power (so that the agency remains in compliance with our adopted policies).

These policies, combined with the operational procedures and practices of the Coalition's business model — referred to as the "3Ps" of energy risk management — are designed to ensure that Portsmouth Community Power, along with all participating members of the Coalition, will be able to:

- Foresee, forecast and adequately plan for adverse contingencies (such as power supply shocks, economic downturns and changes in policy and regulations);
- Structure and manage a diversified portfolio (or "book") of physical and financial energy contracts in order to (1) hedge price risk in an optimal fashion by assessing the cost of entering into forward contracts against the risk of wholesale market price exposure, (2) transact quickly to take advantage of changing market conditions and (3) incorporate energy contracts from a variety of preferred sources (e.g., renewables and battery storage assets, local generators, customer-generators and demand response programs, etc.);
- Maintain competitive rates, and additionally set aside funds to accrue financial reserves, while also implementing local programs (designed in ways that lower portfolio costs and risk factors);
- Draw on financial reserves or credit support sufficient to maintain (1) rate stability for participating customers and (2) adequate cash flow for the Coalition's operations over the course of any adverse events and periods.

As Portsmouth Community Power accrues financial reserves, the Coalition will be able to facilitate additional ways to lower costs, create new value, and further enhance the financial stability of the program. As one example, the accrual of sufficient reserves will allow Portsmouth Community Power to begin self-providing the collateral required for wholesale power market transactions and power purchase agreements. This will lower the capital costs and risk premiums otherwise embedded into the price of power contracts negotiated by the Coalition. Similarly, the Coalition also intends to facilitate pooled power procurement across participating Community Power programs, and to explore opportunities to jointly satisfy collateral obligations within these arrangements.

Lastly, as explained further in the section below, the combination of the Coalition's approach to energy portfolio risk management and the accrual of sufficient financial reserves by participating members is what will enable Portsmouth Community Power to enter into long-term contracts — in order to construct new renewable and battery storage projects.

*Development of Renewable and Battery Storage Projects*

As Portsmouth Community Power and other participating Community Power programs demonstrate the ability to accrue reserves sufficient to ensure our collective financial stability —

and maintain or grow our customer base by offering competitive rates and innovative services over time — the Coalition will be able to facilitate new project developments for Portsmouth Community Power and other Community Power programs that elect to jointly participate in long-term contracting solicitations. As context:

- Project developers and financiers require long-term power purchase agreements (typically 10 years or longer in duration) to justify the upfront cost of constructing new renewables and battery storage facilities;
- Consequently, project financiers will not execute long-term contracts with a Community Power program if they do not believe that the program is likely to remain a stable, credit-worthy counterparty (i.e., unlikely to default on payment obligations over the contract term).

Achieving the ability to execute long-term contracts and build new renewables and battery storage projects is a priority for Portsmouth Community Power and the other Community Power programs joining together to create the Coalition. This objective is an important policy goal for our program and will additionally diversify the energy supply portfolio managed by the Coalition.

Portfolio diversification helps to stabilize operating margins by intelligently hedging Portsmouth Community Power's exposure to wholesale market dynamics and price fluctuations. The objective is to enter into contracts that help to manage risk and maximize revenues for the program from total portfolio management perspective, in order to further strengthen our program's financial performance and stability over the long-term. As context:

- When bidding on joint project development solicitations, developers will submit different combinations of technologies, project locations, prices, term lengths and contractual clauses with operational and financial implications.
- Selecting which contracts to enter into — and effectively negotiating contract terms and prices — requires analyzing the different contracts being offered, individually and in combinations, and simulating the impact that the new contracts would have on Portsmouth Community Power's cashflow, total portfolio costs and risk profile over the length of the contract.
- This exercise, which is a key component of the Coalition's broader "portfolio strategy" analysis, is referred to as "contract valuation" or "deal valuation". These simulations allow the Coalition to quantify the value of the contract (from a portfolio risk management perspective), compare the value against the price being offered by developers, negotiate for better terms and prices as necessary, and enter into contracts on behalf of Portsmouth Community Power that are likely to cost less than the value created at the program portfolio level.

As described in the preceding section "*Energy Risk Management & Financial Reserve Policies, Procedures and Practices*", the Coalition's business model has been designed to actively manage a diversified portfolio of energy contracts at launch — which entails:

- Understanding and analyzing energy cost and risk factors on a continuous basis;
- Conducting contract valuation simulations;
- Negotiating contract terms and prices with a variety of counterparties to construct a portfolio of energy contracts that, in aggregate, is designed to optimally hedge price risk; and
- Thereafter, actively and continuously managing the "book" of contracts in response to market dynamics, price movements and opportunities.

In these ways, the Coalition's business model provides the foundational capabilities required to support joint project development solicitations for Portsmouth Community Power and other participating programs — inclusive of long-term contract valuation simulations, counterparty negotiation, and active management of the contract and overall portfolio thereafter.

# Portsmouth Community Power Goals, Objectives, and Requirements

Portsmouth Community Power affords the City the capacity and flexibility to realize and build on our policies pertaining to energy, economic development, and infrastructure.

Our policy goals will need to be pursued through a combination of direct program activities and informed public advocacy at the Legislature and Public Utilities Commission. This will require enhanced coordination with other communities as well as advanced operational services, dedicated expertise, innovation, and sustained initiative carried out over a period of multiple years.

Simultaneously, maintaining competitive rates compared to Eversource's default service rates — as market prices, energy technologies and policies change over time — will require nimble decision-making and the ability to evolve business operations in response to changing market conditions to actively manage risk, minimize costs and maximize the creation of customer value.

The structure of the Coalition — the combination of the joint powers agency's community governance model, competitive business model and coordinated approach to engaging in public advocacy — has been designed to enable and streamline these activities for Portsmouth Community Power at an advantageous, cost-effective economy-of-scale.

Participation in the Coalition is therefore expected to strengthen the capacity and financial performance of Portsmouth Community Power, such that the program can operate continuously as a self-supporting, competitive enterprise for the foreseeable future, and will therefore be able to work towards achieving the full scope of our policy goals and objectives over the long-term.

## Portsmouth's Policy Goals

[INSERT OVERVIEW OF POLICY GOALS AND LOCAL CONTEXT RELEVANT TO THE PROGRAM]

Refer to Attachment 8 for additional select excerpts of these policies and links to more detail.

[INSERT POLICY REFERENCES]

## Portsmouth Community Power Objectives

To achieve our policy goals, Portsmouth Community Power will be guided by the following objectives:

[NOTE: MODIFY THESE PLACEHOLDER PROGRAM OBJECTIVES AS WARRANTED.]

- **Competitive Rates & Expanded Choices:** Portsmouth Community Power will only launch if it is able to initially offer residential default rates that are lower than or competitive with those offered by Eversource, and will additionally offer optional products, such as supply options with higher and lower levels of renewable energy and time-varying rates that enable the intelligent use of customer energy technologies;
- **Fiscal Stability & Financial Reserves:** Portsmouth Community Power will adopt an Energy Risk Management Policy and deposit a portion of revenues into a reserve fund to ensure that the program remains able to offer competitive rates as market prices fluctuate over time — and is therefore able to achieve Portsmouth's longer-term policy goals (such as the development of local energy resources and programs);
- **Consumer Protections & Public Advocacy:** Portsmouth Community Power will ensure that the contracts entered into on behalf of customers are fair, and represent the interests of Portsmouth and the program's customers at the Legislature and utility regulatory commission

on matters pertaining to Community Power, ratepayer protection and the creation of a more competitive, efficient and clean energy market for New Hampshire;

- **Enhanced Customer Focus:** Portsmouth Community Power will enable customers to adopt new clean energy technologies that reduce energy expenditures and carbon emissions from the customer's "full bill" perspective, by reducing household and business fuel expenses through electrification of heating appliances and vehicles, offering time varying rate structures that incentivize self-generating, dispatching onsite storage or shifting power consumption during when electricity market prices are high, lowering customers' utility transmission and distribution charges by reducing onsite demand in peak hours, and other strategies;
- **Cleaner, Local Power:** Portsmouth Community Power will prioritize the development of cost-effective projects to supply an affordable energy portfolio that prioritizes the use of in-state and local renewable energy and battery storage projects;
- **Community Resilience:** Portsmouth Community Power will support local contractor training and education programs to lower barriers to the installation of new clean energy technologies, and support projects such as back-up power supplies, electric vehicle charging networks and community microgrids on critical facilities;
- **Regional Collaborations:** Portsmouth Community Power will collaborate with municipalities, other Community Power programs and government agencies to jointly develop cost-effective local renewable generation and storage projects, electric vehicle transit fleets and charging corridors, and other clean energy infrastructure developments;
- **Grid Modernization:** Portsmouth Community Power will join with other Community Power programs to advocate for policies, regulations, and infrastructure investments — such as the widespread deployment of interval meters and other Smart Grid infrastructure technologies — necessary to enable innovative customer services and the intelligent use of new clean technologies, cost-effective integration of local and regional renewable generation and the reliable operation of customer and community owned microgrids and utility's distribution grid.

Through strategies and initiatives like these, enabled by the scope and scale of service provided through the Coalition, Portsmouth Community Power intends to:

- Reduce fossil fuel consumption overall while enhancing the reliability of our electricity grid;
- Create savings and new value for customers; and
- Support the vitality and growth of local businesses.

These objectives are essential to our continued success as a vital, sustainable community.

## Near-Term Operational Requirements

While many of the broaderbenefits Portsmouth Community Power intends to create for customers and the City will be developed over time, the program's immediate objective is to offer competitive default supply rates compared to Eversource while accuing a reserve fund sufficient to ensure long-term financial stability. In addition , the reserve fund would support offering more renewable options, and other voluntary products that retail customers may opt-up to receive, as well as Net Energy Metering supply rates that allow customer generators to participate in the program.

Portsmouth Community Power will need to balance customer rate levels, renewable power content and the accrual of program reserves to meet these objectives.

*Performance Relative to Utility Default Service and Net Energy Metering Generation Rates*

Compensation to customer generators under Net Energy Metering generation rates, the timing of the program's rate setting decisions and, to a certain degree, the procurement of electricity will need to take into account Eversource' tariffs, processes and timing in regard to these activities.

Refer to Attachment 3, Attachment 4, Attachment 5 and the section "Net Metering and Group Net Metering Policies" for additional documentation and discussion of these factors.

*Customer Rates and Products*

The table below provides an illustrative example of a default service product and optional rates that could be offered to customers:

| | **DEFAULT SERVICE** (automatic enrollment) | **OPTIONAL PRODUCTS** | | |
|---|---|---|---|---|
| | | **Basic Service** | **Green Start** | **Prime** |
| **Attributes** | 5-10% above Renewable Portfolio Standard (RPS) | Meets RPS | ~50% Renewable | 100% Renewable |
| **Price** | Meet or beat default utility rate at launch | Below default utility rates | Higher or competitive w/ default utility rate | May exceed default utility rate |

The products that Portsmouth Community Power initially offers to customers, and the rates charged for each product, will be refined and finalized in advance of program launch.

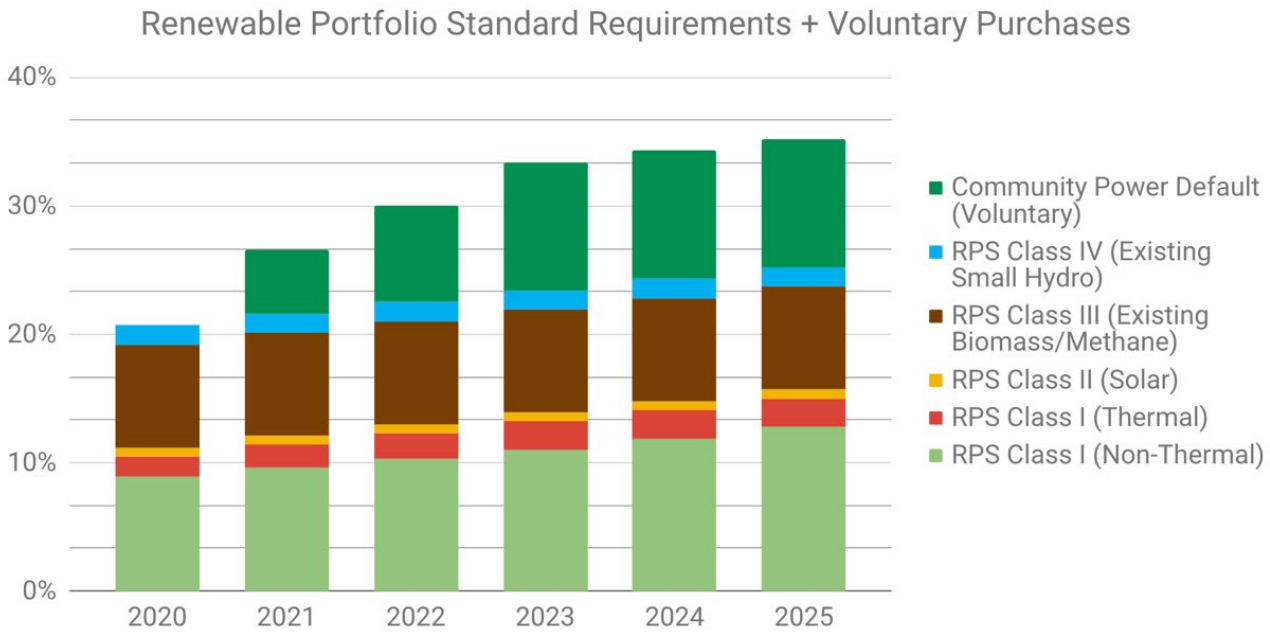
*Renewable Portfolio Standard Requirements*

New Hampshire's Renewable Portfolio Standard (RPS) requires all electricity suppliers to obtain RECs for four distinct "classes" of renewables, each distinguishing between different technologies and dependent upon the year that the generators came online.

For 2022, Eversource and other electricity suppliers are required to include 22.5% renewable energy in their energy supply. This minimum compliance requirement will increase incrementally to 25.2% by 2025 and remain fixed thereafter, absent an increase in the RPS.

Portsmouth Community Power will seek to procure voluntary renewables in excess of the RPS minimum requirements from "Class I" resources (as defined in Attachment 3). Additionally, the program could prioritize including as much renewable energy sourced from generating resources located in New Hampshire and New England as possible.

The chart below shows the different classes and quantities of renewable power required under the RPS between 2020 and 2025, along with, for the sake of illustration, Portsmouth Community Power's additional voluntary purchases (assuming that the default product from the table in the proceeding section, which exceeds RPS requirements by 5% to 10% each year):




*Energy Risk Management and Financial Reserve Policies Compliance*

Portsmouth Community Power's power procurement, budgeting and rate-setting will be carried out in accordance with the Energy Risk Management Policy and Financial Reserve Policies that will be adopted by the City Council.

This decision-making framework is intended to guide the program to allocate revenues in a manner that appropriately balances our competing priorities — to ensure that Portsmouth Community Power will remain stable, and able to work towards achieving all of our policy goals, over the long-term.

# ELECTRIC AGGREGATION PLAN STATUTORY REQUIREMENTS

The following requirements for this Electric Aggregation Plan, in compliance with RSA 53-E:6, are addressed below:

A. Organizational structure of the program;
B. Methods of entering into and terminating agreements;
C. Operation and funding;
D. Rate setting, costs, and customer enrollment process;
E. Rights and responsibilities of program participants;
F. Net metering and group net metering policies;
G. Ensuring discounts for Electric Assistance Program participants; and,
H. Termination of program.

## Organizational Structure of the Program

Upon approval of this plan, Portsmouth Community Power will be authorized to provide electricity and other related services to participating residents, businesses, and other customers in the City.

The City Council will oversee the program and has overall governance authority. Decisions regarding Portsmouth Community Power, such as updating program goals, adoption of Energy Risk Management and Financial Reserve policies and approval of customer rates, will be made at duly noticed public meetings and with advisory support from the Portsmouth Energy Advisory Committee.

The City Council has appointed a primary and alternate representative to participate in the Community Power Coalition of New Hampshire and to serve on the agency's Board of Directors and may delegate certain decision-making authorities to them to carry out their responsibilities at the City Council's direction.

In general, Portsmouth's representatives will be expected to help oversee the start-up and operation of the agency, provide input regarding the Coalition's public advocacy on matters of policy and regulation, provide direction to the Coalition's staff and vendors as the agency's operations and customer services evolve over time, and report back regularly regarding the performance of Portsmouth Community Power and on any matter that warrants attention or requires action by the City Council.

Additionally, the City Council may direct the Portsmouth Energy Advisory Committee to continue to hold meetings for the purpose of providing community input and advisory support regarding the program.

## Methods of Entering into and Terminating Agreements

This Electric Aggregation Plan authorizes the City Council to negotiate, enter into, modify, enforce, and terminate agreements as necessary for the implementation and operation of Portsmouth Community Power.

## Operation and Funding

Portsmouth Community Power will contract with qualified vendors and credit-worthy suppliers to provide the services, credit support and electricity required to launch and operate the program.

This plan assumes, but does not require, Portsmouth to participate fully in the Coalition and thereby contract for operational services jointly with other participating Community Power programs.

The Coalition's third-party contractors will be expected to fund the upfront cost of implementing Portsmouth Community Power, the expense of which will be amortized and recovered in the program's rates and charges to participating customers. The program may also seek opportunities to apply for grant funding, either independently or through the Coalition.

Services provided by third-party entities required to launch and operate the program may include portfolio risk management advisory services, wholesale Load Serving Entity (LSE) services, financial services, electronic data interchange (EDI) services with the utility, and customer notification, data management, billing, and relationship management (e.g., call center, website, etc.) services. Additional information on how Portsmouth Community Power will implement Load Serving Entity (LSE) services is found in Attachment 9, *How Load Serving Entity Services will be Implemented.*

Additional support services such as management and planning, budgeting and rate setting, local project development support, regulatory compliance, and legislative and regulatory engagement services (on matters that could impact the program and participating customers) will be addressed through a combination of staff support and third-party services.

Portsmouth Community Power will provide "all-requirements" electricity supply for its customers, inclusive of all of the electrical energy, capacity, reserves, ancillary services, transmission services (to the extent not provided through Eversource), transmission and distribution losses, congestion management, and other such services or products necessary to provide firm power supply to participants and meet the requirements of New Hampshire's Renewable Portfolio Standard. (Refer to Attachment 3 for details regarding the requirements of Renewable Portfolio Standard statute, RSA 362-F.)

Electricity supply contracts will be executed or guaranteed by investment-grade entities, and suppliers will be required to use proper standards of management and operations, maintain sufficient insurance, and meet appropriate performance requirements.

Additionally, RSA 53-E provides Community Power programs with authorities pertaining to meter ownership, meter reading, billing, and other related services. These authorities provide Portsmouth Community Power with the practical ability to help customers adopt and use innovative technologies (for example, building management systems, smart thermostats, backup battery storage systems, controllable electric vehicle chargers, etc.) in ways that save money, enhance grid resiliency, and decarbonize our power supply.

However, the implementation of these authorities is expected to take some time, as it requires action by the Public Utilities Commission to adopt enabling rules and coordination with Eversource to adapt existing meter and billing system processes.

## Rate Setting, Costs, Enrollment Process, and Options

Customers who choose not to participate in Portsmouth Community Power shall not be responsible for any costs associated with the program, apart from incidental costs incurred by the City prior to the point at which the program starts producing revenue from participating customers (for example, contract review by legal counsel, but not any operational or capitalized costs of the program).

*Rate Setting and Costs*

Portsmouth Community Power will only launch if it is able to offer residential default rates that are initially lower than or competitive with those offered by Eversource; thereafter, the program will strive to maintain competitive rates for all default service customers on an overall annual basis, as well as customers who opt-in or opt-up to receive optional retail products, while working to achieve the program's goals (as set forth in this Electric Aggregation Plan and modified from time to time at the direction of the City Council).

The City Council will adopt Energy Risk Management and Financial Reserve policies to govern the program's power procurement and rate-setting decisions. Rates will be set at a level such that revenues from participating customers are projected to meet or exceed the ongoing operating and capital costs of the program.

To ensure the financial stability of Portsmouth Community Power, a portion of revenues will be deposited in a financial reserve account. In general, the fund will be restricted for uses such as:

- **In the near-term**, maintain competitive customer rates in the context of price fluctuations in the electricity market and other factors;
- **In the medium term**, as collateral for power purchase agreements (including for the development of new renewable and battery storage projects), and for additional credit enhancements and purposes that lower the program's cost of service; and
- **Over the long term**, may also be used to directly fund other program financial requirements, or to augment the financing for development of new projects and programs in the later years of the program, subject to the City Council's approval.

As required by law, the program will ensure the equitable treatment of all classes of customers, subject to any differences arising from varying opportunities, tariffs, and arrangements between different electric distribution utilities in their respective franchise territories.

In other words, customers will be treated the same based on their circumstances. For example, any customers that opt-in after being offered the opportunity to participate during the initial enrollment period may be offered rates that reflect how market prices have changed in the intervening period.

Changes to the program's default service rates shall be set and publicly noticed at least 30 days in advance of any rate change.

*Enrollment Process and Options*

Portsmouth Community Power intends to launch on an opt-out basis, providing an alternative default service to the utility provided default service rate. After approval of this Electric Aggregation Plan and before the launch of Portsmouth Community Power, all customers in the City will be sent notifications regarding the program and offered the opportunity to participate:

- **Customers currently on default service provided by Eversource** will be sent "opt-out" notifications — describing the program, its implications for the City, the rights and responsibilities of customers, and program rates and charges — with instructions on how to decline participation, and thereafter be transferred to Portsmouth Community Power if they do not opt-out of the program prior to launch.
- **Customers already served by Competitive Electric Power Suppliers** will receive "opt-in" notifications describing the program and may request to opt-in to the program.

Customers will be notified through a mailing, which will be posted not less than 30 days prior to the enrollment of any customers. All information will be repeated and posted at the City's Community Power website. A public information meeting will be held within 15 days of the notification to answer program questions or provide clarification.

Optional products, such as increased renewable power content in excess of the Renewable Portfolio Standard (RPS) requirements and other energy services, including time varying rates, may be offered on an opt-in basis.

After launch and in accordance with any applicable rules and procedures established by the Public Utilities Commission, new customers will be provided with the default service rates of Eversource and Portsmouth Community Power and will be transferred onto Portsmouth Community Power's default service unless they choose to be served by Eversource or a Competitive Electric Power Supplier.

Customers that request to opt-in to the program may do so at the discretion and subject to the terms of Portsmouth Community Power.

Residents, businesses, and other electricity customers may opt-out of participating in Portsmouth Community Power default service at any time, by submitting adequate notice in advance of the next regular meter reading by Eversource (in the same manner as if they were on utility provided default service or as approved by the Public Utilities Commission).

Customers that have opted-in to an optional product offered by Portsmouth Community Power may switch back to the Eversource or to take service from a Competitive Electric Power Supplier subject to any terms and conditions of the optional product.

## Rights and Responsibilities of Program Participants

All participants will have available to them the customer protection provisions of the law and regulations of New Hampshire, including the right to question billing and service quality practices.

Customers will be able to ask questions of and register complaints with the City, Eversource and the Public Utilities Commission.

Portsmouth Community Power shall maintain the confidentiality of individual customer data in compliance with its obligations as a service provider under RSA 363:38 (privacy policies for individual customer data; duties and responsibilities of service providers) and other applicable statutes and Public Utilities Commission rules. Individual customer data includes information that singly or in combination can identify that specific customer including the individual customers' name, service address, billing address, telephone number, account number, payment information, and electricity consumption data. Such individual customer data will not be subject to public disclosure under RSA 91-A (access to governmental records and meetings). Suppliers and vendors for Portsmouth Community Power will be contractually required to maintain the confidentiality of individual customer data pursuant to RSA 363:38, V(b). Attachment 10, *Customer Data Protection Plan*, details the reasonable security procedures and practices that the City and Portsmouth Community Power will employ to protect individual customer data from unauthorized access, use, destruction, modification, or disclosure.

Aggregate or anonymized data that does not compromise confidentiality of individual customers may be released at the discretion of Portsmouth Community Power and as required by law or regulation.

Participants will continue to be responsible for paying their bills. Failure to do so may result in a customer being transferred from Portsmouth Community Power back to Eversource (the regulated distribution utility and provider of last resort) for default energy service, payment collections and utility shut offs under procedures subject to oversight by the Public Utilities Commission.

## Net Metering and Group Net Metering Policies

Under the net metering process, customers who install renewable generation or qualifying combined heat and power systems up to 1,000 kilowatts in size are eligible to receive credit or compensation for any electricity generated onsite in excess of their onsite usage.

Any surplus generation produced by these systems flows back into the distribution grid and offsets the electricity that would otherwise have to be purchased from the regional wholesale market to serve other customers.

Currently, customer-generators are charged their full retail rate for electricity supplied by Eversource and receive credits for electricity they export to the grid based on Eversource' Net Energy Metering (NEM) tariffs.

Portsmouth Community Power intends to provide new rates and terms that compensate participating customer-generators for the electricity supply component of their net metered surplus generation.

Customer-generators will continue to receive any non-supply related components (e.g., transmission and distribution credits) directly from Eversource, as specified under the terms of their applicable net energy metering tariff.

For group net metering where the host customer-generator is on default service, to the extent Portsmouth Community Power supply rates are lower than Eversource default service or if the host is located outside of Portsmouth, it may be most advantageous for the host to remain a Eversource default service customer, while the other group members are free to switch to Portsmouth Community Power for their supply and continue to receive on-bill credits for their participation in the group.

Portsmouth Community Power's exact terms, conditions, and rates for compensating and crediting different types of NEM customer generators in the City will be set at duly noticed public meetings and fully disclosed to all prospective NEM customers through the program's enrollment notification process and thereafter.

Certain aspects of administering net energy metering require coordination between Eversource and Portsmouth Community Power. The enabling services and strategies that Portsmouth Community Power may pursue, to benefit and encourage customers to adopt distributed generation, include but are not limited to:

- Dual-billing customer-generators separately for supply services;
- Offering time-varying rates and alterative credit mechanisms to compensate customers for surplus generation;
- Streamlining the establishment of new Group Net Metering and Low-Moderate Income Solar Project groups;
- Facilitating interval meter and Renewable Energy Certificate (REC) meter installations for customer-generators; and

- Engaging at the Legislature and Public Utilities Commission to advocate for upgrades and reforms to metering and billing infrastructure and business processes to enable Net Energy Metering and other innovative services to benefit customer-generators.

For additional details regarding these enabling services and strategies, refer to:

- Attachment 5 provides an overview of Eversource's net energy metering tariffs in use today, including the "standard" and "alternative" tariffs for individual customer-generators as well as Group Net Metering and Low-Moderate Income Solar Project options, and tables showing the number of customer-generators on net metered service in each utility territory;
- Attachment 6 provides an in-depth discussion regarding operational and strategic opportunities to enhance net metering and group net metering through Portsmouth Community Power.

## Ensuring Discounts for Electric Assistance Program Participants

Income eligible households can qualify for discounts on their electric bills under the Electric Assistance Program. Portsmouth Community Power will support income eligible customers who enroll in the Electric Assistance Program to receive their discount.

Electric Assistance Program discounts are funded by all ratepayers as part of the System Benefits Charge, which is charged to all customers and collected by the distribution utilities.

At present, the Public Utilities Commission and utilities only support provision of the discount to individual customers when the customer's electricity supply charges are billed through the distribution utility.

Portsmouth Community Power consequently plans to rely on Eversource to bill all customer accounts enrolled in the Electric Assistance Program. This represents no change in the provision or funding of this program.

This arrangement may be revisited if, at some point in future, the Public Utilities Commission enables Community Power programs to provide Electric Assistance Program customers with their discount directly.

## Termination of the Program

There is no planned termination date for Portsmouth Community Power.

Portsmouth Community Power may be terminated by majority approval of the City Council. If so terminated, Portsmouth Community Power would cease operations after satisfying any obligations contractually entered into prior to termination, and after meeting any advance notification period or other applicable requirements in statute or regulation, at which point participating customers would either be transferred to default service provided by Eversource or to a Competitive Electric Power Supplier of their choosing.

Portsmouth Community Power will provide as much advance notice as possible regarding the potential or planned termination of the program to participating customers, the Coalition, the Public Utilities Commission and Eversource.

Upon termination, the balance of any funds accrued in the program's financial reserve fund and other accounts, if any, would be available for distribution or application as directed by the City Council and in accordance with any applicable law and regulation.

[INSERT SEAL/LOGO]

# Electric Aggregation Plan
# Attachments

# Attachment 1: Legislative Background and Local Control Authorities

In 1996, New Hampshire led the nation in being the first state to pass an Electric Utility Restructuring Act (RSA 374-F), the purpose of which is excerpted in full below:

I. *The most compelling reason to restructure the New Hampshire electric utility industry is to reduce costs for all consumers of electricity by harnessing the power of competitive markets. The overall public policy goal of restructuring is to develop a more efficient industry structure and regulatory framework that results in a more productive economy by reducing costs to consumers while maintaining safe and reliable electric service with minimum adverse impacts on the environment. Increased customer choice and the development of competitive markets for wholesale and retail electricity services are key elements in a restructured industry that will require unbundling of prices and services and at least functional separation of centralized generation services from transmission and distribution services.*

II. *A transition to competitive markets for electricity is consistent with the directives of part II, article 83 of the New Hampshire constitution which reads in part: "Free and fair competition in the trades and industries is an inherent and essential right of the people and should be protected against all monopolies and conspiracies which tend to hinder or destroy it." Competitive markets should provide electricity suppliers with incentives to operate efficiently and cleanly, open markets for new and improved technologies, provide electricity buyers and sellers with appropriate price signals, and improve public confidence in the electric utility industry.*

III. *The following interdependent policy principles are intended to guide the New Hampshire public utilities commission in implementing a statewide electric utility industry restructuring plan, in establishing interim stranded cost recovery charges, in approving each utility's compliance filing, in streamlining administrative processes to make regulation more efficient, and in regulating a restructured electric utility industry. In addition, these interdependent principles are intended to guide the New Hampshire general court and the department of environmental services and other state agencies in promoting and regulating a restructured electric utility industry.*

Prior to this point, state regulators set retail customer rates to allow electric utilities to recover a return on their investments (profits) and prudently incurred costs for "vertically integrated" monopoly service — spanning wholesale electricity generation, transmission, local distribution and retail customer services (metering, billing, collections, call center operations and so on).

Restructuring sought to increase competition and technological innovation in the markets for electricity supply and retail customer services, by requiring electric utilities to divest of their generation portfolios, creating a Federally regulated regional electricity market or "Independent System Operator" (ISO New England is the market operator for New England), and allowing Competitive Electric Power Suppliers (CEPs) to offer electricity supply rates and other services to retail customers.

Customers that did not choose a competitive supplier were left on "default service" provided by the electric utilities — afterwards referred to as "electric distribution companies" — which continue to be regulated by the Public Utilities Commission. The distribution utilities periodically

hold auctions for competitive suppliers to bid against one another for the right to supply electricity to default service customers in large groups to competitive suppliers. (Refer to Attachment 4 for additional details on this process.)

## Status of the Competitive Market

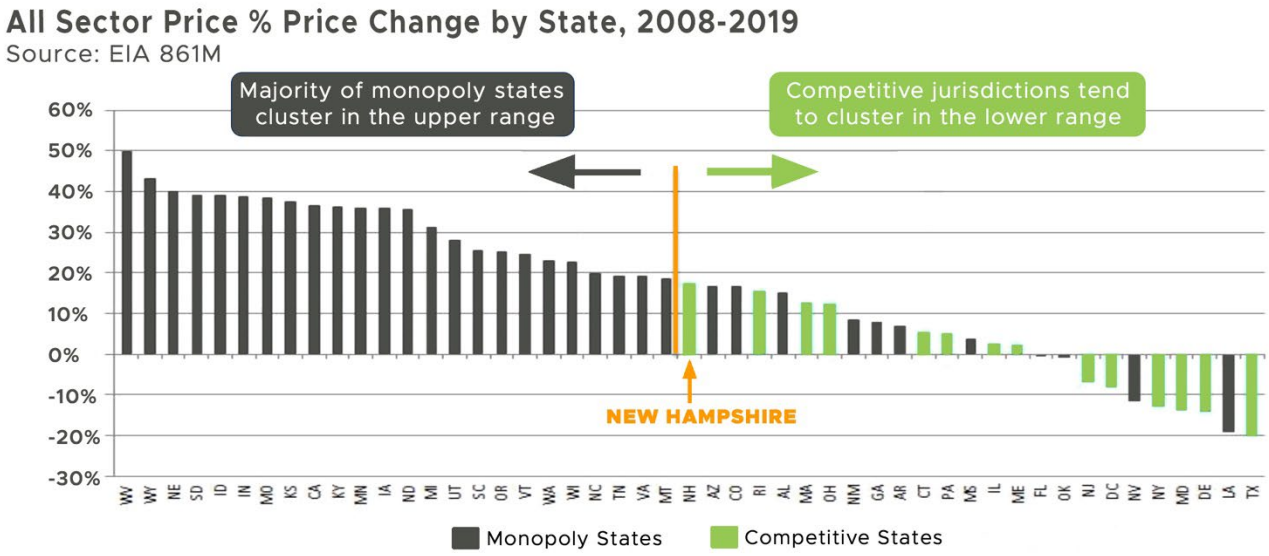
Nearly a quarter century has passed, and New Hampshire's competitive market has seen little growth since 2013. Four out of five customers remain on default service provided by the distribution utilities, and the customers that are on competitive supply only account for about half of total electricity usage.

Regulated distribution utilities continue to provide services that are not natural monopolies, and could therefore be available by competitive means, such as: default electricity supply, metering, meter data management, billing, and other retail customer services (such as demand response and energy storage for smaller customers).

The continued reliance on utilities to provide these customer-facing services has necessitated state regulation over many aspects of the retail customer market. Utility regulation relies on administrative regulatory proceedings, which are necessarily more slow-moving and unable to respond to changing customer technologies and wholesale market dynamics (such as the increased price volatility caused by higher levels of renewable generation) compared to the nimbler, market-based framework envisioned under the Electric Utility Restructuring Act.

Residential customers, in particular, are not offered many rate options or clean technology innovations today: out of the 29 competitive suppliers currently offering service in New Hampshire, only nine offer service to residential customers (and only four serve customers in every distribution utility territory).

As a consequence, New Hampshire has fallen behind every other state with a restructured electricity market in terms of price competition:




Credit: *Retail Energy Supply Association, 2020.*

## The Community Power Act

In order to support the growth of competitive market services in alignment with The Electric Utility Restructuring Act, Senate Bill 286 and RSA 53-E:6 have authorized towns, cities and counties to launch Community Power programs that replace distribution utilities as default suppliers of electricity to retail customers. The purpose of RSA 53-E is excerpted below:

> *"The general court finds it to be in the public interest to allow municipalities and counties to aggregate retail electric customers, as necessary, to provide such customers access to competitive markets for supplies of electricity and related energy services. The general court finds that aggregation may provide small customers with similar opportunities to those available to larger customers in obtaining lower electric costs, reliable service, and secure energy supplies. The purpose of aggregation shall be to encourage voluntary, cost effective and innovative solutions to local needs with careful consideration of local conditions and opportunities."*

To achieve this purpose, RSA 53-E:3 allows Community Power programs to enter into agreements and provide for:

> *"the supply of electric power; demand side management; conservation; meter reading; customer service; other related services; and the operation of energy efficiency and clean energy districts adopted by a municipality pursuant to RSA 53-F and as approved by the municipality's governing body."*

RSA 53-E:3-a further provides Community Power programs with authorities and regulatory pathways to offer more advanced meters for customers, and to provide for alternative customer billing options. Both metering and billing services are important means by which Community Power programs will be able to better engage customers and offer more innovative services that lower the energy expenditures and carbon emissions for individual customers and communities.

To enable all municipalities to work together to achieve this purpose, RSA 53-E:3 provides that "*such agreements may be entered into and such services may be provided by a single municipality or county, or by a group of such entities operating jointly pursuant to RSA 53-A."*

Community Power programs "*shall not be required to own any utility property or equipment to provide electric power and energy services to its customers*." To ensure that utilities are fairly compensated for their continuing role in owning and operating the distribution grid, RSA 53-E:4(III) stipulates that:

> *"Transmission and distribution services shall remain with the transmission and distribution utilities and who shall be paid for such services according to rate schedules approved by the applicable regulatory authority, which may include optional time varying rates for transmission and distribution services that may be offered by distribution utilities on a pilot or regular basis."*

Enabling locally controlled Community Power programs, in order to exercise local control over these authorities and bring in third-party competitors to provide more innovative services on a community-wide scale, represents a viable and stable pathway to animate competitive retail markets across New Hampshire — and thus realize a lower-cost, more innovative and sustainable future for both our community and all Granite Staters.

Portsmouth is committed to using its local control authorities granted under RSA 53-E to accelerate innovation, customer and community choice in electricity supply, the creation of new economic value, and a sustainable and resilient future for our City and customers.

# Attachment 2: The Community Power Coalition of New Hampshire

Portsmouth is a member of the Community Power Coalition of New Hampshire ("CPCNH" or "the Coalition"), a nonprofit joint powers agency authorized under RSA 53-A and governed by participating communities under the terms of the Joint Powers Agreement unanimously approved by Portsmouth's City Council on February 22, 2022.[3]

The Joint Powers Agreement is available on the Coalition's webpage (http://www.cpcnh.org). The agreement includes the nonprofit's Bylaws and Articles of Agreement, and details the common purpose, authorities, structure, Board of Directors, committees, cost sharing principals, liability protections, and other aspects of the organization.

The Coalition was incorporated on October 1, 2021 by the following founding local government Members: the cities of Lebanon, Nashua and Dover; the towns of Hanover, Harrisville, Exeter, Rye, Warner, Walpole, Plainfield, Newmarket, Enfield and Durham; and Cheshire County. Subsequent communities to have joined the Coalition's Membership include: the city of Portsmouth and the towns of Hudson, New London, Pembroke, and Webster.

Each Member has appointed a Director and Alternate to serve on the Coalition's Board of Directors. The Board directly oversee the initial startup and implementation activities of the Coalition.

Municipalities that adopt the Joint Powers Agreement in the future may subsequently apply for membership in the Coalition under the terms and procedures provided for under the agreement.

Since incorporating, the agency has:

- Established an Executive Committee, Finance Committee, Member Operations & Engagement Committee, Risk Management Committee, Regulatory & Legislative Affairs Committee, and CEO & Staff Search Committee
- Received approximately $135,000 in grants and donations to cover start-up administrative expenses and consulting services.
- Contracted for General Counsel legal services on an at-risk, deferred compensation basis (to be repaid after the launch of Community Power Aggregation (CPA) service) provided by Duncan Weinberg Genzer & Pembroke, P.C. with Eli Emerson from Primmer Piper Eggleston & Cramer as New Hampshire counsel.
- Contracted for technical consulting services provided by Community Choice Partners, Inc., with two-thirds compensation on an at-risk, deferred basis (to be repaid after the launch of CPA service).
- Contracted with Herndon Enterprises, LLC to provide organizational support and Member services.
- Issued a Request for Information and subsequent Request for Proposals for Comprehensive Services and Credit Support, both of which received numerous competitive responses from candidate service providers.

[3] Portsmouth City Council February 22, 2022 Meeting Minutes, Page 13: https://files.cityofportsmouth.com/agendas/2022/citycouncil/cc022222min.pdf

CPCNH intends to contract with qualified vendors and credit-worthy suppliers to provide the services, credit support and electricity required to launch and operate member Community Power programs.

These third parties are expected to fund the upfront cost of implementing Community Power programs, the expense of which is expected to be amortized and recovered in the program's rates and charges to participating customers for a specified term. Similar at-risk and performance-based contract structures have been used to successfully launch and operate new joint powers agencies in other Community Power markets.

To ensure effective management of operations, as well as enhanced transparency and oversight, the Coalition plans to hire a small number of qualified staff.

## Coalition Design Process

The Coalition "Organizing Group" was initially convened in December 2019, with communities interested in Community Power meeting regularly to research national best practices and explore the viability of establishing a collaborative nonprofit to share services across municipalities and counties:

- The Coalition's initial Organizing Group consisted of the cities of Lebanon and Nashua, the towns of Hanover and Harrisville, and Cheshire County;
- Technical and community advisors included representatives from both Thayer School of Engineering and Tuck School of Business at Dartmouth, the Monadnock Sustainability Hub, Clean Energy New Hampshire, Growing Edge Partners and Community Choice Partners;
- Activities were carried out in four working group tracks: Governance Agreements, Regulatory and Policy Engagement, Design and Implementation, and Community Engagement.

Members of the Coalition's Organizing Group have:

- Participated in the Community Power informal rule drafting process, including by providing the initial and subsequent draft rules for discussion, arranging bilateral meetings with utilities and other stakeholders, and leading significant portions of the subsequent stakeholder workshops at the request of Public Utilities Commission staff;
- Intervened in regulatory proceedings and legislative hearings to represent the interests of communities and customers, such as by advocating for expanded data access in the Commission's Statewide Data Platform docket, DE 19-197, and successfully negotiating the clarification and expansion of key Community Power authorities in House Bill 315;
- Assessed power agency design best practices — in terms of public governance and competitive operating models — by interviewing elected officials, senior staff and vendors operating Community Power programs in other states, along with representatives from public power associations (such as the American Public Power Association and the Vermont Public Power Supply Authority) and other industry experts; and
- Hosted a virtual summit on Community Power that was attended by over eighty representatives from thirty-one municipalities, collectively representing one-quarter of the state's default electricity market.

The City of Lebanon, using grant funding and in collaboration with the Organizing Group executed legal, community engagement and professional service contracts to help formally establish and implement the Community Power Coalition of New Hampshire.

## Joint Powers Agreement Drafting Process

The Organizing Group began by surveying other Community Power states and the broader public power industry, assessed the legal and governance structure of a selection of successful nonprofit power agencies that provide services to multiple municipal members, and interviewed staff and elected officials involved.

After discussing joint governance issues and reviewing the governance documents of comparable entities, the Organizing Group created a draft Joint Powers Agreement for the Coalition in July 2020.

In September 2020, the City of Lebanon and Town of Hanover, in collaboration with the Organizing Group, reviewed six responses to a Request for Qualifications and retained the legal services of Duncan, Weinberg, Genzer & Pembroke (DWGP). The firm was hired to provide advice on key aspects of joint power agency governance and to finalize the Coalition's Joint Powers Agreement, in compliance with RSA 53-A., with additional support provided by New Hampshire counsel on a subcontracted basis. DWGP are national leaders with over 50 years in public power legal guidance, and the project was led by DWGP President Michael Postar Esq.

The Joint Powers Agreement was finalized in December 2020.

## Outreach and Implementation Process

In February 2021, the City of Lebanon, using previously secured grant funding and in collaboration with the Coalition's Organizing Group, contracted with Henry Herndon (formerly the Director of Local Energy Solutions at Clean Energy New Hampshire) and Samuel Golding of Community Choice Partners, Inc., to provide implementation support services prior to launch.

Mr. Herndon was enlisted to facilitate branding and policy communication efforts, draft and execute an outreach strategy, and support the fourteen founding members to formally incorporate the organization on October 1, 2021.

Mr. Golding was enlisted to advise on Community Power rule development at the Public Utilities Commission and other regulatory and legislative affairs, draft Electric Aggregation Plans and supporting municipalities through the local approval process, create educational materials and presentations, draft a business plan and budget for the Coalition, advise on Board policies and staffing, prepare vendor surveys and a request for proposals for the services and financing required to launch Community Power programs, and assist in the bid evaluation, award and contracting process.

# Attachment 3: New Hampshire's Renewable Portfolio Standard

New Hampshire's Electric Renewable Portfolio Standard ("RPS") statute, RSA 362-F, established the renewable energy policy for the State.

The RPS statute requires each electricity provider, including Eversource and Portsmouth Community Power, to meet a certain percentage of customer load by purchasing, generating, or otherwise acquiring Renewable Energy Certificates ("RECs"):

- One REC represents the renewable attributes of one megawatt-hour of electricity, or the equivalent amount of useful thermal energy.
- RECs are generated by certified renewable energy facilities for power that is physically delivered into the New England wholesale electricity market operated by ISO-New England (which means the power can come from within New England, New York, or eastern Canada).
- The New England Power Pool Generation Information System (NEPOOL GIS) issues and tracks RECs for the region.
- RECs are generally used for compliance in the same year as the renewable power was generated, though suppliers may "bank" RECs for up to two years to meet up to 30% of compliance requirements.

There are four distinct "classes" of renewable certificates under the RPS, each distinguishing between different technologies and dependent upon the year that the generators came online:

1. Class I is divided between thermal and non-thermal renewables:
    - Class I non-thermal electricity, from generators that came online after January 1, 2006: wind, solar, small hydroelectric, methane (biologically derived such as from anerobic digestion of organic materials), biomass, hydrogen (from methane or biomass), ocean thermal, current, tidal or wave energy, and also biodiesel (if produced in state).
    - Class I thermal energy, from generators that came online after January 1, 2013 (and are producing thermal energy, rather than electricity): geothermal, solar thermal, biomass and methane.
2. Class II: solar generation that came online after January 1, 2006.
3. Class III: biomass & methane that came online before January 1, 2006.
4. Class IV: small hydroelectric that came online before January 1, 2006.

Electricity suppliers must obtain RECs for each of the four classes of renewables as a set percentage of their retail electric load, which increase on an annual basis (until plateauing after 2025, unless the RPS is raised in future):

| Compliance Year | Total RPS Requirement | Class I Non-Thermal | Class I Thermal | Class II Solar | Class III Biomass & Methane | Class IV Small Hydro |
|---|---|---|---|---|---|---|
| **2020** | **20.70%** | 8.90% | 1.60% | 0.70% | 8.00% | 1.50% |
| **2021** | **21.60%** | 9.60% | 1.80% | 0.70% | 8.00% | 1.50% |
| **2022** | **22.50%** | 10.30% | 2.00% | 0.70% | 8.00% | 1.50% |
| **2023** | **23.40%** | 11.00% | 2.20% | 0.70% | 8.00% | 1.50% |
| **2024** | **24.30%** | 11.90% | 2.20% | 0.70% | 8.00% | 1.50% |
| **2025 onwards** | **25.20%** | 12.80% | 2.20% | 0.70% | 8.00% | 1.50% |

Note the following flexibilities in meeting Class I requirements:

- Class I non-thermal requirements may be met with Class I thermal biomass and methane resources;
- Class I requirements may also be met with Class III (biomass & methane, thermal and non-thermal) or Class IV (small hydroelectric, non-thermal) resources that have been restored through significant investment or have otherwise begun generating in excess of historic baselines; and
- Solar that came online after January 1, 2006 may be used to satisfy Class II or Class I requirements.

Additionally, net metered customers (primarily customers with solar photovoltaics) that meet certain registration and administrative requirements can track and sell their RECs (which are accounted for in NEPOOL's Generation Information System). Not all customers do, however, and the REC production from such customer generators are estimated by the Public Utilities Commission each year and applied to lower the Class I and Class II procurement requirements of the utilities and other suppliers.

If the electricity providers are not able to meet the RPS requirements by purchasing or acquiring renewable energy certificates, they must pay alternative compliance payments (ACPs). The funds are used for a variety of renewable programs in New Hampshire.

The result is that these alternative compliance payment prices essentially act as a price ceiling for the REC market in New Hampshire. The ACPs for RECs by class in recent years are:

| Inflation Adjusted Alternative Compliance Payment Rate ($ per Megawatt Hour) | | | | | |
|---|---|---|---|---|---|
| | **2017** | **2018** | **2019** | **2020** | **2021** |
| **Class I** (Non-Thermal) | $ 56.02 | $ 56.54 | $ 57.15 | $ 57.61 | $ 57.99 |
| **Class I Thermal** | $ 25.46 | $ 25.69 | $ 25.97 | $ 26.18 | $ 26.35 |
| **Class II** | $ 56.02 | $ 56.54 | $ 57.15 | $ 57.61 | $ 57.99 |
| **Class III** | $ 55.00 | $ 55.00 | $ 55.00 | $ 34.54 | $ 34.99 |
| **Class IV** | $ 27.49 | $ 28.00 | $ 28.60 | $ 29.06 | $ 29.44 |

For example, Eversource, Unitil and the New Hampshire Electric Cooperative have recently made alternative compliance payments instead of purchasing certain categories of RECs:

| 2019 | Alternative Compliance Payments (ACPs) | | | | | |
|---|---|---|---|---|---|---|
| Company | Class I | Class I Thermal | Class II | Class III | Class IV | Total |
| Liberty Utilities | $ - | $ - | $ - | $ - | $ - | $ - |
| New Hampshire Electric Cooperative | $ - | $ 187,192 | $ - | $ - | $ - | $ 187,192 |
| Eversource Energy | $ - | $ 519,893 | $ - | $ - | $ - | $ 519,893 |
| Unitil Energy Systems, Inc. | $ - | $ - | $ 1,029 | $ - | $ - | $ 1,029 |
| **Distribution Utilities Subtotal** | **$ -** | **$ 707,085** | **$ 1,029** | **$ -** | **$ -** | **$ 708,114** |

For additional information on the Renewable Portfolio Standard, refer to:

- New Hampshire's RPS statute (RSA 362-F)
- Public Utilities Commission RPS Website
- New Hampshire Renewable Energy Fund Annual Report (1 October 2020)
- UNH Sustainability Institute Study: New Hampshire RPS Retrospective 2007 to 2015

# Attachment 4: Utility Default Procurement Cycles and Rate Setting

Portsmouth Community Power has a goal of maintaining competitive default rates compared to Eversource, while also offering voluntary products that retail customers may opt-in to receive.

The timing of the program's rate setting decisions, and, to a certain degree, the procurement of electricity will need to consider when Eversource conducts these same activities (particularly for the program's default electricity product).

As context, Eversource, Liberty and Unitil all issue requests for proposals (RFPs) twice annually for competitive suppliers to assume load-serving entity obligations and supply default customers with electricity for 6-month "strip" periods, with suppliers bidding to serve individual "tranches" or segments of customers by class.

The procurement schedules, tranches and rate practices for each distribution utility are:

- **Eversource** (Public Service Company of New Hampshire): issues RFPs in May and November with bids due in early to mid- June and December for suppliers to begin serving customers in August and February, offering four ~100 MW tranches to serve small customers and a single tranche to serve large customers (five tranches in total). Retail rates are fixed over the 6-month period for small customers and vary by month for large customers.
- **Liberty**: follows the same supplier RFP schedule and retail pricing as Eversource but (1) solicits supply for small customers in a single 6-month block tranche and for large customers in two, consecutive three-month block tranches (3 tranches total), and (2) allows bidders to include and price RPS compliance obligations separately (as an additional product).
- **Unitil**: issues RFPs in March and August for delivery beginning in June and December, offering tranches of residential, small commercial, outdoor lighting and large customers classes (four tranches). The large customer RFP is structured in a distinct fashion, in that it passes through market costs for energy and so suppliers compete to price capacity, congestions, ancillary services, etc. for the large customer tranche over the 6-month term; retail rates reflect these load-serving entity costs along with the pass-through of real time locational marginal market prices (which are load-weighted by the entire class' hourly load shape i.e., not the individual large customer's usage profile). Retail rates for the residential, small commercial, and outdoor lighting classes are fixed over the 6-month term, though customers have the option to choose variable monthly pricing if the election is made prior to the start of the next 6-month term.

Supplier bids are priced in dollars per megawatt-hour ($/MWh) on a monthly basis and generally exclude Renewable Portfolio Standard (RPS) compliance obligations (called "Renewable Energy Certificates" or "RECs"), though Liberty Utilities allows RECs to be bid as a separate product. Distribution utilities typically procure most or all of their supply of RECs through competitive solicitations held separately from the auctions for default electricity service.

New Hampshire's RPS requires all electricity suppliers to procure or otherwise obtain RECs for four distinct "classes" of renewables, each distinguishing between different technologies and dependent upon the year that the generators came online.

For 2021, Eversource is required to include 21.6% renewable energy in their energy supply. This minimum compliance requirement will increase incrementally to 25.2% by 2025 and remain fixed thereafter, absent an increase in the RPS requirement by the NH legislature.

Refer to Attachment 3 for further details on the RPS.

# Attachment 5: Overview of Utility Net Energy Metering Tariffs

## Discussion of Utility Net Metering, Group Net Metering and Low-Moderate Income Solar Project Tariffs

Under the net metering process, customers who install renewable generation or qualifying combined heat and power systems up to 1,000 kilowatts in size are eligible to receive credit or compensation for any electricity generated onsite in excess of their onsite usage.

Any surplus generation produced by these systems flows back into the distribution grid and offsets the electricity that would otherwise have to be purchased from the regional wholesale market to serve other customers.

The credits and compensation customer-generators receive for electricity exported to the grid are defined under Net Energy Metering (NEM) tariffs offered by Eversource, Liberty, Unitil and the New Hampshire Electric Cooperative.

The Public Utilities Commission (PUC) regulates the investor-owned distribution utilities' Net Energy Metering (NEM) tariffs in accordance with PUC Rule 900 and RSA 362-A:9 (refer to RSA 362-A:9, XIV specifically for Group Net Metering statutes). The NH Electric Cooperative member elected Board of Directors sets their net-metering tariff rather than the PUC. Note that for the three investor-owned distribution utilities:

- NEM tariffs offered by the utilities underwent a significant change several years ago;
- Customer-generators that installed systems before September 2017 may still take service under the "NEM 1.0" tariff ("standard" or "traditional" NEM); whereas
- Systems installed after August 2017 must take service under the "NEM 2.0" tariff ("alternative NEM")
- NEM 1.0 customers are allowed to switch to taking service under the NEM 2.0 tariff, but cannot subsequently opt-back into NEM 1.0 (with limited exceptions, e.g., participation in certain pilot programs).

Under both tariffs, customer-generators are charged the full retail rate for electricity supplied by Eversource and receive credits for electricity they export to the grid for some (but not all) components of their full retail rate. Refer to the next subsection for tables comparing NEM 1.0 to 2.0 tariffs.

To appropriately measure and credit customer-generators taking service under a NEM tariff, Eversource installs a bi-directional net meter that records each kilowatt-hour (kWh) supplied to the customer from the grid and also each kWh that flows back into the grid. This data is recorded and collected on a monthly billing-cycle basis.

For NEM 1.0 tariff systems (installed before September 2017), any kWh exported to the grid are netted against kWh consumed. If there is a net surplus of kWh at the end of the monthly billing period (i.e., more power was exported to the grid by the customer-generator than was consumed) those surplus or negative kWh are carried forward and can be used to offset future kWh consumption (so the customer only pays for their "net" energy consumption).

For NEM 2.0 tariff systems (installed after August 2017), all customer-generators receive a monetary credit for each kWh that is exported valued at 100% of their default electricity supply

rate component for the month. Smaller systems (up to 100 kilowatts in size) additionally receive credits for 100% of the transmission component and 25% of the distribution component of their retail rate. (Larger systems, up to 1,000 kilowatts in size, only receive full credit for the electricity supply rate component.)

Note that most customer-generators in Portsmouth Community Power are expected to be taking service under NEM 2.0 tariffs going forward.

Any credits that accumulate over time are tracked and used to offset the customer-generator's future electricity bills. Customers may also request to cash-out their surplus credit once a year, after their March billing cycle, if the balance exceeds $100 (or any balance in the event of moving or service disconnection). NEM 1.0 surplus balances are tracked as kWh credits and are converted to dollars at wholesale avoided costs, while NEM 2.0 surplus balances are tracked as monetary credits directly (in dollars). Note that these cash-outs are treated as taxable income by the Internal Revenue Service (IRS). Payments of $600 or more remitted to the customer are accompanied by a 1099 form for the IRS. Utilities may also issue IRS Form 1099s for smaller amounts.

Alternatively, Group Net Metering is a process that allows any customer-generator to share the proceeds of their surplus generation credits to directly offset the electricity bills of other customers, which is financially more advantageous and can increase the effective value of the system. All the members in the group need to be within the same distribution utility service territory but may be served by different suppliers, including by Portsmouth Community Power. The credits are calculated based on the host site's NEM tariff and retail rate, and payments are credited to offset the electricity bills of each member directly by the utility (if the customers are billed for supply by the utility). These allocations are governed by a Group Net Metering Agreement between the host customer-generator and group members, which is part of the registration process overseen by the Public Utilities Commission.

Note that larger systems (up to 1,000 kilowatts in size) actually have to register as group hosts in order to qualify for net metering in the event that the customer-generator exports more than 80 percent of the power produced onsite to the distribution grid. Additionally, if the electricity exported from larger systems exceeds the total electricity usage of the group on an annual basis, the credit for the residual amount (e.g., electricity exported in excess of the group's total usage) is re-calculated based on the utility's avoided cost of electricity supply. This rate is lower than the NEM credit based on the customer-generator's retail rate, and results in a downward payment adjustment issued by the utility to the host customer. Residential systems under 15 kilowatts, however, are not subject to this adjustment.

Most recently, a Low-Moderate Income (LMI) Community Solar Project option has been implemented under Group Net Metering. The program currently provides an incentive of 3 cents per kWh (dropping down to 2.5 cents after July 2021) in addition to the host site's NEM credits, and solar systems may be either rooftop or ground-mounted systems. To qualify, groups must include at least five residential customers, a majority of which are at or below 300 percent of the federal poverty guidelines, and non-residential customers cannot account for more than 15 percent of the total projected load in the group.

Lastly, all group hosts (except for residential systems under 15 kilowatts) must file an annual report with the Public Utilities Commission and their utility that includes the annual load of the

host and members, annual total and net surplus generation of the host site system, and additional information for Low-Moderate Income Community Solar Projects.

In addition to NEM credits, all customer-generators have the option of selling the Renewable Energy Certificates (RECs) produced by their systems. This can provide an additional revenue stream to customer-generators, but requires a separate REC meter, registration, and ongoing reporting requirement.

Alternatively, the Public Utilities Commission estimates the RECs that could be produced by all customer-generators who do not separately meter and sell their RECs and lowers the Renewable Portfolio Standard procurement requirements for all load-serving entities by an equivalent amount.

## Comparison of Utility "Standard" and "Alternative" Net Energy Metering Tariffs

The tables below compare the two tariff structures, which offer different credits to customers depending on the size of their installed system:

**Net Energy Metering (NEM) Credit on Net Monthly Exports to Grid**

| | **NEM 1.0**<br>*"Standard NEM"*<br>*Offered prior to 9/1/2017* | **NEM 2.0**<br>*"Alternative NEM"*<br>*Effective 9/1/2017* |
|---|---|---|
| **Large Systems**<br>*100 Kilowatts to 1 Megawatt* | Full credit (at the customer's retail rate) for electricity supply only | |
| **Small Systems**<br>*≤ 100 Kilowatts* | Full credit for electricity supply, distribution, transmission, System Benefits, Stranded Cost & Storm Recovery charges | Full credit for electricity supply and transmission; 25% credit for distribution & no credit for other charges |

As shown in the table above, levels of compensation for small customer-generators (with systems up to 100 kilowatts) were lowered, such that these customers no longer receive full compensation on their distribution rate component or several other small charges (e.g., the System Benefits, Stranded Cost and Storm Recovery charges).

Additionally, the NEM 2.0 tariff modified the type of credit, and the ways credits for surplus generation are tracked and refunded, for both small and large customer generators:

- Under NEM 1.0, any surplus generation would be tracked as a kilowatt-hour (kWh) credit, which was carried forward to offset the customer's consumption (and bill) in future months. For any kWh credits remaining on an annual basis (at the end of March each year), such customers have the option of either continuing to bank their credits to offset future usage, or to convert the kWh credit into a monetary credit, at a rate set by the Public Utilities Commission (typically ~3 to 5 cents per kilowatt-hour) and to apply the amount to their account or receive a check for the amount owed.
- Under NEM 2.0, kWh credits are automatically converted into a monetary credit every month,

valued at the customer's retail rate for that specific month. Customers have the option of either carrying the credit forward to offset to their electricity bill in future months or may receive the refund directly as a check.

The crediting mechanism under NEM 1.0 was relatively more advantageous for customers in one respect. Solar systems generate more power in the spring and summer months relative to other seasons; consequently, the credits that customer-generators would accrue during the summer months would offset their consumption in the winter months on a one-to-one, kWh per kWh basis. This is advantageous because winter supply rates are above summer rates on average.

In another respect, NEM 2.0 offers an advantage to customers that accrue surplus credits over the course of the year, because the surplus is calculated based on components of the customer's retail rate — which is higher than the ~3-5 cents per kilowatt-hour value that is applied to convert NEM 1.0 kWh credits into a monetary credit whenever customers elect to cash-out their surplus.

These changes are summarized in the table below, and apply to all customer-generators regardless of system size:

| **NEM 1.0**<br>*"Standard NEM"*<br>*Offered prior to 9/1/2017* | **NEM 2.0**<br>*"Alternative NEM"*<br>*Effective 9/1/2017* |
|---|---|
| kWh credit carried forward.<br>May be refunded at a rate calculated by the Public Utilities Commission (typically ~3 to 5¢ per kWh). | kWh converted to monetary credit automatically each month.<br>Monetary credit carried forward as a bill credit or refundable. |

Additional details may be found in the Eversource, Liberty and Unitil tariffs and the Public Utilities Commission website:

- Eversource Tariffs
- Unitil Tariffs
- Liberty Utilities Tariffs
- PUC overview of Net Metering
- PUC graphic explanation of NEM 1.0 vs. NEM 2.0.

## Net Energy Metering Systems by Utility Territory

According to the most recent Energy Information Agency (EIA) Form 861m data, there are about 11,000 customer-generators taking service under Net Energy Metering tariffs in New Hampshire, with a cumulative installed capacity of approximately 140 megawatts (in terms of nameplate capacity in alternating current, or "AC"). Estimated numbers of customer-generators and installed capacity by technology are summarized below:

- Solar photovoltaics: ~120 megawatts (MW) and 10,760 customer-generators; note that:
    - Group Net Metering accounts for an additional ~1.5 MW serving 56 customers; and

- Sixteen residential customers, in addition to solar photovoltaics, also have battery storage systems with a cumulative capacity of 175 kilowatts (an average size of ~11 kilowatts per customer).

- Onsite wind: 412 kilowatts (kW) and 72 customer-generators.
- "Other" technologies (presumably, small hydro or qualifying combined heat and power systems, or "CHP"): ~17.5 megawatts (MW) and 55 customer-generators.

The table below provides the number of customer-generators in each distribution utility territory:

**Number of Net Metered Customer-Generators by Technology**

| | Customer-Generators by Technology | | | | Subsets of Solar PV Customers | |
|---|---|---|---|---|---|---|
| | **Total** | **Wind** | **Other (CHP or Hydro)** | **Solar PV** | **Group Net Metering** | **Battery Storage** |
| **Eversource** | 7,949 | 37 | 52 | 7,860 | 21 | 0 |
| **Unitil** | 1,066 | 3 | 1 | 1,062 | 0 | 0 |
| **Liberty Utilities** | 724 | 1 | 0 | 723 | 22 | 16 |
| **NHEC** | 1,204 | 31 | 2 | 1,171 | 13 | 0 |
| **Total** | 10,943 | 72 | 55 | 10,816 | 56 | 16 |

The number of customer-generators by customer class with onsite solar photovoltaic systems, total installed capacity, and average solar system size in each utility territory are provided for reference in the tables below.

Note that these tables do not include Group Net Metered systems and participating customers within groups and reflect only installed solar photovoltaic system capacity (i.e., exclusive of onsite battery storage capacity).

**Net Metered Solar Photovoltaic Systems: Number of Customer-Generators**

| | **Residential** | **Commercial** | **Industrial** | **Total Customer-Generators** |
|---|---|---|---|---|
| **Eversource** | 7,195 | 630 | 35 | 7,860 |
| **Unitil** | 973 | 61 | 6 | 1040 |
| **Liberty Utilities** | 633 | 77 | 0 | 710 |
| **NH Electric Coop** | 1,065 | 81 | 4 | 1,150 |
| **Total** | **9,866** | **849** | **45** | **10,760** |

## Net Metered Solar Photovoltaic Systems: Total Installed Capacity (MW-AC)

| | Residential | Commercial | Industrial | Total Installed Capacity (MW-AC) |
|---|---|---|---|---|
| **Eversource** | 54.15 | 29.66 | 5.09 | 88.91 |
| **Unitil** | 7.40 | 2.30 | 0.73 | 10.43 |
| **Liberty Utilities** | 4.78 | 5.12 | 0.00 | 9.90 |
| **NH Electric Coop** | 7.61 | 2.46 | 0.60 | 10.66 |
| **Total** | 73.94 | 39.54 | 6.42 | 119.90 |

## Net Metered Solar Photovoltaic Systems: Average System Size (kW-AC)

| | Residential | Commercial | Industrial | Average System Size (kW-AC) |
|---|---|---|---|---|
| **Eversource** | 7.5 | 47.1 | 145.5 | 66.7 |
| **Unitil** | 7.6 | 37.8 | 121.2 | 55.5 |
| **Liberty Utilities** | 7.6 | 66.5 | N/A | 24.7 |
| **NH Electric Coop** | 7.1 | 30.3 | 149.0 | 62.2 |
| **Average** | **7.5** | **45.4** | **138.6** | **52.3** |

# Attachment 6: Portsmouth Community Power Net Metering, Group Net Metering and Low-Moderate Income Solar Project Opportunities

Please refer to Attachment 5: Overview of Utility Net Metering Tariffs as context for this section.

RSA 362-A:9, II grants Community Power programs broad statutory authority to offer customer-generators new supply rates and terms for the generation supply component of Net Energy Metering (NEM). The relevant statutory authority is quoted in full below:

> *"Competitive electricity suppliers registered under RSA 374-F:7 and municipal or county aggregators under RSA 53-E determine the terms, conditions, and prices under which they agree to provide generation supply to and credit, as an offset to supply, or purchase the generation output exported to the distribution grid from eligible customer-generators. The commission may require appropriate disclosure of such terms, conditions, and prices or credits. Such output shall be accounted for as a reduction to the customer-generators' electricity supplier's wholesale load obligation for energy supply as a load service entity, net of any applicable line loss adjustments, as approved by the commission. Nothing in this paragraph shall be construed as limiting or otherwise interfering with the provisions or authority for municipal or county aggregators under RSA 53-E, including, but not limited to, the terms and conditions for net metering."*

Portsmouth Community Power intends to offer a NEM generation rate and terms to customers with onsite renewable generation eligible for net metering from Eversource. Note that any non-supply related components of the Net Energy Metering tariff (e.g., credits for transmission and distribution) will continue to be provided to customer-generators directly by their utility.

How Portsmouth Community Power calculates, accounts for and provides NEM credits to participating customer-generators for the different types of eligible system sizes, customer types and group configurations will have a number of important financial and practical implications for the program and customers in the City.

Portsmouth Community Power also anticipates encountering practical challenges of an operational nature in administering net metering and group net metering programs. This is partly because net energy metering continues to evolve in response to new policy and regulatory requirements, and the day-to-day processes that govern the coordination between the program, participating customers and Eversource are subject to refinement and change over time.

Portsmouth Community Power will be one of the first default aggregation programs to launch in Eversource' service territory, and the process of transferring significant numbers of NEM customers may cause unanticipated issues due to the metering, billing and data management requirements of this subset of customers. Portsmouth Community Power will maintain close coordination with Eversource to expeditiously resolve any such issues that may occur.

For example, Portsmouth Community Power may decide to separately issue supply bills to customers that have installed systems after September 2017.

The advantage in dual-billing this subset of customers stems from what is essentially an accounting irregularity in how Eversource' billing system and PUC policies currently treat customer-generators taking service under the NEM 1.0 tariff, which applies to systems installed

before September 2017, versus the NEM 2.0 tariff, which applies to all systems installed after that date. As context:

- The cumulative surplus generation exports of net metered customer-generators will decrease the amount of electricity that Portsmouth Community Power will have to purchase from the regional power market to supply other customers in the program. The surplus generation from both NEM 1.0 and NEM 2.0 customer-generators will be tracked and netted out from the program's wholesale load obligations by Eversource for this purpose.
- However, for the purpose of netting out of the program's Renewable Portfolio Standard (RPS) compliance requirements, the surplus generation from NEM 1.0 customers is tracked and accounted for differently than it is for NEM 2.0 customers:
    - Surplus generation from NEM 1.0 customers is tracked as a kWh credit that is carried forward to offset the customer's future electricity supply requirements; these kWh credits will be counted as an offset that decreases the total electricity supplied by the program to retail customers in aggregate — which lowers the program's RPS compliance obligation.
    - Surplus generation from NEM 2.0 customers is tracked as a monetary credit that is carried forward to offset the customer's future electricity bills; even though the monetary credit is calculated each month based on every customer's kWh surplus generation, the monetary credit is treated as a re-sale or delivery of power generated by NEM 2.0 customer and provided to other participating customers through the program — it is not treated, in other words, as an offset that decreases the total electricity supplied by program to retail customers in aggregate — and therefore does not lower RPS compliance obligations in the same way.

  The practical consequence of this accounting treatment is that Portsmouth Community Power would have to purchase Renewable Energy Certificates for the amount of surplus generation supplied by NEM 2.0 customer-generators (but not NEM 1.0 customer-generators) in the same way as if the program had imported that amount of electricity from the regional wholesale market.
- Taking on the responsibility of billing this subset of NEM 2.0 customers directly may allow Portsmouth Community Power to track and account for the impact of their surplus generation in ways that lower the program's RPS compliance obligations and costs. Specifically, the program could credit customers currently on the utility's NEM 2.0 tariff in the same way that NEM 1.0 customers are credited (i.e., using kWh credits to track surplus generation on the supply portion of the bill). Note that RSA 362-A:9,II explicitly grants Community Power programs the flexibility to offer net metered customers either:
    - A "*credit, as an offset to supply*" for their surplus generation, which is equivalent to the NEM 1.0 tariff accounting practices; or
    - To "*purchase the generation output exported*" which is equivalent to how the NEM 2.0 tariff tracks surplus generation.

  Exercising the first option listed above, by offering NEM 2.0 customers a kWh credit tracked as an offset to supply, would allow Portsmouth Community Power to harmonize the accounting treatment of NEM 1.0 and 2.0 surplus generation for the purpose of program RPS compliance reporting. This would help lower program rates and is an option that the program

may therefore find cost-effective to implement.

Additionally, certain customer-generators currently receiving IRS Form 1099 taxable income from monetary credits under Eversource' NEM 2.0 tariff may benefit financially from receiving kWh credits for the supply portion of their monthly surplus generation instead.

While dual billing is typically avoided — as it is less convenient for most customers to receive a separate bill from their utility and supplier — customers with onsite generation systems tend to be highly informed on energy issues and respond positively to more active engagement with both their utility and supplier.

Consequently, dual billing may enhance customer satisfaction, awareness and ongoing participation in the program for customer-generators. Furthermore, dual billing could be done electronically, which is more convenient for the customer and will be less costly for the program than sending paper bills.

Furthermore, Portsmouth Community Power may be able to create additional value for customer-generators through a combination of dual billing, assistance with metering upgrades and time-varying rate structures. For example:

- Many customer-generators with solar systems may benefit from local programs that help them reduce their full energy bill costs;
- Providing the customer with a separate supply-only bill would allow Portsmouth Community Power to also offer a time-varying rate (which may not otherwise be available through Eversource' billing system);
- Upgrading to an interval meter (if the customer does not have one) and installing onsite battery storage, combined with a time-varying rate, may enable the customer-generator to further lower their overall bill by shifting their pattern of electricity usage at times of high-power prices and constrained generation and transmission capacity. This could also help to manage and lower the program's electricity supply costs in aggregate as well, and thus benefits all participating customers.

Similarly, Portsmouth Community Power may be able to streamline the process and cost of installing REC production meters for customer-generators that don't already have one. By registering customer-generators and purchasing their RECs for their onsite power generation Portsmouth Community Power could use them to satisfy part of the program's overall RPS compliance requirements. This would allow the program to source RECs locally and would provide an additional source of revenue for customer-generators in the City.

Portsmouth Community Power also intends to evaluate ways to enhance the value of the NEM credits that customers receive overall, from both the program and Eversource. For example, customer-generators may benefit by becoming hosts in Group Net Metering, including by establishing a Low-Moderate Income Solar Project group. The program may be able to streamline the process required to do so, which entails:

- Matching customers interested in becoming members with prospective group hosts;
- Executing a Group Net Metering Agreement together;
- Registering the group with the Public Utilities Commission and Eversource; and
- Thereafter filing annual compliance reports.

Lastly, NEM tariffs are subject to revision and Portsmouth Community Power, through the Coalition, intends to work with Eversource, participate in Public Utilities Commission proceedings and engage at the Legislature on issues that impact how the tariffs evolve going forward.

Customers are increasingly adopting new energy technologies and expect to be offered rates and services that provide them with new choices and fair compensation based on their investment; the program's ability to assist customers in these ways is heavily dependent on how state policies and utility regulations evolve over time.

Portsmouth Community Power will seek to represent the interests of our community and customers in these matters.

# Attachment 7: Portsmouth's Public Planning Process

[INSERT DESCRIPTION OF EAC, EAP DRAFTING PROCESS AND PUBLIC MEETING PROCESS AND KEY DATES]

The Portsmouth Energy Advisor Committee (PEAC) was established by a 9-0 City Council vote on August 23, 2021. It's purpose was to review the risks and opportunities of a Community Power program under RSA 53E and recommend to the council whether to proceed. The review included a review of the benefits and risks of joining the Community Power Coalition of New Hampshire.

Through a series of presentations and meetings the Committee educated itself on the different models for Community Power. In particular the Committee looked at the broker model and the portfolio manager model, interviewing officials from Keene that used the broker model, and town officials from Hanover, Lebanon and CPCNH to learn about the portfolio model and the Coalition. They also interviewed independent experts in the energy aggregation field.

The committee concluded that Community Power

- Is an effective way to decarbonize electricity consumption as a community.
- Empowers consumers and provides the opportunity to reduce greenhouse gases.
- Has strong likelihood of lowering costs for green power compared with the status quo.
- Can also include lower cost supply options comparable to default service.
- Provides the community greater flexibility in managing their own energy needs.

PEAC was reappointed by the new council in January 2022, and on February 22nd, recommended the city join Powers Agreement to become a member. Such a motion was approved 9-0.

On July 11, the City Council authorized the Portsmouth Energy Advisory Committee to create an Energy Aggregation Plan per RSA 53-E, including two public hearings, for review and vote of the council, with the understanding that its approval in 2023 would create a Community Power program for Portsmouth.

The committee has subsequently worked closely with CPCNH to draft a plan. On June 29th, PEAC sponsored a Community Power information night with presentations and community dialogue. The committee used input from that session as well as city policies to develop the goals section of its Energy Aggregation Plan.

[Update further community engagement efforts, public hearing dates and council vote as they occur]

## Attachment 8: City Policy Excerpts

[INSERT SELECT EXCERPTS AND ADDITIONAL LINKS TO LOCAL POLICY DOCUMENTS RELEVANT TO THE PROGRAM]

# Attachment 9: How Load Serving Entity Services will be Implemented

Portsmouth Community Power will implement Load Serving Entity (LSE) services, for the purpose of procuring or selling electricity on behalf of customers participating in the aggregation.

This plan assumes, but does not require, that the City will participate fully in and rely on the services provided through the Community Power Coalition of New Hampshire (CPCNH) for the purposes of implementing and operating Portsmouth Community Power.

## The Role & Responsibility of Load Serving Entities

A Load Serving Entity (LSE) is an entity that has registered with ISO New England (ISO-NE, the nonprofit regional wholesale electricity market operator) as a market participant and assumes responsibility for securing and selling electric energy and related services to serve the demand of retail customers at the distribution level (i.e., homes and businesses).

As context, every retail customer in New Hampshire (and across New England) is assigned to a specific Load Serving Entity at all times:

- Customers on utility default service are periodically re-assigned to whichever Competitive Supplier has won the utility's most recent auction or the utility as LSE. Refer to Attachment 4 for an overview of utility default procurement solicitations.
- Similarly, customers are assigned to a different Load Serving Entity whenever they are transferred to CPA service on an opt-out default basis, choose to opt-in to take service from the CPA, or switch to a Competitive Supplier of their choosing.

Consequently, all Competitive Suppliers and Community Power Aggregators (CPAs) in New Hampshire are required to either:

1. Register as a Load Serving Entity with ISO-NE; or
2. Contract with a third-party that has agreed to be the Load Serving Entity responsible for the Competitive Supplier's or CPA's customers.

To ensure that customers receive firm power supply, there are a variety of services that need to be performed and electrical products that must be procured or otherwise provided. The required products and services are referred to as "all requirements energy" (or alternatively, "full requirements service").

The role of Load Serving Entities is to provide, arrange for, or otherwise pay for the cost of providing all requirements energy to customers. The majority of these requirements are defined by the ISO-NE wholesale market operator, which is subject to Federal oversight, but certain requirements are defined by the state in which the LSE registers to serve customers (Renewable Portfolio Standard requirements, for example).

In New Hampshire, full-requirements energy is defined as the provision or cost of (1) electrical energy, capacity, and reserves (including transmission and distribution losses); (2) ancillary services, congestion management, and transmission services (to the extent not already provided by the customer's utility); (3) the costs associated with complying with New Hampshire's Renewable Portfolio Standard (i.e., the cost of purchasing Renewable Energy Credits or, if an insufficient number of credits is procured, the cost of Alternative Compliance Payments, as

detailed in Attachment 3); and (4) other services or products necessary to provide firm power supply to customers (i.e., because the definition and requirements of the above products and services are subject to change over time).

Each of the above products and services is procured, provided, and accounted for in different ways, through market mechanisms and regulated processes that have been designed to accommodate the unique characteristics of the product or service in question.

Given the complex and capital-intensive nature of providing all requirements electricity to customers, Load Serving Entities are subject to significant state and Federal oversight, in terms of registration, reporting, and financial security requirements.

The web pages below provide current information regarding Load Serving Entity registration, financial security, and renewal requirements to operate in ISO-NE and New Hampshire:

- ISO-NE: New Participant Registration Instructions
- NH PUC: Forms for Competitive Electric Power Suppliers and Electric Load Aggregators
- Eversource: Electric Information for Suppliers & Aggregators
- Unitil: Energy Supplier Resources
- Liberty Utilities: Become a Liberty Utilities Approved Supplier
- New Hampshire Electric Cooperative: Supplier Information

## Responsibilities of the Community Power Coalition of New Hampshire (CPCNH)

The City currently anticipates that it will contract with CPCNH, as an all-requirements joint powers agency, for the provision of LSE services, all requirements energy supply and all other energy services required to implement and operate Portsmouth Community Power.

### CPCNH Competitive Solicitation for Comprehensive Services and Credit Support

On behalf of the City and CPCNH's eighteen other Member communities, each of which are in various stages of authorizing Community Power Aggregations, CPCNH issued a Request for Proposals (RFP) for Comprehensive Services and Credit Support on April 25, 2022 and is currently conducting a solicitation process "*to select a qualified entity or group of entities to provide comprehensive services and credit support to enable CPCNH to develop, finance, launch, and operate of Community Power Aggregation (CPA) programs.*"[4] As context:

- For an overview of CPCNH's authorities as a Joint Powers Agency, the RFP, proposal evaluation and contracting process, and the process by which CPCNH's Board of Directors and participating Member communities, including the City, plan to draft and adopt enabling agreements, contracts and policies (such as the Energy Risk Management and Financial Reserves policies) refer to "Responsibilities of the Community Power Coalition of New Hampshire (CPCNH)" in Attachment 10: Customer Data Protection Plan below.
- CPCNH's RFP is primarily based upon the solicitation and contracting strategy pioneered by

[4] CPCNH's Request for Proposals for Comprehensive Services and Credit Support, and additional supporting reference documentation, including the draft Business Plan for CPCNH, are posted online here: https://www.cpcnh.org/solicitations.

the Redwood Coast Energy Authority (RCEA), a CPA Joint Powers Authority in California that is similar in size to CPCNH and which successfully contracted for comprehensive services and credit support (inclusive of LSE services) on an at-risk, deferred compensation basis.

  - RCEA subsequently launched CPA program service and began providing LSE services and all-requirements supply to CPA customers in 2017 and has operated continuously while accruing financial reserves and enabling numerous local programs and new project developments.
  - The three Professional Services Agreements that RCEA negotiated and executed subsequent to their RFP process provided (1) LSE and portfolio risk management services and credit support, (2) retail data management, billing, and customer care services, and (3) various support services (e.g., administration, marketing, etc.). All three contracts are available for review online here.

- Subsequent CPA Joint Powers Agencies have employed similar solicitation and contracting strategies in order to successfully contract for and implement LSE and portfolio management services for participating CPA customers.
- CPCNH previously issued a Request for Information for Comprehensive Services and Credit Support in December 2021 and received numerous submissions from well-established third-party vendors that provide LSE services, portfolio management services and credit support in response. (CPCNH's Board of Directors has designated the responses as confidential due to fact that the competitive solicitation is ongoing.)[5]

The scope of operational services requested under CPCNH's RFP is to broadly "*provide all required services and credit support necessary to operate the agency and supply all-requirements electricity to CPA customers*". The specific scope of operational functions requested in CPCNH's RFP is provided below:

1. *Retail Data Management and Billing Services*
   a. *Utility Electronic Data Interchange (EDI)*
   b. *Customer Data Validation and Error Resolution Management*
   c. *Billing Calculations*
   d. *Utility Payment Receipt*
   e. *Revenue Oversight and Tracking*
2. *Retail Customer Solutions*
   a. *Customer and Program Analytics and Insights*
   b. *Rate Design Development, Pricing and Product Structuring*
   c. *Grid Edge Enablement and Portfolio Integrations*
   d. *Key Account Relationship Management*
   e. *Inbound and Outbound Call Center Operations*
   f. *Digital Engagement and Orchestration*
3. *Portfolio Risk Management Services*
   a. *Energy Portfolio Planning and Development*
   b. *Contract Valuation and Procurement*
   c. *Deal Capture, Contract Management and Counterparty Monitoring*

[5] CPCNH's Request for Information for Comprehensive Services and Credit Support is available online at: https://www.cpcnh.org/solicitations

    d. *Trading, Position Management and Reporting*
    e. *Forecasting, Scheduling and Settlements*
    f. *ISO shadow settlements and dispute resolution*
    g. *ISO monitoring, stakeholder processes, collateral posting and onboarding support*
4. *Banking and Financial Services*
    a. *Credit Support*
    b. *Secure Revenue Account Administration*
    c. *Accounting Support and Controls*
    d. *Financial Statement Setup and Review*
    e. *Revenue Forecasting and Budgeting*
    f. *Invoice Validation*
5. *Enterprise Data Management: to support the development of an in-house central repository of customer and other data for use by CPCNH staff and authorized third parties for the purpose of enabling research and development of new energy services.*
6. *Additional Services: respondents should provide additional descriptions of services not provided for above.*

**CPCNH Proposal Evaluation Process and Contracting Timeline**

As detailed in Attachment 10, CPCNH's Risk Management Committee is responsible for evaluating, ranking, and scoring proposals and recommending an award to the Board of Directors.

To ensure that the committee fully evaluates proposals to provide LSE and portfolio management services, CPCNH has contracted with independent experts with domain expertise in:

- Managing and overseeing power supply portfolios and LSE services for an operational CPA Joint Power Agency;
- Evaluating proposals, interviewing proposers, and recommending an award for LSE and portfolio management services on behalf of a CPA Joint Power Agency that subsequently launched CPA program service, has operated continuously since 2018, and recently gained an industry-first "A" credit rating from S&P Global Ratings on the basis of its fiscal discipline and approach to energy portfolio risk management; and/or
- Working for an established publicly owned nonprofit enterprise that maintains three operational control centers to support 24/7/365 operations across multiple ISO/RTO markets in order to provide LSE and portfolio management services to substantial numbers of public and private sector clients that serve retail end-use customers.

CPCNH expects to conclude the RFP process, enter into contract negotiations in July-August, and execute contracts to provide comprehensive services and credit support (inclusive of LSE services) in August to September 2022.

Thereafter, CPCNH's Board of Directors expects to finalize and approve the agency's Cost Sharing Agreement and Energy Risk Management and Financial Reserves policies, which Portsmouth's appointed Directors expect to provide to the City Council for approval between October – December 2022.

At this point, the City may contract for and authorize CPCNH to provide comprehensive services and credit support (inclusive of LSE services) to implement and operate Portsmouth Community Power.

## Responsibilities of the City of Portsmouth

The City expects that CPCNH's solicitation and contracting strategy will be successful, and that CPCNH and the third-party contractors contracted by CPCNH will implement LSE services and all other services required to launch and operate Portsmouth Community Power.

Depending on the result of CPCNH's solicitation and contract negotiation process, LSE services may be implemented as follows:

- CPCNH may contract directly for LSE services with a third-party that is registered or will register with ISO-NE as a market participant and Load Serving Entity, satisfies all applicable financial security and other registration requirements with ISO-NE, the Commission, and NH's distribution utilities, and has contractually agreed to assume responsibility for providing all requirements energy on behalf of Portsmouth Community Power's customers.

  Typically, such a third-party would additionally provide portfolio management services and credit support and assist CPCNH in structuring and maintaining a portfolio of physical and financial contracts to provide all requirements energy to participating customers. At a certain future point, CPCNH may be positioned to register with NEPOOL and ISO-NE as a market participant and Load Serving Entity directly.[6]

  This implementation option would essentially replicate the same approach and structure employed by the New Hampshire Electric Cooperative, which actively manages an all-requirements energy portfolio, accrues financial reserves, and provides LSE services for default service customers.

  Additionally, note that the Town of Hanover (whose Member director and alternate director are both participating on CPCNH's Risk Management Committee and proposal evaluation) is already a market participant and Load Serving Entity for the Town's load obligations.

- CPCNH may alternatively contract with one or more Competitive Electric Power Suppliers to provide LSE services and all requirements electricity to customers at a pre-specified rate for a set length of time. Under this arrangement, the Competitive Supplier would either be the designated Load Serving Entity or would contract with a third-party that has agreed to be the Load Serving Entity responsible for the CPA's customers.

  This implementation option would essentially replicate the same approach and structure employed by NH's regulated distribution utilities (Eversource, Unitil and Liberty Utilities), under which customers are periodically re-assigned to whichever Competitive Suppliers have won the utilities' default service solicitations. Refer to Attachment 4 for an overview of utility default procurement solicitations.

- CPCNH may also propose a combination of the above approaches for the City's consideration.

[6] Refer to CPCNH's draft Business Plan for further details, available under RFP Reference Materials online at: https://www.cpcnh.org/solicitations

In the event that the City does not contract with CPCNH to provide LSE and other services to Portsmouth Community Power, then the City may contract to implement LSE services independently, either with a third-party LSE acting as the City's agent or with a Competitive Electric Power Supplier (CEPS) that contracts to provide LSE services for customers taking service from Portsmouth Community Power.

The City will ensure that contracts entered into provide for the implementation of LSE services and full requirement energy supply for customers participating in Portsmouth Community Power.

# Attachment 10: Customer Data Protection Plan

Portsmouth Community Power will protect and maintain the confidentiality of Individual Customer Data in compliance with its obligations as a Service Provider under RSA Chapter 363 ( RSA 363:38 and RSA 363.37 (“*privacy policies for individual customer data; duties and responsibilities of service providers* and *definitions”*) and other applicable statutes and Public Utilities Commission rules.

Individual Customer Data (ICD) includes information that is collected over the course of providing energy services to customers participating in Portsmouth Community Power and that, singly or in combination, can be used to identify specific customers, including: individual customer names, service addresses, billing addresses, telephone numbers, account numbers, electricity consumption data, and payment, financial, banking, and credit information.

As described herein, the City of Portsmouth is responsible for ensuring that reasonable security procedures and practices are implemented and maintained to protect the confidentiality of Individual Customer Data from unauthorized access, destruction, modification, disclosure, or use.

This plan assumes, but does not require, that the City will participate fully in the Community Power Coalition of New Hampshire (CPCNH) for the purposes of implementing and operating Portsmouth Community Power.

## Responsibilities of the Community Power Coalition of New Hampshire (CPCNH)

CPCNH is a Joint Powers Agency authorized under RSA 53-A (“*Agreements Between Governments: Joint Exercise of Powers”*) and RSA 53-E:3 (“*Municipality and County Authorities*”). CPCNH’s Joint Powers Agreement expressly authorizes the agency to: [7]

- “*[C]omply with orders, tariffs, and agreements for the establishment and implementation of community power aggregations and other energy related programs*”;
- *“Make and enter into contracts*” and “[m*]ake and enter into service agreements relating to the provision of services necessary to plan, implement, operate, and administer CPCNH’s affairs*”; and
- “*[D]o all acts permitted… as well as any act necessary, consistent with New Hampshire law to fulfill the purposes*” set forth under the agreement, which include assisting “*member municipalities and counties in complying with the provisions of NH RSA 53-E in developing and implementing … Community Power Aggregations*”.

CPCNH has begun the process of soliciting and hiring third-parties to provide comprehensive services and credit support to launch Member CPA programs, and is drafting various related enabling agreements, policies, and internal protocols necessary to do so.

***CPCNH Request for Proposals for Comprehensive Services and Credit Support***

CPCNH issued a Request for Proposals for Comprehensive Services and Credit Support on April 25, 2022, and is currently conducting a solicitation process “*to select a qualified entity or group*

[7] From Section 2.3, Powers, of the By-Laws of CPCNH, found at pages 21-22 of the JPA, available here: https://www.cpcnh.org/_files/ugd/202f2e_601bfada901c4a89a1c2812a0638090a.pdf, and more specifically §2.3.11, §2.3.6, §2.3.9, and §2.3 introductory paragraph. Similar language in also in the Articles of Agreement.

*of entities to provide comprehensive services and credit support to enable CPCNH to develop, finance, launch, and operate of Community Power Aggregation (CPA) programs*"[8] on behalf of CPCNH's nineteen Member communities, each of which are in various stages of authorizing Community Power Aggregations.

For additional information regarding the use of customer data, and expected operational needs of CPCNH, refer to (1) the RFP at pp. 20-23[9] and to (2) the RFP Addendum #2 (issued May 24, 2022), at pp. 11 in response to Questions 15.[10] The latter is excerpted below, and provides a concise summary of CPCNH's requirements to ensure the confidentiality of ICD:

> ***Regarding Customer Privacy Compliance:***
>
> *RSA 53-E:4, VI, requires CPAs to maintain the confidentiality of individual customer information in compliance with their obligations as service providers under RSA 363:37 (Definitions) and RSA 363:38 ("Privacy Policies for Individual Customer Data; Duties and Responsibilities of Service Providers"). RSA 53-E:7, X also requires the Public Utilities Commission to adopt Administrative Rules for CPAs governing "access to customer data" and other matters.*
>
> *The selected Proposer will be expected to demonstrate physical and cybersecurity readiness sufficient to ensure customer data is held in strict confidence — e.g., through audits in accordance with the American Institute of Certified Public Accountants Statements on Standards for Attestation Engagements No. 16 (SSAE 16) Service Organizational Controls (SOC) Reports, periodic network vulnerability assessments, etc. — and will be contractually required to maintain the confidentiality of individual customer data pursuant to RSA 363:38, V(b) and applicable Public Utilities Commission rules.*
>
> *As previously noted, Administrative Rules for CPAs are under development. Refer to the PUC's Initial Proposal for CPA Administrative Rules (Chapter Puc 2200), specifically the definitions in Puc 2202.07 ("Confidential customer information") and Puc 2202.02 ("Anonymized"), and Puc 2205.02 ("Application of Puc 2000 to CEPS When Providing Electricity Supply to CPA Customers").*
>
> *The selected Proposer, as applicable, should expect to comply with relevant portions of the PUC's current Administrative Rules for Competitive Electric Power Suppliers and Aggregators (Chapter Puc 2000). Refer to Chapter Puc 2000, Puc 2002.09 (definition of "Confidential Customer Information") and Puc 2004.19 ("Protection of Confidential Customer Information"), which is proposed to apply to CEPS providing electricity supply service to CPA customers pursuant to Puc 2205.02 under the PUC's Initial Proposal for CPA Administrative Rules.*

The Request for Proposals and evaluation process is being overseen by CPCNH's Risk Management Committee, composed of CPCNH Member municipality representatives, with additional support from (1) independent experts with experience operating Community Power Aggregation Joint Powers Agencies, and (2) CPCNH's General Counsel, DWGP, P.C., a nationally

[8] CPCNH's Request for Proposals for Comprehensive Services and Credit Support, and additional supporting reference documentation, including the draft Business Plan for CPCNH, are posted online here: https://www.cpcnh.org/solicitations.

[9] https://www.cpcnh.org/_files/ugd/202f2e_e781638c123d4cf3977358f845081313.pdf

[10] Pages 11-12 at https://www.cpcnh.org/_files/ugd/202f2e_8ceed8824453482c902a8a0fa1ab826c.pdf.

recognized law firm with substantial expertise in the Community Power and broader public power industry.

CPCNH's Risk Management Committee will evaluate, rank, and select vendors with a proven track record of successful qualification for EDI transactions, protection of confidential customer information, including what is characterized as ICD under RSA 363, and other relevant factors.

- Refer to CPCNH's RFP at p.2 for a summary of the substantial domain expertise participating on the Risk Management Committee and proposal evaluation process.
- For example, the committee includes a Member Director who previously worked for Eversource for 26 years, where he was responsible for deploying and/or operating Eversource's Customer Information System and day to day interface with competitive electric suppliers and was most recently the Director of Eversource's Customer Center Operations.

CPCNH expects to conclude the solicitation process and execute contracts in August to September 2022.

***CPCNH Enterprise Risk Management & Customer Data Policies***

After CPCNH has executed service contracts, CPCNH's Board of Directors will finalize and approve the agency's Cost Sharing Agreement and Energy Risk Management and Financial Reserves policies. CPCNH's Energy Risk Management and Financial Reserves policies will be subsets of CPCNH's Enterprise Risk Management Policy, which will additionally cover relevant elements of cybersecurity and data confidentiality requirements and other topics.

- CPCNH's Joint Powers Agreement requires CPCNH's Risk Management Committee to draft and recommend the Enterprise Risk Management Policy for consideration and adoption of CPCNH's Board of Directors on or before October 1, 2022.[11]
- Between October and December 2022, Portsmouth's appointed Directors are expected to provide CPCNH's Cost Sharing Agreement and Energy Risk Management and Financial Reserves policies to the City Council for approval between October – December 2022.
- At this point, the City will contract for and authorize CPCNH to provide specific services on behalf of Portsmouth Community Power.

CPCNH's Board of Directors has been recently presented with a plan to develop additional specific policies and CPCNH's Treasurer has prepared a budget to allocate sufficient funding to support the drafting and review process over the summer and fall. Two relevant such policies are listed below:

- Record Retention & Disposal Policy: to provide a process that ensures compliance with the proper retention, protection, and timely destruction of all records created or obtained by, or otherwise in the possession and control of, CPCNH, consistent will all legal requirements.
- Data Security and Privacy Policy: to define the specific goals, requirements, and controls necessary to safeguard the confidentiality, integrity, and availability of confidential information.

[11] CPCNH's Risk Management Committee is also responsible for (1) reviewing major risk exposures and monitoring the steps taken to control risk exposures and (2) commissioning an independent agent to conduct and deliver an evaluation of the operational performance of the agency relative to the Enterprise Risk Management Policy every two years (starting three years after the commencement of CPA service, and as otherwise requested by the Board).

*CPCNH Requirements to Access and Use of Individual Customer Data*

In CPCNH's capacity as a service provider to the City, the agency and third parties contracted through CPCNH to provide services to Portsmouth Community Power will need to access and use ICD for operational needs and for the research, development, and implementation of new rate structures and tariffs, demand response, customer assistance, energy management, or energy efficiency programs on behalf of Portsmouth Community Power.

Third parties under contract to CPCNH that may require access to ICD on behalf of Portsmouth Community Power may include CEPS (Competitive Electric Power Suppliers) functioning as Load Serving Entities (LSEs) for the supply of all requirements energy, or other third-party vendors providing Load Serving Entity (LSE) services on behalf of CPCNH, as well as portfolio management, Electronic Data Interchange (EDI), Customer Information System (CIS), billing, accounting, and related services, and other contractors and academic institutions under contract to support the research and development of potential new energy services to offer to customers participating in Portsmouth Community Power.

Specific types of ICD that Portsmouth Community Power, CPCNH, and third parties under contract are expected to receive and possess include:

- Name, address, account number, and other information about electric customers within the City for purposes of sending required notification of Portsmouth Community Power Commencement of Service and enrollment of customer in Portsmouth Community Power, consistent with initially proposed Puc 2204.04, .05, and .06, as they, or equivalent rule provisions, may be adopted by the PUC and the requirements of RSA 53-E:7, III, V, and VI.
- Individual customer information used for operation of Portsmouth Community Power, such as that in initially proposed Puc 2205.13, most of which may be accessed through the EDU EDI. The need and use for such information, and a proposed modification of this particular rule, are addressed in CPCNH's 3/14/22 Comments on the PUC's initial rule proposal for CPAs, in docket # DE 21-142[12], and in its 3/28/22 Reply Comments.[13]
- Other confidential customer information that may be received or collected directly by Portsmouth Community Power or CPCNH, or through sources other than the EDU due to customer participation in particular related programs or services, billing operations, other customer services, or that may be volunteered by customers, will likewise only be used for statutorily authorized purposes as ICD.

Ongoing collection and use of individual customer data of the types described in proposed Puc 2205.13 will be used for both:

1. **General operational needs** for retail power supply and related energy services operational needs, such as load and supply forecasting, portfolio management, billing and audit processes, and for research and development of potential new energy services

[12] See p. 2 ¶4 and p. 4 ¶6 at: https://www.puc.nh.gov/Regulatory/Docketbk/2021/21-142/LETTERS-MEMOS-TARIFFS/21-142_2022-03-14_CPCNH_COMMENTS.PDF.

[13] See p.4-11, and Comments on proposed Puc 2203.02(b)(1) on p. 13, Puc 2204.02(a)(1)-(4) on pp. 16-17, and Puc 2205.13 p. 23 https://www.puc.nh.gov/Regulatory/Docketbk/2021/21-142/LETTERS-MEMOS-TARIFFS/21-142_2022-03-28_CPCNH_OCA_CENH-COMMENTS.PDF.

to offer to customer participants; and

2. **Programmatic and customer-specific services and offerings**, such as responding to customer account queries, opt-in rates or demand side management for customers with flexible demand, distributed generation or storage, and interval meters; and other energy services that may be offered including programs for LMI participants that are qualified in the Electric Assistance Program (EAP).

In compliance with RSA 363:38 and RSA 363.37, CPCNH and third parties contracted through CPCNH that require access to ICD to provide services to Portsmouth Community Power will be contractually required to:

- Implement and maintain reasonable security procedures and practices appropriate to the nature of the ICD.
- Protect ICD from unauthorized access, use, destruction, modification, or disclosure.
- Use ICD solely for primary purposes, such as: complying with the provisions of RSA 53-E:7, II; providing or billing for electrical service; meeting system, grid, or operational needs; researching, developing, and implementing new rate structures and tariffs, demand response, customer assistance, energy management, or energy efficiency programs; and for research and development of potential new energy services to offer to customer participants.
- Collect, store, use, and disclose only as much ICD as is necessary to accomplish the aforementioned primary purposes.
- Not use ICD for a secondary commercial purpose unrelated to the aforementioned primary purposes of the contract without the express consent of the customer.
- Return or permanently delete all ICD after contract termination and deliver a certificate, signed by an authorized representative, stating that all ICD has been returned or permanently deleted and that all materials based on ICD has been destroyed, as appropriate (i.e., except for copies necessary for tax, billing, or other financial purposes).

Additionally, if CPCNH contracts with one or more Competitive Suppliers to provide Load Serving Entity services to participating customers, or brokers to support operations in a capacity that would require access to ICD, then the Competitive Suppliers and/or brokers would additionally be required to comply with the requirements of Puc 2004.19 (*Protection of Confidential Customer Information)*, which are excerpted below in the section "Statutory and Rule Requirements" for reference.

## Responsibilities of the City of Portsmouth

The City currently anticipates that it will contract for all requirements electricity supply and related energy services through CPCNH, as a joint powers agency, and that the primary acquisition and use of ICD will be through CPCNH and the vendors placed under contract to provide comprehensive services for the operation of Portsmouth Community Power.

The City Manager shall review and confirm that CPCNH has adequate policies, procedures and measures in place to protect confidential information and that contractual requirements consistent with the City's obligations to protect ICD as required under RSA 363.37, RSA 363:38 and RSA 53-E:4, VI, and consistent with PUC rules, including Puc 2004.19 and its non-disclosure

restrictions, are incorporated into any contracts with CPCNH, or any other third parties that are authorized to access ICD on behalf of the City before executing any such contracts.

The City expects contracts and policies to provide for:

- Third-party security assessment requirements regarding: Information Security Management; Personnel Security; Systems Development and Maintenance; Application Security; System Security; Network Security; Data Security and Integrity; Access Control; and Vulnerability Management.
- Third-party security requirements including: (1) User Account and Access Controls to ensure that only authorized individuals have access to ICD for legitimate primary purposes under RSA 368:38, which may include the need for non-disclosure agreements; (2) Handling of Sensitive Data Protocols to protect confidential customer information from unauthorized access, use, destruction, modification, or disclosure; (3) Breach Reporting, including obligations to report a security breach as defined in RSA 359-C:19, V and required by RSA 359-C:20 and any other applicable laws, rules, or utility requirements for data breach reporting; (4) Plan for deletion and destruction ICD when it is no longer necessary to accomplish primary purposes pursuant to RSA 368:38; and (5) Prohibitions on use of ICD for a secondary commercial purpose not related to the primary purpose of vendor's contract without the express consent of the customer.
- Third-party documentation and reporting requirements regarding, as applicable: Audit Reports (e.g. SSAE 16/SOC Report); Documentation describing Control practices used to review sub-vendors; Maintenance of an Information Security Program; Training Program for Employees on Cyber Awareness; Background checks performed for all employees with access to ICD; Immediate Data Breach reporting to appropriate parties; and any material changes in Data Security practices since prior review and approval.

Lastly, in the event that the City does not contract with CPCNH to provide energy services to Portsmouth Community Power, then the City will develop and adopt policies and contracts that ensure compliance with the City's obligations as a Service Provider to protect and maintain the confidentiality of ICD under RSA 363:38, RSA 363.37 and other applicable statutes and Public Utilities Commission rules prior to directly collecting, storing, using, or disclosing any ICD or contracting with other Competitive Suppliers, brokers and/or other third-party vendors that require access to ICD.

## Additional References: Statutory and Regulatory Requirements

The sections below are provided for additional reference, and summarize the different requirements that apply to (1) Community Power Aggregators and Service Providers, (2) brokers and Competitive Electric Power Suppliers (CEPS) that provide Load Serving Entity services under contract to Community Power Aggregators, and (3) access to ICT through the Multi-Use Energy Data Platform authorized under RSA 378:50-54 (if and when it becomes operational).

### *Statutory Requirements for Community Power Aggregators & Service Providers*

Statutory requirements regarding the use of Individual Customer Data for Community Power Aggregators are summarized below:

- RSA 363:37, I defines Individual Customer Data (ICD) *as "information that is collected as part of providing electric, natural gas, water, or related services to a customer that can identify, singly or in combination, that specific customer, including the name, address, account number, quantity, characteristics, or time of consumption by the customer*."
- RSA 363:38, IV requires Service Providers to "*use reasonable security procedures and practices to protect individual customer data [ICD] from unauthorized access, use, destruction, modification, or disclosure*."
- RSA 53-E:4, VI provides that Community Power Aggregations (CPAs) "*shall be subject to RSA 363:38 as service providers and individual customer data shall be treated as confidential private information* and *shall not be subject to public disclosure under RSA 91-A*".
    - The definition of Service Provider under RSA 363:37, II includes "*an aggregator, as defined by RSA 53-E:2, II…and any other service provider that receives individual customer data [ICD]...*"
    - RSA 53-E:2, II defines an "*aggregator*" in this context as "*any municipality or county that engages in aggregation of electric customers within its boundaries*".
    - RSA 53-E:2, VI further defines "*municipality*" in this context as "*any City, town, unincorporated place, or village district within the state*."
- RSA 363:38, II requires Service Providers to: *"(a) Collect, store, use, and disclose only as much individual customer data [ICD] as is necessary to accomplish primary purposes, and (b) Use individual customer data solely for primary purposes*."
- RSA 363:37, III defines "*[p]rimary purpose*" as "*the main reason for the collection, storage, use, or disclosure of individual customer data [ICD] which is limited to: (a) Providing or billing for electrical or gas service. (b) Meeting system, grid, or operational needs. (c) Researching, developing, and implementing new rate structures and tariffs, demand response, customer assistance, energy management, or energy efficiency programs*."
- RSA 53-E:4, VI further authorizes approved Community Power Aggregations to "*use individual customer data to comply with the provisions of RSA 53-E:7, II and for research and development of potential new energy services to offer to customer participants*."
- RSA 363:38, V(b) further makes clear that a Service Provider may disclose ICD "*to a third party for system, grid, or operational needs, or the research, development, and implementation of new rate structures and tariffs, demand response, customer assistance, energy management, or energy efficiency programs*" — provided that the Service Provider "*has required by contract that the third party implement and maintain reasonable security procedures and practices appropriate to the nature of the information, to protect the personal information from unauthorized access, use, destruction, modification, or disclosure, and to prohibit the use of the data for a secondary commercial purpose not related to the primary purpose of the contract without the express consent of the customer*."
- RSA 363:38, V(c) provides that *"[n]othing in this section shall preclude a service provider from disclosing electric, natural gas, or water consumption data required under state or federal law, or which is identified as information subject to warrant or subpoena or by*

*an order of the commission*."

- RSA 363:38, V(a) makes clear that ICD may be aggregated and used for "*analysis, reporting, or program management after information that identifies an individual customer has been removed*."

*Additional Requirements Specific to Brokers & Competitive Suppliers*

Pursuant to Puc 2205.02 under the PUC's Initial Proposal for CPA Administrative Rules, brokers and Competitive Suppliers that are hired by municipalities to manage and operate Community Power Aggregations and provide Load Serving Entity services to participating customers must comply with the requirements of Puc 2004.19 (*Protection of Confidential Customer Information)*, which is excerpted below for reference along with Puc 2002.09 (*Confidential Customer Information*).

Note that the use of the term "aggregator" throughout Puc 2004.19 below refers to brokers and does not refer to or otherwise apply to Community Power Aggregators.

As context, these requirements are part of the Commission's Chapter Puc 2000 rules ("*Competitive Electric Power Supplier and Aggregator Rules*), which apply to Competitive Suppliers and brokers— referred to as "CEPS" and "aggregators" below, respectively — and are expressly not applicable to "*municipalities or counties providing electricity or aggregating within the boundaries of participating municipalities under RSA 53-E*" (Community Power Aggregators) per Puc 2001.02 (*application of rules).*

> ***Puc 2002.09 "Confidential customer information"*** *means information that is collected as part of providing electric services to a customer that can identify, singly or in combination, that specific customer, and includes the customer name, address, and account number and the quantity, characteristics, or time of consumption by the customer, and also includes specific customer payment, financial, banking, and credit information.*
>
> ***…***
>
> ***Puc 2004.19 Protection of Confidential Customer Information.***
>
> *(a) No CEPS or aggregator shall, except as permitted under (c) below or as otherwise required by law, release confidential customer information without express written authorization from the customer.*
>
> *(b) A CEPS or aggregator shall implement and maintain reasonable security procedures and practices appropriate to the nature of the information, to protect confidential customer information from unauthorized access, use, destruction, modification, or disclosure, and to prohibit the use of the confidential customer information for a secondary commercial purpose not related to the primary purpose of the service provided to the customer, without the express written consent of the customer.*
>
> *(c) A CEPS or aggregator may disclose to a third party subject to non-disclosure restrictions confidential customer information as necessary for any one or more of the following purposes:*
>
> *(1) Billing for electric service;*
>
> *(2) Meeting electric system, electric grid, or other operational needs;*

*(3) Implementing any one or more of the following programs:*

*a. Demand response;*

*b. Customer assistance;*

*c. Energy management; and*

*d. Energy efficiency.*

*(d) For purposes of this section, the term "non-disclosure restrictions" means that the CEPS or aggregator has required by contract that the third party implement and maintain reasonable security procedures and practices appropriate to the nature of the information, to protect the confidential customer information from unauthorized access, use, destruction, modification, or disclosure, and to prohibit the use of the confidential customer information for a secondary commercial purpose not related to the primary purpose of the contract without the express consent of the customer.*

*(e) A customer granting authorization to release confidential customer information for purposes described in the terms and conditions of service shall satisfy the requirement in (a) above.*

*(f) A CEPS or aggregator granted agency authority shall be deemed authorized to obtain customer usage information when it has received customer authorization as described in Puc 2004.08 or Puc 2004.09.*

*(g) In the event of a dispute about the release of confidential customer information, including whether the information is or should be confidential, a CEPS, aggregator, or customer may file a complaint with the commission for resolution.*

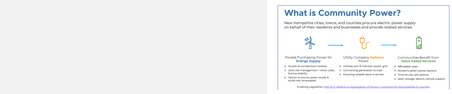
*Additional Requirements for the Multi-Use Energy Data Platform*

If and when the Multi-Use Energy Data Platform (Platform) authorized under RSA 378:50-54 becomes operational, Portsmouth Community Power and any third-parties under contract that require access to ICD sourced from the Platform — such as CPCNH and third-parties contracted through CPCNH — will be required to comply with any Platform User Requirements, Privacy Standards, Annual Attestations, and obligations to report a security breach pursuant to terms of Settlement Agreement conditionally approved by the PUC in DE 19-197 and detailed in Exhibit C of the Agreement found in Exhibit 1B and as may be actually implemented.

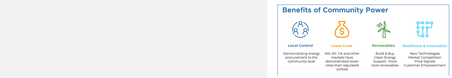
**The City of Portsmouth is pursuing Community Power – increasing the electric energy options available for all residents.**

**Community Power Is Coming to You!**

Community Power, authorized by NH RSA 53-E, allows local governments to procure electric power on behalf of their residents, businesses, and municipal accounts.




Community Power empowers towns, cities, and counties to choose their source of electric energy. This program allows residents to take advantage of this pooled supply or stay with Eversource or a third-party supplier.




**Make Your Voice Heard!**

We want your feedback from this survey and to hear your questions to inform Portsmouth's Community Aggregation Electric Plan. In the coming months, the Portsmouth Community Power (PCP) Committee will be working with the City, and a variety of community stakeholders, to further communicate, educate and continue the dialogue to formulate this Plan.

**Your Electricity Supply**

Your utility bills consist of a distribution charge (Eversource) and a supply charge. Eversource may also be the energy supplier, or you may be getting your energy from a third-party supplier.

Who is your electricity supplier? *

- Eversource
- Third-party supplier/Other
- I don't know.

If your answer to Question 1 was Eversource, why did you make that choice? *

- I didn't know I had an option
- I have no reason to look for a different supplier
- I tried to switch but could not find a supplier with better rates
- Other*
- Not applicable

*If you answer "Other" above, please explain

If your answer to Question 1 was Third-party Supplier/Other, why did you make that choice? *

- Better rate
- More 'green' -- renewable -- energy
- Better rate and more renewable energy -- equally important
- Other*
- Not applicable

*If you answered "Other" above, please explain

Did you have a Third Party Supplier previously and chose to go back to Eversource as your supplier?* *

- Yes
- No

If you had a Third-party Supplier before and left, why did you leave? *

- Rates
- Customer service
- Other
- Not applicable

Do you generate your own supply of power? *

- Yes, with solar panels
- Yes, with other source
- No

**Community Power in Portsmouth**

CPCNH will offer several contract options differing by price and the amount of renewable energy content. (The minimum proportion of renewables NH requires of all energy suppliers is 22.5%.) The Portsmouth Community Power (PCP) program will automatically enroll all residents, but they always have the option to opt-out of the program. Residents will also be able to switch options within the PCP program.

Which option would be most important to you in the Portsmouth Community Power program? *

- Lowest cost energy option
- 50% renewable energy that may or may not cost more
- 100% renewable energy that may or may not cost more
- The same or lower cost with more renewable energy content than I have today
- Other*
- Don't know

*If you answered "Other" above, please explain.

What would you like to see as the default Portsmouth Community Power enrollment option? *

- Lowest cost energy option
- 50% renewable energy
- 100% renewable energy
- The same or lower cost with more renewable energy than I have today
- Other*
- Don't know

*If you answered "Other" above, please explain.

Please rate the importance to you of the following priorities for the Portsmouth Community Power program.

Choice of options based on the amount of renewable energy sources

0 1 2 3 4 5 6 7 8 9 10

Low Priority — High Priority

Control of energy costs

0 1 2 3 4 5 6 7 8 9 10

Low Priority — High Priority

Competitive rates

0 1 2 3 4 5 6 7 8 9 10

Low Priority — High Priority

Increased renewable energy sources (including locally generated)

0 1 2 3 4 5 6 7 8 9 10

Low Priority — High Priority

More information about the electricity supply (how and where it comes from)

0 1 2 3 4 5 6 7 8 9 10

Low Priority — High Priority

The ability to increase energy efficiency and reduce costs

0 1 2 3 4 5 6 7 8 9 10

Low Priority — High Priority

The ability to increase availability of locally produced renewable energy

0 1 2 3 4 5 6 7 8 9 10

Low Priority — High Priority

Programs to buy power at low off-peak rates and use battery storage

0 1 2 3 4 5 6 7 8 9 10

Low Priority — High Priority

We want to make sure Portsmouth Community Power is hearing from as many in the community as possible. Your answers to the following questions will help us identify those we might be missing.

I am a *

- Portsmouth home owner
- Portsmouth tenant
- Portsmouth landlord
- Portsmouth business
- Other*

*If you answered "Other" above, please explain.

My age is *

- Under 18
- 18-34
- 35-64
- 65+
- Prefer not to answer

My household income is *

- Prefer not to answer
- Under $50,000 per year
- $51,000 - 99,000 per year
- Over $100,000 per year

What is the best way to reach you with information about Portsmouth Community Power? *

- Mail
- Email
- City of Portsmouth social media
- Portsmouth Herald/SeacoastOnline.com
- Other*

*If you answered "Other" above, please explain.

What is your email address? *

Thank you for taking the time to complete this survey. Your answers are extremely valuable as the Portsmouth Community Power committee continues to shape the program. For more information about this program, go to: https://www.cityofportsmouth.com/sustainability/community-power

Submit

Report abuse

Survey by mailchimp

# Energy Portfolio Risk Management, Rates and Financial Reserves Policies

***DRAFT***

*For Communities, By Communities*

DRAFT

**COMMUNITY POWER COALITION OF NEW HAMPSHIRE**

**VERSION 1.0 DRAFT**

**ADOPTED [DATE: _____]**

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# ENERGY PORTFOLIO RISK MANAGEMENT POLICY

## Philosophy, Objectives & Scope

This Energy Portfolio Risk Management Policy (EPRM) outlines the philosophies and objectives of the Community Power Coalition (CPCNH) Board of Directors (Board) in governing and making decisions necessary to provide the credit support, portfolio analytics, hedging, and daily operating activities required to implement and operate Community Power Aggregation (CPA) power supply services.

The Risk Management Committee (RMC) is responsible for ensuring the development and maintenance of CPCNH's Energy Risk Management Regulations (ERMR) to expand on the roles, strategies, controls, and authorities authorized in this policy to form a comprehensive energy risk management program.

### Risk Philosophy

As a Joint Powers Authority, CPCNH is in the business of procuring and generating energy for the benefit of its participating Member CPAs. The goal of this EPRM is to:

- Serve Member CPA needs subject to Board approved risk tolerance limits.
- Provide as much energy supply cost certainty for CPA customers as possible while maintaining a least cost portfolio.
- Develop and enhance the value of CPCNH and Member CPA assets to meet the financial and local policy goals of the participating Members.

CPCNH recognizes that novel technologies, market dynamics, and regulatory shifts are combining to create new levels and dimensions of risk, and opportunities, that must be integrated into CPCNH's portfolio risk management program.

CPCNH's objective is to develop the least cost, greatest value portfolio to meet load requirements of CPA customers, while maximizing revenues from sales of surplus energy from wholesale and local project resources, and creating new sources of revenue through the intelligent design and integration of price-responsive customer rates, market-enabling products, and local programs (e.g. portfolio optimization).

Unlike a private-sector supplier, CPCNH's primary business purpose is to serve its Members. CPCNH's goal is to be a cost hedger for its Member CPAs load and is therefore precluded by this policy from engaging in purely speculative activities typical to many organizations oriented toward profit maximization.

CPCNH also recognizes that there are additional risks beyond those related to normal power supply operations and hedging activities. CPCNH's goal is to limit, to the extent practicable, exposure to those risks This document serves as a vehicle to

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describe and define the limits for activities considered as appropriate for CPCNH in a normal course of business of serving loads and procuring power.

## Business Activities

CPCNH's primary business is to procure or produce electricity supply to meet CPA customer load requirements. The resource supply portfolio may consist of fixed and variable priced supply contracts of varying lengths, physical assets (such as power plants and distributed energy resources), and agreements for other related supplies and services needed to ensure reliable delivery of electricity to CPA customers.

The objective of the EPRM policy is to provide a framework for conducting procurement activities that maximize the probability of CPCNH meeting its goals. The policy documents the framework by which CPCNH will:

- Identify risks associated with the procurement of power supply.
- Identify those responsible for administering the various elements of the risk management policy from procurement operations to oversight activities.
- Set parameters and methodologies for managing risk associated with procuring and hedging the power supply portfolio including the specification of authorized products, terms, and transaction limits.
- Provide for the accrual of reserve funds for the purpose of satisfying all financial obligations and objectives associated with management of the portfolio.

The EPRM policy applies to all power procurement and related business activities that may impact the risk profile of CPCNH and its Member CPAs.

## Transacting Objectives

CPCNH's objectives when transacting on behalf of Member CPAs for the procurement of energy and energy related supplies and services are as follows:

1. Meet customer all-requirements electricity requirements, inclusive of all of the electrical energy, capacity, reserves, ancillary services, transmission and distribution losses, congestion management, and other such services or products necessary to provide firm power supply to participants and meet the requirements of New Hampshire's Renewable Portfolio Standard.
2. Provide competitive rates for the participating Member CPAs, and stability and choice for participating customers.
3. Obtain the best available price for power supply while complying with the requirements of this policy and other objectives established by the Board.
4. Develop local renewable, battery storage, and distributed energy projects and customer programs.
5. Manage CPCNH's assets to optimize value.
6. Act to limit exposure to extreme market system changes.

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7. Follow effective wholesale counterparty credit management procedures.
8. Develop and maintain financial reserves.
9. Develop and maintain CPCNH's investment grade credit rating.

CPCNH's overall transacting objective is to meet the load requirements of Member CPA customers with an optimized portfolio.

## Scope of Policy

This EPRM prescribes the management organization, authority, and processes to monitor, measure and control the risks to which CPCNH is exposed in the normal course of business arising primarily from CPCNH's participation in the wholesale energy markets. CPCNH is exposed to three quantifiable risks:

1. Volumetric risk: load and resource variability.
2. Price risk: market-related cost variability.
3. Counterparty Credit and Collateral Call risk: potential default by a counterparty or requirement to post collateral

This policy applies to all energy and energy related transactions made by CPCNH, and the term "risk management" is herein understood to refer solely to risks related to participation in wholesale energy markets as herein defined.

Specific methodologies used to measure, monitor, and control these risks shall be established by the Risk Management Committee (RMC), in accordance with sound utility practices and included in the ERMR.

From the perspective of risk mitigation, CPCNH's primary objective is to cover load and optimize the value of assets. Taking risks unrelated to CPCNH's normal power supply business activities, is not permitted.

CPCNH is also exposed to regulatory, operational and reputation risks. These risk categories and exposures are managed pursuant to CPCNH's Enterprise Risk Management (ERM) Policy.

## Policy Administration, Review and Amendments

Energy Portfolio Risk Management will be a regular reporting standing agenda item at meetings of the Risk Management Committee and Board.

The Board, in consultation with the Risk Management Committee, is responsible for adopting this policy and reviewing it as needed at least every two calendar years.

The Board must approve amendments to the EPRM. Advance written notice of Board meetings at which changes to this Policy are proposed shall be sent to the principal executive officers of each Member by the Chief Executive Officer or Chair of the Board. Subsequently, any such amendment shall be sent to the principal

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executive officers of each Member by the Chief Executive Officer or Chair of the Board.

After the Energy Risk Management Regulations (ERMR) is approved by the Board, the ERMR may be amended with approval of the CEO, or in the absence of a CEO, the Chair of the Board, in consultation with the RMC, provided that prompt written notice is sent to the Board of any such amendments.

## Applicability

This EPRM is effective immediately upon its adoption by the Board. It applies to CPCNH's wholesale supply operations, long-term contracting for energy/capacity and services, acquisition of generation resources, credit risk management and other related ancillary activities undertaken by CPCNH.

CPCNH Officers, Directors, staff, and contractors engaged in portfolio risk management will adhere to and be governed by this EPRM.

# Risk Exposures & Mitigations

CPCNH must procure electric power supplies and operate in the wholesale energy market which exposes CPCNH, and ultimately the customers that it serves, to various risks. The risks listed related to CPCNH participation in wholesale and retail markets as a Load Serving Entity (LSE). These categories are defined and explained as follows.

## Market Risk

### Description and Exposures

Market risk is the uncertainty of CPCNH's financial performance due to variable commodity market prices (market price risk) and uncertain price relationships (basis risk). Variability in market prices creates uncertainty in CPCNH's procurement costs, which has a direct impact on customer rates.

### Management and Mitigation

Market risk is managed by:

- Execution of approved procurement and hedging strategies.
- Structuring and managing a diversified portfolio (or "book") of physical and financial energy contracts
- Active monitoring of market price and volatility conditions
- Forecast and adequately plan for adverse contingencies (such as power supply shocks, economic downturns and changes in policy and regulations)

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- Regular measurement of net position exposures exposed to market price fluctuations
- Use of the limit structure set forth in the EPRM policy

### Measurement and Metrics

1. Gross Margin at Risk.
2. Net Position Reports.

### Risk Links and Dependencies

1. Opt-Out Risk.
2. Volumetric Risk.
3. Credit Risk.
4. Liquidity Risk.

## Volumetric Risk

### Description and Exposures

Volumetric risk reflects the potential adverse financial outcomes due to the uncertainty in the quantity of different power supply products required to meet the needs of CPCNH and its members

Customer load is subject to fluctuation due to customer opt-outs or departures, temperature deviation from normal, unforeseen changes in the growth of behind the meter generation by CPCNH customers, unanticipated energy efficiency gains, new or improved technologies, as well as local, state and national economic conditions

### Management and Mitigation

Volumetric risk is managed by taking steps to:

- Implement robust short- and long-term load and generation supply forecast methodologies, including regular monitoring of forecast accuracy through time and refining such forecasts as additional information becomes available.
- Account for volumetric uncertainty in load and/or generation supply in in the Energy Portfolio Risk Management Strategy.
- Monitor trends in customer onsite generation, economic shifts, and other factors that affect electricity customer consumption and composition.
- Proactively engage with customers in developing distributed energy resources and behind-the meter generation and energy efficiency programs to better forecast changes in load.

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- Innovative Local Programs & Customer Services with new retail products and services that enable customers to:
    - Intelligently moderate their use of electricity from the grid during times of high wholesale power prices and when the physical grid is constrained (at-risk of not being able to deliver enough power to meet all customers' usage requirements during the hours of "peak demand").
    - Increase their use of electricity from the grid when wholesale prices are relatively low, and the physical grid is not constrained.

### Measurement and Metrics

1. Gross Margins at Risk.
2. Position and Risk Reports.

### Risk Links and Dependencies

1. Market Risk.
2. Credit Risk.
3. Liquidity Risk.
4. Opt-Out Risk.

## Opt-Out Risk (Customer Attrition Risk)

### Description and Exposures

Customer opt-out or attrition risk occurs when customers opt-out of the program by choosing an alternative supplier. Opt-out risk may be realized by any condition or event that creates uncertainty within, or a diminution of, CPCNH's customer base.

Opt-out risk is manifested in two separate ways:

1. First, the ability of customers to return to bundled service from NH utilities creates uncertainty in CPCNH's revenue stream, which is critical for funding EPRM goals
2. Second, customer opt-out risk can potentially challenge the ability of CPCNH to prudently plan for, and cost effectively implement, long-term resource commitments made on behalf of its member communities and the customers it serves

### Management and Mitigation

Customer opt-out risk is managed through the following means:

- Maintain competitive rates, as market prices and NH utilities default rates change over time, is a primary goal for the program. Competitive rates will significantly reduce the risk that customers opt-out of CPCNH members and allow the program to achieve our medium- to long-term goals.

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- Implement a key accounts program and maintain strong relationships with the local community including elected leaders, stakeholders and all of the customers CPCNH members.
- Design and enact programs that enable the intelligent use of electricity and will help CPCNH members to:
    - Lower electricity supply costs and risk for the program in aggregate, along with the electricity bills of participating customers from a "full bill" perspective (inclusive of transmission and distribution charges).
    - Strengthen customer relationships and local brand recognition.
    - Protect against customer attrition and potentially grow the program's customer base over time.
- Adopt, implement, and update, as needed, a formal Energy Portfolio Risk Management program describing the strategy that CPCNH will follow for engaging in procurement activities.
- Evaluate expansion of CPCNH's customer base through incorporation of other eligible communities into the coalition.

### Measurement and Metrics

1. Internal Assessment. ERM Dashboard (Impact, Likelihood, Trend, Main Developments).
2. Gross Margin at Risk

### Risk Links and Dependencies

1. Market Risk.
2. Credit Risk.
3. Liquidity
4. Regulatory

## Counterparty Credit Risk

### Description and Exposures

Performance and credit risk refers to the inability or unwillingness of a counterparty to perform according to its contractual obligations or to extend credit. Failure to perform may arise if an energy supplier fails to deliver energy as agreed.

There are different general performance and credit risk scenarios:

- Counterparties and wholesale suppliers may fail to deliver energy or environmental attributes, requiring CPCNH to purchase replacement products elsewhere, possibly at a higher cost.

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- Counterparties may fail to take delivery of energy or environmental attributes sold to them, necessitating a quick resale of the product elsewhere, possibly at a lower price.
- Counterparties and suppliers may refuse to extend credit to CPCNH, possibly resulting in higher collateral posting costs impacting CPCNH's cash and bank lines of credit.

An important subcategory of credit risk is concentration risk. When a portfolio of positions and resources is concentrated in one or a very few counterparties, sources, or locations, it becomes more likely that major losses will be sustained in the event of non-performance by a counterparty or supplier or as a result of price fluctuations at one location.

During the normal course of business CPCNH is exposed to counterparty risk from energy suppliers .

### Management and Mitigation

Counterparty credit risk exposure is managed by:

- Entering into enabling Master Agreements (e.g., EEI Master) with Counterparties and negotiating collateral terms to try to limit unsecured credit exposures.
- Ongoing analysis of counterparty creditworthiness
- Setting counterparty unsecured credit exposure limits
- Regular measurement of current and potential credit exposures

### Measurement and Metrics

1. Current unsecured exposures.
2. Potential Future Exposures.
3. Counterparty Ratings.

### Risk Links and Dependencies

1. Market Risk.
2. Liquidity Risk.
3. Reputation Risk.
4. Opt-Out Risk.

## Liquidity and Collateral Risk

### Description and Exposures

During the normal course of business CPCNH is exposed to liquidity risk to fund operations, meet ISO-NE collateral requirements and potential collateral obligations from bilateral power purchases.

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Liquidity Risk is the risk that CPCNH will be unable to meet its financial obligations. This can be caused by unexpected financial events and/or inaccurate pro forma calculations, rate analysis, and debt analysis. Some unexpected financial events impacting liquidity could include:

- Breach of CPCNH credit covenants or thresholds. Any breaches of existing and future credit covenants on CPCNH agreements could result in the withdrawal of CPCNH's line of credit or trigger the requirement to post collateral.
- Calls for collateral from the ISO-NE or CPCNH's counterparties based on terms of transacting agreements.
- CPCNH may be the subject of legal or other claims arising from the normal course of business. Payment of a claim by CPCNH could reduce CPCNH's liquidity if the cause of loss is not covered by CPCNH's insurance policies.

CPCNH uses industry best practices to manage potentially collateral posting and liquidity risk to the energy suppliers (i.e., requirement to post collateral per contractual terms).

## Management and Mitigation

To manage its actual and potential collateral calls and liquidity risk, CPCNH monitors and tracks the contract commitments and market prices.

CPCNH intends to facilitate pooled power procurement across participating Member CPAs, and to explore opportunities to jointly satisfy collateral obligations within these arrangements.

Liquidity risk exposure to suppliers is managed by:

- Entering into enabling Master Agreements (e.g., EEI Master) with Counterparties and negotiating collateral terms to try to limit margin calls to from CPCNH to counterparties.
- Attempting to minimize posting requirements and in particular unlimited posting requirements where possible, while posting collateral when it is financially advantageous.
- Attempting to optimize credit terms and minimize procurement costs by clearly communicating CPCNH's business model and related credit worthiness to suppliers.
- Using a lockbox as a method to lessen or avoid collateral requirements.
- Providing for emergency rate adjustments if necessary to maintain solvency.
- Not providing collateral nor credit assurances to support long term renewable energy power purchase agreements absent sufficient reserves. CPCNH may consider collateral or credit enhancements to support short term transactions and conventional power transactions.

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### Measurement and Metrics

1. Internal Assessment.
2. ERM Dashboard (Impact, Likelihood, Trend, Main Developments).
3. Collateral Call at Risk.

### Risk Dependencies and Links

1. Market Risk.
2. Counterparty Risk.
3. Reputation Risk.
4. Opt-Out Risk.

## Gross Margin

### Description and Exposures

Gross Margin is the total of all revenues received (from retail sales to customers and from the sale of any energy products that were surplus or unneeded) less the total costs (including the costs of long-term contracts, forward transactions, and spot market purchases plus all other operating costs).

Gross Margin is the "bottom line" for CPCNH as it determines the financial viability of the coalition.

Gross Margin risk is the risk that any of those factors—revenues or costs—changes (e.g., changes in market prices or retail sales volumes, or failures of counterparties). One of the main components of Gross Margin risk is on the retail revenue side, which is at risk when customers opt out from service by CPCNH. On the supply portfolio side, spot and forward market price volatility as well as the variability of loads that need to be served are the main components of cost uncertainty.

### Management and Mitigation

Market risk is managed by:

- Procuring energy at competitive rates and managing attrition risk
- Structuring and managing a diversified portfolio (or "book") of physical and financial energy contracts
- Building financial reserve to support rate stability and net revenue shortfall.

### Measurement and Metrics

1. Gross Margin at Risk.
2. Financial Reserves Projections with Uncertainty

### Risk Dependencies and Links

1. Market Risk.

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2. Op-Out Risk.
3. Volumetric Risk.
4. Financial Reserves Uncertainty.

## Regulatory and Legislative Risk

### Description and Exposures

CPCNH is subject to an evolving legal and regulatory landscape.

Regulatory risk encompasses risks associated with shifting state and federal regulatory policies, rules, and regulations that could negatively impact CPCNH.

Legislative risk is associated with actions by federal and state legislative bodies, such as any adverse changes or requirements that may infringe on CPCNH's autonomy, increase its costs, impact its customer base, or otherwise negatively impact CPCNH's ability to fulfill its mission.

### Management and Mitigation

Regulatory and legislative risks is managed by:

~ Regularly monitoring and analyzing legislative and regulatory proceedings impacting CPCNH and its members.

~ Actively participating in, and advocating for, the interests of CPCNH, its members, and their customers during regulatory and legislative proceedings.

~ Actively participating in working groups and advocacy coalitions.

### Measurement and Metrics

1. Internal Assessment.
2. ERM Dashboard (Impact, Likelihood, Trend, Main Developments).

### Risk Links and Dependencies

1. Op-Out Risk.
2. Reputational Risk.
3. Gross Margin Risk

## Operational Risk

### Description and Exposures

Operational risk is the uncertainty of CPCNH's financial performance due to weaknesses in the quality, scope, content, or execution of human resources, technical resources, and/or operating procedures within CPCNH

Operational risk includes the potential for:

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- Organizational structure that is ineffective in addressing risk (i.e., the lack of sufficient authority to make and execute decisions, inadequate supervision, ineffective internal checks and balances, incomplete, inaccurate, and untimely forecasts or reporting, etc.).
- Absence, shortage or loss of key personnel or lack of cross functional training.
- Lack or failure of facilities, equipment, systems, and tools such as computers, software, communications links and data services.
- Exposure to litigation or sanctions resulting from violating laws and regulations, not meeting contractual obligations, failure to address legal issues and/or receive competent legal advice, not drafting and analyzing contracts effectively, etc.
- Errors or omissions in the conduct of business, including failure to execute transactions, violation of guidelines and directives, etc.
- Model risk that results in an inaccurate or incomplete representation of CPCNH's actual or forecast financial performance due to deficiencies in models and/or information systems used to capture all transactions.

## Management and Mitigation

Operational risk is managed through:

- The controls set forth in the EPRM policy.
- Staff resources, expertise and/or training reinforcing a culture of compliance.
- RMC oversight of procurement activity.
- Timely and effective reporting to the CEO in consultation with the RMC, and the Board.
- Implementation of a compliance training program for CPCNH staff.
- Ongoing CPCNH and Portfolio Manager staff education/training and participation in industry forums.
- Annual audits to test compliance with the EPRM.
- RMC ratification of models used to forecast financial performance, net positions and/or measure risk.
- Ongoing review of model inputs and outputs.
- A requirement to record all procurement transactions in a single trade capture system.
- Ongoing update and improvement of models as additional information and expertise is acquired.

## Measurement and Metrics

1. Internal Assessment.

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2. ERM Dashboard (Impact, Likelihood, Trend, Main Developments).
3. Collateral Call at Risk.
4. Financial Reserves Uncertainty.

### Risk Links and Dependencies

1. Opt-Out Risk
2. Gross Margin Risk
3. Liquidity Risk
4. Reputation Risk

## Reputation Risk

### Description and Exposures

Reputation risk is the potential that CPCNH's reputation is harmed, causing members or customers to opt-out of CPCNH service and migrate back to NH utilities.

CPCNH Reputational risk is also the potential that energy market participants view CPCNH as an untrustworthy business partner, thus reducing the pool of potential counterparties and/or having counterparties apply a CPCNH-specific risk premium to pricing.

### Management and Mitigation

Reputational risk is managed through:

- Implementation of and adherence to the EPRM.
- Engaging in ethical, transparent, and honest business practices during trading activities.
- Establishment and adherence to industry best practices including both those adopted by other CPAs, as well as those adopted by traditional municipal electric utilities.
- Using a lockbox as a means to assure suppliers of payment.

### Measurement and Metrics

1. Internal Assessment.
2. ERM Dashboard (Impact, Likelihood, Trend, Main Developments).
3. Collateral Call at Risk.
4. Financial Reserves Uncertainty.

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### Risk Links and Dependencies

1. Opt-Out Risk.
2. Gross Margin Risk.
3. Counterparty Risk.
4. Liquidity Risk.
5. Volumetric Risk.

## Risk Strategy & Parameters

An important aspect of implementing an overall energy risk management policy is the development of related strategies to mitigate all of the related risks associated with energy transacting activities. The key strategies of CPCNH are outlined below.

### Power Supply Portfolio

CPCNH will structure and manage a diversified portfolio of physical and financial energy contracts to manage wholesale market risk exposures in an optimal fashion. The power supply portfolio will also incorporate energy contracts from a variety of preferred sources (e.g., renewables and battery storage assets, local generators, customer-generators, demand response programs, etc.).

### Portfolio Management and Hedging Strategies

The portfolio management process involves continuous monitoring and modeling of market developments, customer load commitments, rates, attrition, and any offsetting hedge positions.

Probabilistic "at-risk" metrics are used to inform portfolio hedging decisions to manage risk in the context of NH and ISO-NE markets within the limits set in this policy and the ERMR.

### Counterparty Diversification and Credit Exposure

To the extent practical, CPCNH will attempt to create a diversified portfolio with multiple counterparties in order to diversify counterparty exposure.

CPCNH may extend to counterparties that possess at least a BBB- (or equivalent investment grade rating) by a nationally recognized statistical rating organization (NRSRO). CPCNH may conduct business with entities with a rating below BBB- pending collateral, parental guarantees, or mutual concessions in credit requirement negotiations subject to authorization by the RMC.

The market value and potential credit exposure and potential collateral requirements will be monitored using Mark-to-Market (MtM), Potential Future Exposure and Collateral Call risk metrics.

### Scope of Hedge Portfolio and Cost Allocation Mechanisms

CPCNH will manage one whole portfolio for its Member CPAs.

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Structures would be put in place to address the accounting of cost to serve by CPA, timing of launch (Wave 1, Wave 2, etc.) and customer class.

## Purchases to Cover Load Serving Obligations (No Speculation)

CPCNH primary objective for energy procurement activities is to cover the load serving obligations of its participating members. In the course of performing these activities, CPCNH shall not engage in activities that expose CPCNH to purely speculative trading risks beyond load serving purposes, and shall only utilize approved products and transaction parameters as approved by the RMC.

## Hedge Portfolio Horizon and Volumetric Limits

CPCNH active portfolio management strategy involves taking certain risks relative to benchmark procurement practices from NH utilities.

CPCNH will monitor competitor procurement practices and modify its procurement strategy as needed. As of October 2022, NH utilities set rates every six months based on full requirements fixed prices offered by suppliers.

Some of the key risks for CPCNH in relation to competitor rates are the following:

- Any net open positions relative to the benchmark represent active risk positions.
- CPCNH will also be exposed to volumetric risk from higher/lower loads than expected volumes and covariance with market prices. NH utilities enter into full requirements contract with fixed prices that include a premium to cover suppliers from volumetric risk taken. CPCNH will retain and manage that risk.

The minimum and maximum hedge ratios will be a function of the rate setting method. Those ratios provide some degree of portfolio management flexibility while pursuing competitive rates, mitigating the market risk of serving forecasted loads, and limiting net open exposures. Hedge ratios are fixed price purchases and supply resources divided by forecasted load.

If rate setting is based upon a cost of service or fixed price model, the following table of hedge ratios shall apply for the term of the offer extended.

| Months to Delivery | | Cost of Service "Fixed Price" Rates | |
|---|---|---|---|
| | | Minimum | Maximum |
| **0+** | 3 | 80% | 125% |
| **3+** | 6 | 50% | 110% |

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| | | | |
|---|---|---|---|
| **6+** | 9 | 40% | 90% |
| **9+** | 12 | 40% | 90% |
| **12+** | 18 | 30% | 90% |
| **18+** | 24 | 20% | 90% |
| **24+** | 48 | 20% | 90% |

*Note: subject to rate setting selections per Rates Policy defined herein. For example, if a retail fixed price energy contract is entered into for a 2-year term, the hedge ratios for each remaining month of the term would need to be within the boundaries set in the table below. Those hedge ratios will be adjusted accordingly as the contract is served through time. However, if the fixed rate offer were only part of a six month rate setting period, the cost of service hedge ratio boundaries would only apply out for any of the remaining months in that six month term. Portfolio managers would have the latitude to procure power beyond the rate setting period to opportunistically procure power under favorable conditions as deemed at documented at the time of execution.*

If rate setting is based upon a discount to utility tariff model, the following table of hedge ratios shall apply for the term of the utility auction that is about to commence or in effect plus one additional future auction period beyond.

| **Months to Delivery** | | **Discount to Utility Tariff (Auction Based Rates)** | |
|---|---|---|---|
| | | **Minimum** | **Maximum** |
| **0+** | 3 | 60% | 125% |
| **3+** | 6 | 50% | 110% |
| **6+** | 9 | 0% | 70% |
| **9+** | 12 | 0% | 70% |
| **12+** | 48 | 0% | 50% |

*Note: For example, if a discount to tariff offer is extended for a 6-month term, the hedge ratios for each remaining month of the term would need to be within the boundaries set in the table below. Those hedge ratios will be adjusted accordingly*

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*as the discount to tariff offer is served through time. However, if there are only 3 months left in the utility auction period that corresponds to a CPCNH discount to tariff, these hedge ratios only apply to that three-month period.*

## Reporting Requirements and Metrics

A vital element of this Policy is the regular identification, measurement, and communication of risk. To effectively communicate risk, all risk management activities must be monitored on a frequent basis using risk measurement methodologies that quantify the risks associated with CPCNH's procurement-related business activities and performance relative to goals.

CPCNH measures and updates its risks using a variety of tools that model programmatic financial projections, market exposure and risk metrics, as well as through short term budget updates.

CPCNH seeks to manage financial exposure to higher-volatility spot market wholesale electricity using hedges. Hedge execution and/or adjustments decisions are supported through timely and automated reporting that presents essential factors behind CPCNH success such as headroom and attrition potential.

The following items are measured, monitored, and reported on at least a weekly basis with monthly delivery of RMC reporting packet and daily monitoring of market conditions:

1. **Open Position (MWh):** on no less than a monthly basis, CPCNH shall calculate/monitor its net open positions for all energy, capacity and environmental products.
2. **Open Position ($):** on no less than a monthly basis, the notional dollar and/or probabilistic-based risk exposure of open portfolio positions at current market prices.
3. **Expected Gross Margins:** expected GM based on current market prices
4. **Expected Cost of Supply:** marking to market is the process of determining the current value of contracted supply
5. **Expected Reserve Levels:** to ensure reserves meet the targeted thresholds as outlined in CPCNH's Financial Reserve Policy.

Consistent with the above, the Middle Office will develop reports and provide feedback to the RMC. Risk measurement methodologies shall be re-evaluated on a periodic basis to ensure CPCNH adjusts its methods to reflect the evolving competitive landscape.

In addition to ensuring the portfolio is within the approved limits, portfolio management decisions are supported by risk metrics derived from simulations of

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future market conditions, loads, and other material risk drivers for the portfolio. The following probabilistic risk metrics are regularly calculated and reported:

1. **Gross Margin at Risk:** Potential adverse changes in net revenues for a given time period and confidence level.
2. **Rates at Risk:** Potential adverse changes to CPCNH's rate competitiveness, relative to the four default utility supply rates, for a given time period and confidence level.
3. **Reserve Levels at Risk:** Potential adverse change in reserves for a given time period and confidence level.
4. **Potential Future Exposure for counterparty credit risk**: Maximum Mark-to-market counterparty exposures for a given time period and confidence level.
5. **Potential Collateral Exposure:** Maximum of collateral that CPCNH may have to post for a given time period and time horizon with a given counterparty.

Stress tests will also be used to understand the potential variability in CPCNH's projected procurement costs, and resulting retail rate impacts and competitive positioning, associated with adverse scenarios of material risk drivers.

## Risk Control Principles

### Control Principles

CPCNH will strive to conduct its energy risk management activities following best practices of the wholesale electric industry. A balance between costs and benefits will determine most effective controls. The processes to identify, monitor, control and track risk exposure will follow these principles:

1. Delegation of authority that is commensurate with responsibility and capability, and relevant training to ensure adequate knowledge to operate in and comply with rules associated with the markets in which they transact (e.g., ISO-NE).
2. Contract origination, commercial approval, legal review, invoice validation, and transaction auditing shall be performed by separate staff or contractor for any single transaction. No single staff member shall perform all these functions on any transaction.
3. Defining authorized products and transactions.
4. Defining proper trade capture process for executing power supply contracts.
5. Complete and precise capture of transaction data.
6. Meaningful summarization and accurate reporting of transactions and other activity at regular intervals.
7. Consultation with legal counsel on all legal issues related to this Policy.

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8. Timely and accurate risk and performance measurement at regular intervals.
9. Compliance reviews to ensure that this Policy and the Guidelines are adhered to, with specific guidelines for resolving instances of noncompliance.
10. Active participation by senior management in risk management processes.

## Transaction Structures and Authorization

CPCNH will transact in certain types of physical and financial products in order to mitigate various risks outlined in this policy.

CPCNH shall have authorization to transact the following products under the limits set by this Policy and the EMRM:

- Physical power (e.g. Internal Bilateral Transaction (IBT), physical toll, etc.)
    - Purchase revenue as settled at the market pricing location net of hedge cost as agreed to with a counterparty
    - Sale revenue as agreed through a hedge price net of the cost of power at its market pricing location
- Financial power or gas swap or futures (e.g. fixed-for-floating swaps, basis swaps, exchange-traded futures contract)
    - Financial cash for difference settlement on a fixed for float swap in which CPNCH could be the fixed side or float side of the settlement depending upon whether is buying or selling financial power
- Financial power or gas option whereby an option premium is paid for the right, but not obligation, to exercise the option prior to expiry.
- Financial Transmission Rights (FTRs), where payoff can be positive or negative, used to hedge the congestion component of the LMP to protect against locational differences in prices from resource nodes, to hubs to load zones.
- FTR Options used to pay a premium for the right but not the obligation to exercise the payoff of an FTR settlement.
- Environmental products to meet Renewable Portfolio Standards (RPS)
- Products to hedge ISO-NE non-energy costs (Capacity, Ancillaries…)

The RMC is responsible to authorize the transaction types that can be used within the portfolio.

CPCNH middle office will maintain the list of approved products.

Any additional transaction types based on recommendations from the Front Office will need to be approved by the RMC following Energy Risk Management Regulations ( ERMR).

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The Front Office shall maintain a list of the trading personnel authorized by the RMC.

### Segregation of Duties

CPCNH will ensure that integrated but separate responsibilities are in place to control risks with clearly defined roles and responsibilities for the Front Office, Middle Office, and Back Office. Those responsibilities will be delegated to third parties until CPCNH assumes some or all of those functions. CPCNH will maintain oversight functions of these defined roles and ensure they are performed in compliance with this policy.

### Conflicts of Interest

CPCNH Directors, Officers, Alternates, Employees, Volunteers, consultants, and any other person acting for or on behalf of CPCNH — except for employees of Members who are not Directors or Alternates, acting in a ministerial (i.e., non-decisional) capacity as part of their public employment — are bound by the terms of CPCNH's Conflict of Interest Policy, unless otherwise noted in contractual agreements between CPCNH and said parties

CPCNH employees engaged in energy supply resource transactions, counterparty credit evaluation or oversight of the foregoing, are barred from investing in or otherwise having a financial interest in any company with whom CPCNH has consummated energy or related purchases or sales within the last two years.

## Roles, Responsibilities & Organization

This section of the EPRM defines the overall roles and responsibilities for implementation of this EPRM. The coordinated efforts of personnel across several divisions are required to successfully implement CPCNH's risk management program. The basic roles and responsibilities of each organizational function are outlined below.

### CPCNH Board of Directors

The Board has the ultimate oversight over CPCNH operations and is responsible for establishing an organizational-wide framework for risk management and ensuring that risk management results are achieved as planned. The Board shall approve and establish organizational policies for risk management and delegate to the CEO the responsibility for implementing the EPRM. With responsibility for the ultimate oversight over CPCNH operations, the Board shall be responsible to ensure that risk management results are achieved in accordance with the EPRM.

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## Chief Executive Officer or Board Chair

The CEO (alternatively hereafter, in the absence of the CEO, the Board Chair) has overall responsibility for implementing the EPRM and for communicating risk management issues to the Board. The CEO shall be responsible for delegating specific duties for carrying out the policy and insuring compliance with it by all affected CPCNH employees or contractors. The Board acknowledges that the CEO may delegated certain functions to the RMC, where delegation is ratified by this EPRM.

## Risk Management Committee (RMC)

The RMC is responsible for maintaining and overseeing compliance to this EPRM. From an EPRM perspective, the primary responsibility of the RMC is to ensure that the procurement activities carried out on behalf of CPCNH are executed within the guidelines of this Policy and are consistent with the Member's goals.

RMC is responsible for:

- Evaluating and voting on all proposed hedging recommendations.
- Determining if changes in the hedging strategy, or changes to this policy, are warranted.
- Understanding the financial and risk models relied upon to support hedging decisions.
- Understanding and reviewing the risk reports used to monitor for compliance with this policy.
- Reviewing the effectiveness of all hedging and procurement activities.
- Reviewing any reported violations to this policy.

## Front Office

CPCNH's Front Office (FO) role has the responsibility for managing CPCNH's market price risk associated with Member CPA load serving requirements. The Front Office is responsible for:

1. Analyzing fundamental factors affecting load and supply, and net position.
2. Analyzing CPCNH's net position's exposure to market price risk.
3. Communicating results to the RMC and proposing transactions within the limits of this policy to balance those positions.
4. Negotiating the price and structure of hedging transactions with counterparties.
5. Transacting with counterparties only after approval from the RMC or within delegated limits approved by the RMC, and subject to those transactions:

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- Being for an approved product and executed with a counterparty with an approved credit limit
- Being duly authorized and within risk limits, and shall not cause either aggregate or individual counterparty credit limits to be exceeded
- Utilizing contract terms intended to minimize the risk of loss if a counterparty fails to deliver, take delivery, or pay for transactions provided
- Being executed and documented following standardized procedures
- Being in compliance with applicable laws, regulations and court orders.

CPCNH's Front Office will maintain a list of authorized personnel approved to transact and any changes will promptly be communicated to the RMC.

## Middle Office

CPCNH Middle Office will provide independent oversight of the Front Office functions and adherence to this policy. The Middle Office is responsible for:

- Providing independent oversight of load, supply, hedge positions, and net position.
- Ensuring accurate market curves used in valuation and risk management.
- Overseeing and validating the risk management models including prices, price volatilities and price correlations used in price simulations.
- Ensuring accurate load forecasts and load simulations.
- Calculating Counterparty Credit Exposure.
- Preparing positions and risk reports for the RMC.

## Back Office

CPCNH Back Office Functions will provide the administrative activities to support the execution of Front Office transactions. The Back Office will provide a wide range of supporting activities to necessary to settle transactions with counterparties and support MO risk control responsibilities consistent with this policy.

The Back Office has the responsibility for ensuring that transactions with counterparties meet all of the terms intended by the Front Office. Primary responsibilities are:

- Confirmation of all transactions and reconciliation of differences with the counterparty.
- For exchange traded products through a clearing broker, the Back Office should balance daily with the broker statement.
- Reviewing transactions adherence to approved limits.
- Ensuring all trades have been entered into the system of record.

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- Monitoring Counterparty Credit Exposure and report mark to market exposures relative to contractual contract requirements.

### Authorities, Delegations, Limits and Prohibitions

All executed transactions shall conform to the policies set forth herein. It shall be the responsibility of the RMC, with approval of the CEO (or in the absence of a CEO, the Board Chair) to establish appropriate individual transacting authority limits for the various personnel and contractors involved in the Front Office function.

All staff and contractors with designated responsibility for Middle Office or Back Office functions are strictly prohibited from executing any wholesale transactions. The Middle Office shall be responsible for informing counterparties of such approved authorizations, including transacting authority and restrictions, along with product types and/or term and dollar limits.

## Policy Compliance

### Compliance Exceptions

Compliance exceptions are actions which violate the authority limits or directives set forth herein or in the EPRM as developed and adopted pursuant hereto by the RMC.

### Reporting of Exceptions

Exceptions to mandated policies, procedures and regulations shall be reported to the RMC within two business days after they are identified, and the Front Office shall prepare a full report for review and discussion at the next RMC meeting.

### Audit

Compliance with this EPRM and with the specific EPRM requirements instituted pursuant to this EPRM, shall be subject to examination by CPCNH's independent auditors or by such other reviewers that CPCNH may appoint to evaluate the effectiveness of mandated controls. Pursuant to CPCNH's Joint Powers Agreement:

1. The RMC shall commission an independent agent to conduct and deliver to the Board and to the Members at the Annual Meeting an evaluation of the operational performance of CPCNH relative to the Enterprise Risk Management Policy (including this EPRM) and as otherwise requested by the Board.
2. CPCNH shall budget an amount necessary for the evaluation as determined by the RMC, which shall cause to be hired a firm or individual that has no other direct or indirect business relationship with CPCNH.
3. The evaluation shall be conducted at least once every two years, starting within three years of the initial provision of electricity supply to a Member CPA.

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4. No individual or firm may be hired to conduct more than two consecutive evaluations.

## Reserves

Reserve levels shall be reviewed at each Finance Committee meeting.

## Internal Systems, Tools and Staff Training

CPCNH employees who are authorized to perform energy risk management functions on behalf of CPCNH shall be provided with the necessary systems and tools to support all risk management processes.

Commensurate to the level of portfolio risk management functions performed by CPCNH staff:

- Provision shall be made in the budget for the acquisition and maintenance of computer systems, software, communications equipment, data services and other analytical, measurement and reporting tools.
- Provision shall also be made in the budget for managers and staff to attend seminars and courses in risk management on a regular basis.

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# RETAIL RATES POLICY

## Purpose

This Retail Rates Policy outlines the requirements, objectives, rate setting authorities, rate setting processes, and different types of rate products of the Community Power Coalition (CPCNH).

## Requirements and Objectives

Member Electric Aggregation Plans typically require the CPA to offer rates to one or more customer groups that are lower than or competitive with utility default rates at the time of launch.

CPCNH shall only launch new Member CPAs subject to meeting with any such requirements. Thereafter, CPCNH will strive to maintain default service rates that are competitive with utility default service rates.

Rates will be set at a level such that revenues from CPA customers are projected to meet or exceed CPCNH's ongoing operating and capital costs, inclusive of financial reserve targets, and other requirements set by the Board.

Rate setting will be performed in concert with hedge decision making, as different rate structures may impact the appropriate hedging approach.

CPCNH shall strive to provide innovative rate structures and offers that maximize choice and create value for CPA customers and for the Members.

Changes to CPCNH default service rates shall be set and publicly noticed at least 30 days in advance of any rate change.

Pursuant to RSA 53-E, CPCNH rate setting shall ensure the equitable treatment of all classes of customers, subject to any differences arising from varying opportunities, tariffs, and arrangements between different electric distribution utilities in their respective franchise territories when setting default service rates.

Pursuant to Puc 2204.05, CPCNH shall update customer rate information whenever it changes, but no less frequently than once per month, on the New Hampshire Department of Energy's Shopping Comparison website.

CPCNH shall comply with all other applicable statutory and rule requirements.

### Electric Assistance Program Discounts

Income eligible households can qualify for discounts on their electric bills under the Electric Assistance Program. CPCNH will support income eligible customers who enroll in the Electric Assistance Program to receive their discount. Discounts are funded by all ratepayers as part of the System Benefits Charge, which is charged to

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all customers and collected by the distribution utilities. At present, the Public Utilities Commission and utilities only support provision of the discount to individual customers when the customer's electricity supply charges are billed through the distribution utility. CPCNH will therefore elect utility consolidated billing to bill all customer accounts enrolled in the Electric Assistance Program.

## Policy Amendments

The Board must approve amendments to this Policy. Advance written notice of Board meetings at which changes to this Policy are proposed shall be sent to the principal executive officers of each Member by the Chief Executive Officer or Chair of the Board. Subsequently, prompt written notice of the effective date of such amendment shall be sent to the principal executive officers of each Member by the Chief Executive Officer or Chair of the Board.

## Default Rate Setting Process

The CEO, in consultation with the Risk Management Committee and the Finance Committee — or in the absence of the CEO, the Risk Management Committee, in consultation with the Finance Committee — shall recommend default rates to the Board for approval with sufficient notice to be implemented commensurate with regulated default utility rate changes, or otherwise as deemed necessary to support the requirements and objectives of this Policy.

Advance written notice of Board meetings at which changes to default rates are proposed shall be sent to the principal executive officers of each Member by the Chief Executive Officer or Chair of the Board. Subsequently, prompt written notice of approved default rate changes shall be sent to the principal executive officers of each Member by the Chief Executive Officer or Chair of the Board.

### Emergency Default Rate Adjustment Authority

This Policy acknowledges that, while rate structures or levels may be expected to persist for an expressed and/or intended period of time, unexpected events may warrant an immediate indefinite or temporary rate adjustment. Sound portfolio risk management will in most cases prevent the necessity of such action. However, risk factors such as market price risk may lead to a situation for such action to mitigate cash reserve constraints.

The Board must approve emergency rate adjustments as necessary to maintain the financial integrity of CPCNH. Prompt written notice of emergency rate adjustments shall be sent to the principal executive officers of each Member by the Chief Executive Officer or Chair of the Board.

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## Rate Structure Types

CPCNH may offer CPA customers the following rate structures:

### Discount to Utility Tariff Rates

A rate structure that is discounted relative to utility rates ensures customer savings. This rate structure mitigates attrition risk. It will be based upon an expressed percentage discount to the rates offered by a customer's incumbent utility.

### Fixed Price Cost of Service Based Rates

A rate structure that is based upon a budget build-up of cost of service, and/or another method whereby CPCNH offers a defined fixed price rate, is different than a discount to a utility rate. While it may be lower than a utility rate at inception and/or intent, a fixed rate could move to being higher than the utility rate due to wholesale market price movements, non-energy cost changes and/or regulatory changes impacting prices.

### Time of Use (TOU) Rates

Time of use rates are rates that employ different pricing based on periods of time during a given day (e.g., daytime, nighttime) and/or weekday (e.g. weekday, weekend). Time of use rates incent customers to consume electricity at times that are lower cost and/or more environmentally friendly.

### Net Metering Rates

Net metering rates allow a customer to benefit from behind the meter generation capabilities through a single monthly meter read that charges, or pays, based on total net volume for the month of service multiplied by a single monthly rate. This rate construct is indifferent to the time of behind the meter generation, production, or customer consumption.

Generation in excess of a customer's usage each month is accounted for as a reduction to the CPA's wholesale load obligations by the utility, net of any applicable line loss adjustments, as approved by the Public Utilities Commission.

Customer-generators will continue to receive any non-supply related components (e.g., transmission and distribution credits) directly from their utility, as specified under the terms of their applicable net energy metering (NEM) tariff.

### Index Plus Adder Rates (Pass-Through)

Index rates take hourly (or as contemplative of technology that may allow, subhourly) consumption and multiply a loss adjustment factor and an ISO-NE New Hampshire Zone power price, plus a CPCNH administrative adder, to arrive an effective monthly cost based predominantly on market-based prices. Index rates

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should not be hedged, and the customer bears all price risk under such arrangement.

### Fixed & Index Blend Rates

Likely of particular interest to non-residential customers, a Fixed & Index blended rate would be a combination of a fixed price rate as expressed above and an index rate as expressed above. The offering could be fixed to 50/50 or some other risk sharing split of the fixed and index portion. CPCNH should only hedge the fixed portion.

### Rate Structures Not Included

This policy intentionally excludes tiered rate structures (progressive or regressive), total dollar "all-you-can-consume" fixed cost offers, rate structures that utilize a demand charge, other rate structures not expressly conveyed as options above. Should authorization for other rate structures be required approval should come from the Board.

## Rate Offer Types and Approval Authorities

CPCNH is authorized to offer CPA customers the following rate products:

### Default Service Offer (Opt-Out)

CPCNH Default Service Offer shall be the default rates selected to offer CPA customers in each utility territory, priced relative to the prevailing utility default rate, approved by the Board.

#### Community Default Service Offer Election

The Community Default Service Offer Election is an exception to the Default Service Offer that would extend a rate to the residents and/or businesses of a Member CPA different than other communities or CPCNH customers at large. The purpose of a Community Offer would be to Community offers may be rates that are higher or lower than the CPCNH Default Service Offer, to reflect a different product content (e.g., higher or lower renewable content).

CPCNH shall provide Members with a schedule by which to request Community Default Service Offer Elections, which are subject to Board approval in consultation with the Risk Management Committee.

#### Local Power Offer

The Local Power Offer acknowledges and integrates the rate impact of local generation projects (e.g., a local community solar project), community investment programs (e.g., investment in EV charging stations), or other programs or projects benefiting a targeted community.

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Subject to the terms of a Project Contract or Board approval, as applicable, the Local Power offer may extend a rate to the residents and/or businesses of a Member CPA different than other communities and customers.

## Alternate Customer Rate Options (Opt-Up)

Customers may select an optional rate extended by CPCNH through expressed choice of an alternative rate offer instead of the Default Service Offer. The option is held by the customer and CPCNH shall not move customers to an alternative rate without customer consent.

The table below provides an illustrative example of a Default Service Offer and Alternative Customer Rate Options that could be offered to customers:

| | DEFAULT SERVICE (automatic enrollment) | ALTERNATIVE CUSTOMER OPTIONS | | |
|---|---|---|---|---|
| | | Basic Service | Green Start | Prime |
| **Attributes** | 5-10% above Renewable Portfolio Standard (RPS) | Meets RPS | ~50% Renewable | 100% Renewable |
| **Price** | Meet or beat default utility rate at launch | Below default utility rates | Higher or competitive w/ default utility rate | Exceeds default utility rate |

Alternative Customer Rate Options will be subject to Board approval at the same time as default service rates.

## Special Non-Residential Competitive Offer (Opt-In)

The CPCNH may have opportunity, for competitive reasons, to market a targeted competitive rate among non-residential accounts in the interest of 1) addition or retention of a business, 2) economic development within CPCNH member communities, 3) other purposes as agreed to by authorized rate setting CPCNH advisors or personnel, so as to not be in conflict of interest for said personnel, advisors, or other CPCNH committee or board members, or anyone deemed to benefit inappropriately from relationships with the aforementioned parties.

The Board may choose to delegate the authority to approve and extend Special Non-Residential Competitive Offers to the CEO, and/or their designee, in consultation with the Treasurer, to ensure confidentiality of customer-specific information or to preserve confidentiality of competitive pricing offers.

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## Net Energy Metering Offer

CPCNH will provide new rates and terms that compensate participating customer-generators for the electricity supply component of their net metered surplus generation.

For group net metering, to the extent CPA default rates are lower than utility default rates, it may be most advantageous for the host customer-generator to remain a utility default service customer, while the other group members are for their supply and continue to receive on-bill credits for their participation in the group.

Additionally, CPCNH will pursue additional development of NEM rates and programmatic enhancements that benefit and encourage customers to adopt distributed generation.

Net Metering terms, conditions, and rates for compensating and crediting different types of NEM customer generators will be set by the Board and fully disclosed to all prospective NEM customers through the program's enrollment notification process and thereafter.

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# FINANCIAL RESERVES POLICY

## Purpose

This Financial Reserves Policy establishes minimum, target, and maximum levels of cash reserves that will be accrued, used, maintained, and monitored by CPCNH and subject to the terms herein.

## Objectives

Financial reserves are accrued and maintained by CPCNH on behalf of and for the benefit of Member CPAs. This policy, and the establishment of reserves, is intended to secure the following objectives:

1. **Protect against emergency default rate adjustments.** To maintain sufficient reserves to minimize rate increase due to market volatility (power supply shocks or maintain rate competitiveness), weather impacts on demands, economic downturns, emergencies (such as natural disasters), and regulatory changes.
2. **Plan for anticipated future rate increases by gradually raising those rates**. Reserves may be used to cushion the full impact of price increases on customers over an extended time period. For example, if it is expected that rates are highly likely to increase in 3 to 5 years, higher reserves on hand can cushion those rate increases over a more gradual timeframe by drawing down on the accumulated funds that may be in excess of the reserves' goal.
3. **Ensure cash availability when net revenues are unavailable.** To bridge seasonal times of the year that normally see temporary low or negative net revenues, which would otherwise require CPCNH to have sufficient credit to maintain liquidity.
4. **Lower and avoid interest expenses.** To avoid interest expense to cover short-term cash shortfalls, first by accruing reserves sufficient to execute a credit facility for CPCNH, and subsequently by having sufficient reserves to use in place of credit or debt instruments. CPCNH intends to negotiate and directly execute a credit facility on behalf of Member CPAs within the first year of operations.
5. **Achieve a credit rating and maintain good standing with rating agencies.** After accruing sufficient reserves, CPCNH can apply for a credit rating, which would allow power to be secured power at lower costs, that is, without posting credit enhancements, for the benefit of all Member CPAs. CPCNH intends to achieve and maintain strong financial performance metrics sufficient to receive an investment-grade credit rating within three-to-five years after launch.

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6. **Manage risks identified in the Energy Portfolio Risk Management Policy**, such as those associated with market prices, counterparty credit and performance, load volumes and net revenues, gross margin levels, liquidity and collateral requirements, regulatory and legislative policy changes, and gross margin levels.
7. **Establish clear expectations between the Board of Directors, staff, contractors, and suppliers of electricity to CPCNH.** A formal reserve policy creates a shared understanding of the proper level and use of reserves.

## Rights of Members to Reserve Contributions

Reserve contributions shall be tracked and accounted for each Member CPA. If a Member withdraws from CPCNH or is involuntarily terminated, the balance of any reserves accrued by the Member will be distributed or applied as directed by the Member's governing body, after satisfaction of the Member's contractual obligations with CPCNH and in accordance with any applicable law and regulation.

## Reserve Target Levels Established

Financial reserve honor financial commitments and will be used, amongst other goals outlined in this policy, to cover the operations of CPCNH over a number of days in the event of emergencies or other significant unforeseen events.

For purposes of this policy, reserve target levels are defined as a projected or estimated amount accrued at the conclusion the fiscal year.

Three target levels of reserves are defined below, which shall be in addition to any financial covenants entered into by CPCNH, relative to the forecasted expense of operations as reflected in CPCNH's budget:

1. Minimum Operating Reserve: reserves sufficient to cover ___ days of operations.
2. Target Operating Reserve: reserves sufficient to cover ___ days of operations.
3. Maximum Operating Reserve: reserves sufficient to cover ___ days of operations.

Financial reserves shall be accrued using the following guidelines:

1. Reserves shall be accrued and then maintained at no less than the Minimum Operating Reserve.
2. The Target Operating Reserve is recommended as a medium-term goal.
3. The Maximum Reserve level described would provide strong protections against any significant adverse events and fluctuations in revenues and represents a longer-term goal.

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## Reserve Target Levels Maintained

### Replenishment of Minimum Reserves

Should CPCNH drawdown reserves below the Minimum Operating Reserve level, CPCNH will implement plans to return reserves to their minimum targets within two (2) fiscal years. The CEO shall oversee the preparation and submittal of such plans in subsequent budget and rate discussions with the Board.

### Reserves between Minimum and Maximum

To the extent that reserves are above target and below the maximum, no other action by CPCNH would be required.

### Excess Reserves

If reserve funds are projected to exceed the maximum level, the CEO shall present options for consideration by the Board of Directors for proper disposition of those reserves during the next budget cycle. The Chair of the Board shall present the options at the Annual Meeting of the Members, and use of excess reserves shall be subject to approval of the Members in attendance at the Annual Meeting.

## Conditions for Use of Reserves

A temporary reduction in cash consistent with the expected peaks or dips in revenues and expenditures are normal cyclical occurrences to be expected during the fiscal year, and do not constitute a use of reserves.

The reserves may be drawn down upon by the CEO during the year, up to the lesser of __% of the year's budgeted cost of power supply, or $__ million, to:

1. Cover increases in power supply expenses due to spikes in costs and/or due to higher customer demand.
2. Provide necessary funds to make up for unanticipated revenue shortfalls.
3. Meet any margin or collateral posting requirements under energy supply contracts.
4. Provide resources to meet emergency expenditures.

In the event that the use of reserves would bring the balance below the Minimum Operating Reserve baseline, or if additional use of reserves are needed to manage the operations of the organization, the CEO shall present recommendations to the Board and the Board must authorize any such use.

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## Forecasting, Reporting, and Evaluation of Reserves

### Regularly Forecasting of Reserve Levels

The conditions for use of reserves, being expressed as a percentage of the reserve level at the conclusion of the fiscal year, require the reserve level to be regularly updated on a projected basis.

The reserve level forecast methodology shall be approved by Risk Management Committee, reviewed by the Finance Committee, and periodically assessed and updated as required to ensure appropriate reserve levels are maintained and funded.

The Risk Management Committee, supported by staff and contractors, shall ensure that the reserve level forecast is updated and reported to the Finance Committee and Board of Directors at each regular meeting.

The Treasurer shall report the reserve level in quarterly and annual financial reports.

### Periodic Review of Reserve Target Levels

Reserve target levels shall be periodically reviewed for consistency with industry standards by the Risk Management Committee. If significant risk factors are eliminated or significant new risks emerge as a result of changes in the industry, legislation, or economic conditions, the basis of the reserve policy shall be reviewed, and the funding level shall be adjusted accordingly. Unless the Reserves are lower than 120% of the minimum levels, formal Reserve funding discussions with the Board may be deferred until the next budget process.

### Annual Consideration of Forecasted Reserve Levels and Targets

An analysis of over or under forecasting of reserve levels during the fiscal year shall be made in conjunction with year-end financial results. These results will be reported to the Board of Directors as part of the year-end financial report presentation.

The Board shall review and consider the target reserve levels defined in this Policy, in the context of CPCNH's overall financial condition and taking under consideration changes to the industry and/or CPCNH's exposure to the risk factors defined in the Enterprise Risk Management Policy.

## Board Discretion

The Board may, by resolution, modify or suspend any provision of this Policy for any duration at any time.

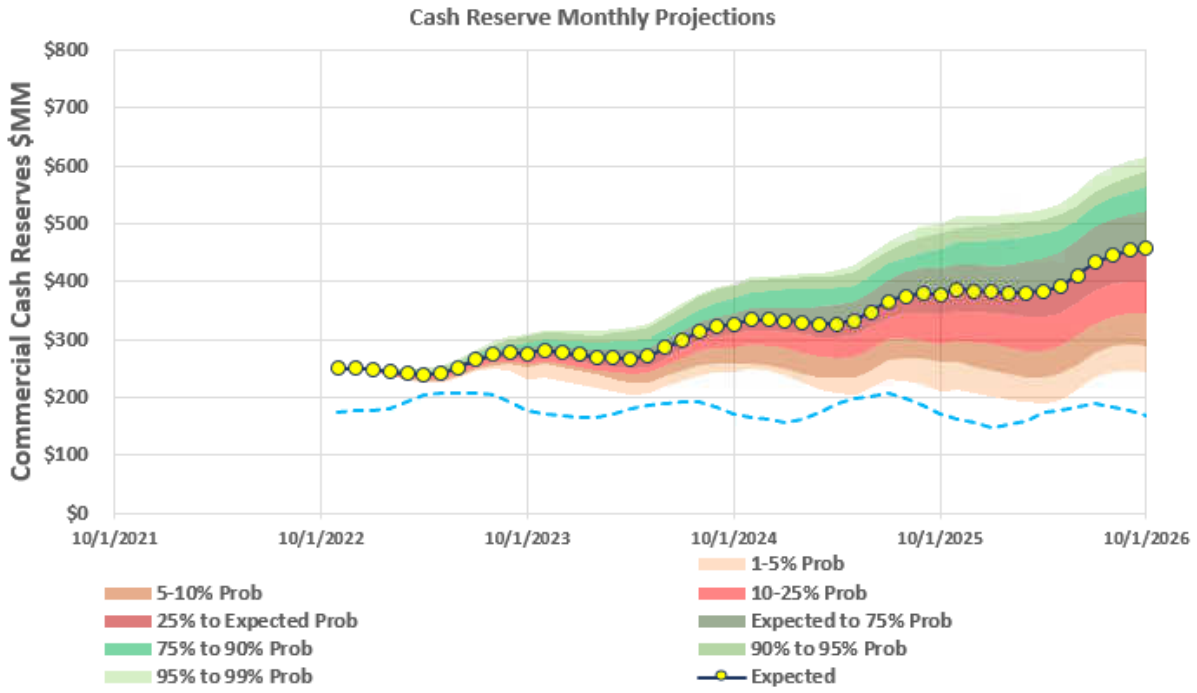
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## Report: Sample Reserve Projection Report

# Cash Reserve Projections

Ascend Analytics
Better models. Better decisions.

| $MM | Current Expected End of Month Reserves 11/1/2022 | 2023 End of Fiscal Year Reserves 10/1/2022 | 2024 End of Fiscal Year Reserves 10/1/2023 | 2024 End of Fiscal Year Reserves 10/1/2024 | 2025 End of Fiscal Year Reserves 10/1/2025 | 2026 End of Fiscal Year Reserves 10/1/2026 |
|---|---|---|---|---|---|---|
| P99 Reserves | $250 | $293 | $342 | $437 | $539 | $660 |
| P95 Reserves | $250 | $290 | $337 | $427 | $512 | $618 |
| P90 Reserves | $250 | $278 | $313 | $393 | $470 | $585 |
| P75 Reserves | $250 | $270 | $298 | $361 | $443 | $540 |
| **Expected Reserves** | **$250** | **$260** | **$277** | **$333** | **$388** | **$468** |
| P25 Reserves | $250 | $250 | $256 | $306 | $348 | $413 |
| P10 Reserves | $250 | $243 | $242 | $282 | $286 | $346 |
| P05 Reserves | $250 | $238 | $233 | $247 | $258 | $278 |
| P01 Reserves | $250 | $217 | $190 | $207 | $184 | $218 |



## Definitions

- “ISO-NE” means ISO New England, Inc., the entity serving as the regional transmission operator and which oversees the operation of New England's bulk electric power generation and transmission system and administers the regional wholesale markets for electric energy and other electricity products, or its successors.
- Gross Margin at Risk: Potential adverse changes in net revenues for a given time period and confidence level.
- “Load Serving Entity (LSE)” means an entity that is registered with ISO-NE as a market participant and secures and sells electric energy and related services, which may include transmission service if not provided by the distribution utility, to serve the demand of end-use customers at the distribution level.
- Mark-to-Market: Current replacement value of physical or financial contracts based on prevailing market forward curves
- Potential Future Exposure for counterparty credit risk: Maximum Mark-to-market counterparty exposures for a given time period and confidence level.
- Potential Collateral Exposure: Maximum of collateral that CPCNH may have to post for a given time period and time horizon with a given counterparty.
- Rates at Risk: Potential adverse changes to CPCNH’s rate competitiveness, relative to the four default utility supply rates, for a given time period and confidence level.
- Financial Reserve Uncertainty: Potential adverse change in reserves for a given time period and confidence level.
- Stress tests: Analysis of portfolio performance under stress scenarios of material risk drivers. Used to understand the potential variability in CPCNH’s projected procurement costs, and resulting retail rate impacts and competitive positioning.

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**COST SHARING AGREEMENT**

**OF**

**COMMUNITY POWER COALITION OF NEW HAMPSHIRE**

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The Community Power Coalition of New Hampshire ("CPCNH" or "Corporation") Cost Sharing Agreement is made and entered into pursuant to the provisions of the CPCNH Joint Powers Agreement. Parties to this agreement shall be known as "Members" or "Signatories."

## RECITALS

**WHEREAS**, the CPCNH is formed pursuant to RSA 53-E, the community power act which found, "it to be in the public interest to allow municipalities and counties to aggregate retail electric customers, as necessary, to provide such customers access to competitive markets for supplies of electricity and related energy services;"[1]

**WHEREAS**, the CPCNH included Cost Sharing Agreement requirements in its Joint Power Agreement;

**WHEREAS**, the CPCNH Cost Sharing agreement is developed in concert with its Energy, Rates, and Reserves policies;

**WHEREAS**, the CPCNH exists to operate for mutual benefit of its members collectively, and to use its granted powers and authority to gain economies of scale united as a single entity operating as a governmental instrumentality pursuant to RSA 53-A[2] and not primarily as an agent of each community member individually.

## AGREEMENTS

**NOW, THEREFORE**, in consideration of mutual agreements, methodologies and provisions hereinafter set forth, it is agreed by the Member as follows:

## ARTICLE I
## PURPOSE

The purpose of this Cost Sharing Agreement is for Members to provide and demonstrate alignment regarding cost sharing methodologies and allocations as adopted by its signatories. This Cost Sharing Agreement provides operational clarity for its staff and vendors in the proper execution of CPCNH business for the purposes of tracking and allocating costs between Members. The signatories also affirm the resolutions and articles of the Joint Power Agreement as applicable to the cost sharing agreement. The Cost Sharing Agreement represents a mutual and collectively beneficial approach to cost allocations whether members are active or withdrawn from the Corporation.

[1] http://www.gencourt.state.nh.us/rsa/html/iii/53-E/53-E-mrg.htm
[2] http://www.gencourt.state.nh.us/rsa/html/iii/53-A/53-A-mrg.htm

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## ARTICLE II
## PARTICIPANTS

Initial Participants are Members finding agreement upon operating CPA programs through CPCNH. Members must execute this agreement and any of its future amendments or addendums to access services offered by CPCNH to Member CPA programs.

Shown below are CPCNH Members that currently anticipate relying on CPCNH to finance, launch, and operate CPA programs, allocated to

**Wave 1 Communities:**

City of Lebanon
Town of Hanover
City of Nashua
Cheshire County
Town of Harrisville
Town of Exeter
Town of Rye
Town of Walpole
Town of Plainfield
Town of Enfield
Town Durham
Town of Peterborough

**Wave 2 Communities:**

City of Dover
Town of Warner
Town of Pembroke
Town of Hudson
Town of Webster
Town of New London
City of Portsmouth
Town of Newmarket

The parties acknowledge that the actual composition of Wave 1, Wave 2, and subsequent CPA launches may vary from this table, without requiring any amendment to this agreement.

## ARTCILE III
## COST SHARING PRINCIPLES

Joint Powers Agreement of Community Power Coalition of New Hampshire ( "JPA") already defines certain cost sharing principles in Article V, specifically Sections 3-7, expressly affirmed hereafter.

SECTION 3 of the JPA, regarding Cost Sharing Agreements, states, "An agreement shall be entered into between the Corporation and each respective Member, uniform in all material respects, except with regard to the scope of Member services and Project Contracts that each Member selects to participate in and pay for, to ensure that the costs, expenses, debts, and liabilities ("Costs") directly or indirectly incurred by the Corporation on such Member's behalf are recovered through said Member's Community Power Aggregation (CPA) revenues, or from revenues from grants or other third-party sources. Such Costs shall be classified as:

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**(a)** **CPA Member Services Costs**: Costs incurred to provide the Complete Service Bundle, or such services that CPCNH offers, shall be recovered directly from Member(s) for the period they contract to receive such service(s). The Complete Service Bundle will include those services CPAs will require to undertake and provide Electric Aggregation Plans and Programs, such as: power supply procurement and management, data and billing, and customer service;

**(b)** **General and Administrative Costs:** Costs described in Article V, Section 4 [of the JPA] are incurred for the common objectives of all Members of the Corporation, and are not incurred specifically in connection with a particular Project, Project Contract, or Member Service and shall be allocated to, and recovered from, each Member on a pro rata basis in accordance with the following formula: Member CPA's Annual Retail Electricity Load divided by all Member CPAs' Annual Retail Electricity Load; and

**(c)** **Direct Project Costs:** Costs incurred for a particular Project pursuant to a Project Contract shall be recovered directly from the Member(s) that participate in a particular Project or pursuant to the Project Contract that governs Member cost responsibility for the Project."

SECTION 4 of the JPA, regarding General and Administrative Costs, states: "General and Administrative Costs include those that have been incurred for the general operation and administration of the Corporation, and other expenses of a general character, including but not limited to Costs relating to: administrative offices that serve the Corporation; Corporation-wide financial management, business services, budget and planning, and personnel management; operations of the Corporation's central management information systems; general management of the Corporation, such as strategic direction and member affairs, Board functions, accounting, procurement, and legal services; operation and maintenance expense; depreciation and use allowances; and interest costs.

"General and Administrative Costs do not include Costs that relate solely to, or are incurred by, the Corporation for CPA Member Services or as a result of any specific Project or Project Contract. The intent of the Members is to ensure that all Costs incurred by the Corporation that are directly related to CPA Member Services will only be paid by the Members receiving such services or for any specific Project will be paid only by the Project Participants of that specific Project. As such, when an activity or cost generally included within the General and Administrative Cost category benefits CPA Member Services, a specific Projector Project Contract, or is performed or budgeted for a specific Project or Project Contract, an appropriate adjustment shall be made to assure that the proper portion of the Cost of such activity is categorized and allocated as CPA Member Services costs to a Member receiving such service, or as a Direct Project Cost to the Project Participants, subject to Cost allocation under the applicable Project Contract. The Members intend that all Costs of the Corporation that are not directly assigned for recovery to CPA Member Services, a specific Project or Project Contract will be recovered as General and Administrative Costs."

SECTION 5 of the JPA, regarding Member Advances, Contributions and Repayment, states: "Upon the request or approval of the Board, any Member may make payments, advances, or contributions to the Corporation for any and all purposes set forth herein, and may contribute personnel, equipment or property, in lieu of other contributions or advances, to assist in the accomplishment of one or more of such purposes. All such payments, advances or contributions, whether in cash or in kind, shall be made to, and may be disbursed or used by, the Corporation. Except as otherwise specified in contracts with Members by the Board, the approved advances will be treated as indebtedness of the Corporation and shall be payable and repaid as such."

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SECTION 6 of the JPA, regarding Refunds, states: "No Member that withdraws or is terminated shall be entitled to a refund of any payments made in connection with General and Administrative Costs."

SECTION 7 of the JPA, regarding Funding of Initial Costs, states, "Any Members that have funded activities necessary to implement the Corporation may request that the Board consider reimbursing said Members for said costs over a reasonable time period and shall provide such documentation of costs paid as the Board may request."

## ARTICLE IV
## PROSPECTIVE AND ACTUAL COST REPORTING

All Members agree that the Cost Sharing Agreement puts in place a mandate for transparency. This transparency will come from three vendors supporting activities prospectively and upon realization.

**Projections**: CPCNH shall be responsible for portfolio risk management and power cost projection financial services. In the interest of economy of scale and to provide maximum benefit to CPCNH, its Members, and customers, CPCNH portfolio risk management activity will be handled in a holistic manner. It will not be providing portfolio risk management decision-making at the individual community level as doing so would reverse the purpose of CPCNH's mandate to pursue the mutual benefit of its Members through efficiencies and aggregation.

While CPCNH will provide portfolio risk management activities at the aggregate CPCNH level, it will provide prospective reporting of cost of service, inclusive of hedge and resource allocation, at a community level in order to fulfill transparency and accountability.

**Actuals:** CPCNH will handle data, accounting, the cost allocation by community under the methodologies set forth in this Cost Sharing Agreement. It will undertake the reconciliation of receipts and ageing.

CPCNH will deliver monthly reporting of actuals after it closes the books by reporting both aggregated costs and allocated costs by Member. To the extent possible actual customer energy consumption (where appropriate) should be employed where consumption is the determinant of allocation. However, this Cost Sharing Agreement acknowledges that reasonable estimations on usage may need to be employed by CPCNH, initially and/or even permanently, depending upon the availability of precise data by Member, but should generally be subject to periodic reconciliation with actual loads when reasonably practical.

**Reporting to Participants:** CPCNH will provide monthly reporting covering the scope of their responsibilities. Reports will encompass all costs and allocations with reports prepares at an appropriate level of line-item granularity. Reports will be delivered by CPCNH staff and/or committees and distributed to all Members. Members may at any time request detail, clarification and/or revisions.

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## ARTICLE V
## TYPES OF COSTS

The primary cost elements associated with CPCNH operations are defined below while allocation methodology is shared in Article 6. Appendix A provides a table summarizing these costs for definition and methodology for ease of reference.

**CPA Member Service Costs** are the bulk of the cost that CPCNH will incur. All such costs for Member services will EITHER be aggregated and allocated as (1) part of a Complete Service Bundle OR (2) offered and allocated in a disaggregated fashion for such voluntary opt-in services as CPCNH may offer as approve by the CPCNH Board. All Member Service Costs will be managed and allocated as a Complete Service Bundle, except as expressly otherwise approved by the Board. These Member costs include the Power Supply Costs and Operational Vendor Costs as detailed below.[3]

**(1) Power Supply Costs**

a) Energy, market hourly or subhourly expenses for consumption of power across time needed to serve CPCNH customers at the New Hampshire ISO load zone.

i. ISO-NE Load Settlement is dual settlement (Day-Ahead & Real-Time) for hourly and subhourly price times quantity; where quantity is loss adjusted retail load as reported to ISO-NE for meters with CPCNH retail meter domains. Such reported quantities are expected to generally be exclusive of any behind the meter generation consumed behind a retail meter or netted within the billing period by the electric distribution utility for their default supply service, and of any portion of CPCNH retail load that is served by distributed energy resources (DER)[4] that are not ISO New England market participants.

ii. Power Production Settlement for any cost of physical, financial or virtual power plant resources as paid for at its ISO-NE LMP if serving the whole of CPCNH. Otherwise, power supply projects serving only individual or a subset of individual CPCNH Members would fall under the Direct Project Cost section below.

**iii.** Energy Hedge Settlement – from authorized transactions in energy portfolio risk management policy

1. physical power (e.g. Internal Bilateral Transaction (IBT), physical toll, etc.)
    a. purchase revenue as settled at the market pricing location net of hedge cost as agreed to with a counterparty
    b. sale revenue as agreed through a hedge price net of the cost of power at its market pricing location
2. financial power or gas swap or future (e.g. bank hedge, derivative, option, etc.)

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[3] *Where applicable to ISO-NE related charges, this agreement contemplates that these charges may later be removed or that ISO-NE may devise new ancillary charges. Signatories agree that Members will bear charges prevailing at any time as mandated by ISO-NE.*

[4] *DER: any distributed generation or electricity storage device that is interconnected to a NH jurisdictional distribution grid, less than 5 MW in rated AC capacity at its grid connection point, not a participant in ISO New England markets (except as an alternative technology regulation resource which is nonetheless otherwise treated as a load reducer by ISO-NE for energy market purposes), and that is compensated by or through CPCNH for its electricity exports to the grid, plus any compensated retail load demand response that compensated by or through CPCNH and used to offset CPCNH's ISO-NE wholesale load obligations.*

a. financial cash for difference settlement on a fixed for float swap in which CPCNH could be the fixed side or float side of the settlement depending upon whether it has buying or selling financial power

3. financial power or gas option whereby an option premium is paid for the right, but not obligation, to exercise the option prior to expiry
4. Financial Transmission Rights (FTRs), where payoff can be positive or negative, use to hedge the congestion component of the LMP to protect against locational differences in prices from resource nodes, to hubs to load zones.
5. FTR Options used to pay a premium for the right but not the obligation to exercise the payoff of an FTR settlement.

b) Capacity Costs related to the ISO-NE Forward Capacity Market applied to ISO coincident peak loads under whatever the settlement, rules and/or market auction results are as deemed by any existing or future administrative construct devised by ISO-NE.

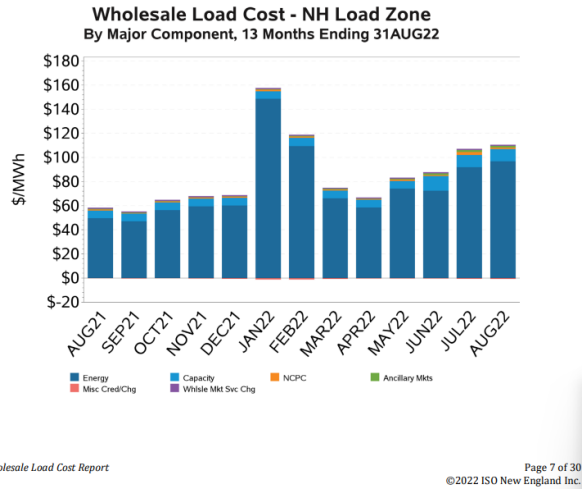
c) Net Commitment Period Compensation (NCPC) Costs collected from Load Serving Entities to provide generators make whole payments for efficient system operation that may call for out of merit order dispatch.

d) Ancillary Costs collected from Load Serving Entities by ISO-NE to ensure system reliability and flexibility. Current ISO-NE Ancillaries include: reserves, regulation, voltage support, blackstart, demand resources, and winter program payment rate.

**e)** Miscellaneous Credits & Charges Costs as determined by ISO-NE.

**f)** Other interstate Wholesale Market Service Charges Costs as determined by ISO-NE.

*Figure 1. Sample 13-month ISO-NE Wholesale Load Cost for NH Load Zone as illustration to the relative magnitude of it cost categories*





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**g)** Renewable Portfolio Standard Costs are costs incurred to comply, or exceed compliance, for clean energy as set by regulators.

h) Uncollectible Expense Costs are costs via direct or indirect customer billing for customers that default on bill payment.

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i) The cost of compensating distributed energy resources that are used by CPCNH to reduce its ISO New England wholesale load obligations, and/or used to reduce transmission cost allocation to CPCNH, if any, or generate credit for avoided transmission costs or avoided capacity costs.
j) The cost of transmission services to the extent directly allocated to CPCNH or its load serving entity.

**(2) Operational Vendor Costs –** costs related to operational aspects of serving customers as performed by vendors contracted by CPCNH for services. These costs include but are not limited to the following:

**a)** Portfolio and Risk Management Services including implementation services, portfolio modeling, market analysis and forecasting, compliance monitoring, front office services (portfolio management, resource planning and procurement, hedging, trading), middle office services (risk policy, risk management, budgeting and rate setting).
**b)** Load Serving Entity (LSE) services including short-term forecasting, scheduling, ISO and shadow settlement services
**c)** Member recruitment and community engagement
**d)** Customer engagement and notification
**e)** Retail Data Management and Billing Services
**f)** Retail Customer Solutions
**g)** Local Program development

**General and Administrative Costs** include costs that are not related to power supply or direct customer service operations, nor direct project costs not specific to the entirety of CPCNH. These costs are:

(3) Administrative offices that serve the Corporation;
(4) Corporation-wide financial management,
(5) Business services,
(6) Budget and planning, and
(7) Personnel management;
(8) Central management information systems and operations;
(9) General management of the Corporation, such as strategic direction and member affairs, Board functions, accounting, procurement, and legal services; operation and maintenance expense; depreciation and use allowances; interest costs (including those from financing and credit support activities).

**Direct Project Costs** are specific costs that may be commissioned for a specific member community or subset of member communities and may include costs that would otherwise be allocated to General and Administrative Costs to the extent appropriately allocated to specific projects pursuant to Section 4 of Article V of the JPA. These projects can take on many forms but carry a distinct attribute that they are focused on only a part of CPCNH and are subject to specific project agreements by those Members participating in particular projects. As such, these costs are identified at inception as worthy of targeted cost allocation to the beneficiaries of such direct costs.

The Articles of Agreement states that CPCNH is empowered to, "incur debts, liabilities, and obligations, provided that all debts, liabilities and obligations shall be non-recourse to any and all of the

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Members unless expressly agreed to by such Members through a Member's Cost Sharing Agreement or Project Contract as those terms are defined in the JPA."[5] Unless stated herein by exception, this article is expressly acknowledged as consistent with this Cost Sharing Agreement.

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[5] Articles of Agreement, Article 7.13

## ARTICLE VI
## INITIAL FUNDING

Initial Funding will come from the three sources listed below. These sources will cover the initial cost of CPCNH pre-launch implementation activities before CPCNH collects revenues and establishes its cash reserves to cover costs.

**(a)** Cash Contributions are funds as provided by Members, vendors, gifts or grants.
**(b)** Letters of Credit are lines of credit provided by vendors or banks, extended with interest or deferred interest cost.
**(c)** Deferred Compensation Costs are costs incurred by vendors and contractors, whereby they extend services at agreed upon costs, rates or fees where they implicitly or explicitly express interest cost for future collection over a period of time that is post-launch.

## ARTCILE VII
## ALLOCATION METHODS

This Cost Sharing Agreement defines the provisions for allocations of cost in specific instances. Appendix A provides a table summarizing these costs for definition and methodology for ease of reference. CPA Member service cost allocations apply to two different cost types:

(1) Costs that are CPCNH launch date contingent and considered Start-up costs;
(2) Costs that are a function of post-launch ongoing operations.

This cost sharing agreement contemplates six types of allocation methods:

(1) Customer count variable: a denominator based on count of billed customer meters
(2) Consumption variable: a denominator based on aggregate MWh energy consumption
(3) Peak variable: a denominator based on an ISO-NE coincident peak demand for allocation of ICAP Tags, which may be by electric distribution utility territory.
(4) Peak variable transmission: a denominator based on distribution utility specific coincident peak demand for allocation of RNS and LNS charges, to the extent charged in this manner to CPCNH customers.
(5) Fixed: an equal part allocation to each CPCNH Member
(6) Other disaggregated Member services offered on a voluntary opt-in basis as may be determined by the Board of Directors.

Where Annual Retail Electricity Load applies as an allocation method, if the Member CPA has supplied less than 12 whole months of retail electric load, the following will be used in order of sequence:

(1) If the General Administrative costs that require allocation to said Mamber CPA are only incurred for the duration of serving load that is available, then the less than 12 whole month available volumes shall be used.
(2) If the General Administrative costs that require allocation to the said Mamber CPA are incurred for 12 whole months or any lesser period that is greater than the available retail electric load served by the Member CPA, then:

    a. CPCNH shall use the Member CPA volumes for missing periods if available on utility pre-enrollment mass customer lists.

    b. CPCNH shall approximate missing volume using utility profile data.

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In all cases, should CPCNH need to employ any of these methods, it will be diligent in collecting any/all actual data to replace any method employing estimated data.

Start-up costs should not be solely the burden of Member communities that participate at inception, as start-up costs are foundational to the benefit of all Members joining at any point, whether as part of operational inception or thereafter. Further, cost allocations will depend on the method in which the cost is incurred and/or the most equitable fashion for cost allocation.

Start-up costs are paid via the terms and conditions of all letters of credit, loans or deferred compensation agreements. However, accounting mechanisms shall apply allocations determined at each wave across each Wave's initial three-year period, but within CPCNH's first five years of operation after launch. CPCNH Member communities shall pay based on a MWh allocation across its three-year period and earlier Wave Members shall be reimbursed by future Wave Members through internal CPCNH accounting allocations. Internal start-up allocation credits will equate to an accounting record for value in cash reserves. Figure 2 illustrates in concept the adjusted cost sharing allocation of start-up cost by later waves. The actual timing of record entries and determination of actual allocations and adjustments will be determined and executed by CPCNH's accounting function as approved by the Board of Directors.

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*Figure 2. Example Start-up cost as paid by early waves and proportional reimbursement as reimbursed by later waves*

| *EXAMPLE ONLY* | Start-up | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | TOTAL |
|---|---|---|---|---|---|---|---|
| Start-Up Cost Incurred | $1,200,000 | | | | | | $1,200,000 |
| Start-up Deferred Compensation PAID | | $400,000 | $400,000 | $400,000 | | | $1,200,000 |
| | | | | | | | |
| **MWH** | | | | | | | |
| Wave 1 | | 600,000 | 600,000 | 600,000 | 600,000 | 600,000 | 3,000,000 |
| Wave 2 | | | 300,000 | 300,000 | 300,000 | 300,000 | 1,200,000 |
| Wave 3 | | | | 100,000 | 100,000 | 100,000 | 300,000 |
| Future Wave | | | | | | 200,000 | 200,000 |
| **TOTAL MWH** | | 600,000 | 900,000 | 1,000,000 | 1,000,000 | 1,200,000 | 4,700,000 |
| | | | | | | | |
| **MWH OF WAVE FIRST THREE YEARS WITHIN FIVE YEARS OF LAUNCH** | | | | | | | |
| Wave 1 | | 600,000 | 600,000 | 600,000 | | | 1,800,000 |
| Wave 2 | | | 300,000 | 300,000 | 300,000 | | 900,000 |
| Wave 3 | | | | 100,000 | 100,000 | 100,000 | 300,000 |
| Future Wave | | | | | | 200,000 | 200,000 |
| **Total %** | | 600,000 | 900,000 | 1,000,000 | 400,000 | 300,000 | 3,200,000 |
| | | | | | | | |
| **ALLOCATED DEFERRAL AS PAID** | | | | | | | |
| Wave 1 | | $400,000 | $266,667 | $240,000 | $0 | $0 | $906,667 |
| Wave 2 | | | $133,333 | $120,000 | $0 | $0 | $253,333 |
| Wave 3 | | | | $40,000 | $0 | $0 | $40,000 |
| Future Wave | | | | | $0 | $0 | $0 |
| **TOTAL** | | $400,000 | $400,000 | $400,000 | $0 | $0 | $1,200,000 |
| | | | | | | | |
| **FIVE YEAR LOOK-BACK EQUIVALENT ON THREE YEAR STAT_UP CONTRIBUTIONS** | | | | | | | |
| Wave 1 | | $225,000 | $225,000 | $225,000 | $0 | $0 | $675,000 |
| Wave 2 | | $0 | $112,500 | $112,500 | $112,500 | $0 | $337,500 |
| Wave 3 | | $0 | $0 | $37,500 | $37,500 | $37,500 | $112,500 |
| Future Wave | | $0 | $0 | $0 | $0 | $75,000 | $75,000 |
| **TOTAL** | | $225,000 | $337,500 | $375,000 | $150,000 | $112,500 | $1,200,000 |
| | | | | | | | |
| **LATER WAVE DEFERRAL REIMBURSEMENT TO EARLY WAVE** | | | | | | | |
| Wave 1 | | ($175,000) | ($41,667) | ($15,000) | $0 | $0 | ($231,667) |
| Wave 2 | | $0 | ($20,833) | ($7,500) | $112,500 | $0 | $84,167 |
| Wave 3 | | $0 | $0 | ($2,500) | $37,500 | $37,500 | $72,500 |
| Future Wave | | $0 | $0 | $0 | $0 | $75,000 | $75,000 |
| **TOTAL** | | ($175,000) | ($62,500) | ($25,000) | $150,000 | $112,500 | $0 |

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## ARTICLE VIII
## GENERAL TERMS AND CONDITIONS

The already approved Joint Power Agreement and/or the Articles of Agreement of Corporation carries with them several elements with which this Cost Sharing Agreement shall hold generally consistent but apply specifically to this Cost Sharing Agreement.

### Term

This Agreement shall become effective (the "Effective Date") when ***a Member*** executes this Agreement. This Agreement shall continue in full force and effect until terminated by (1) dissolution and liquidation of the Corporation, and distribution of any net proceeds, as provided for in Article XI of the By-Laws; (2) withdrawal or involuntary termination of the Member from the Corporation, as provided for in Article 4 and 5 of the JPA, subject to any continuing obligations, as provided for in Article 6 of the JPA; or (3) as otherwise specified in the Cost Sharing Agreement

### Limitations of Liability

As defined by Article 9 of the JPA, "No debt, liability, or obligation of the Corporation shall be a debt, liability, or obligation of any Member unless otherwise specified and agreed to by individual Members under a Cost Sharing Agreement or Project Contract under this Agreement."[6]

### Indemnification

This Cost Sharing Agreement is a continuation of the authority in the Joint Powers Agreement, and as such, its indemnification language applies:

"Each Member (including its governing body), Member representative, Director, Officer, committee member, employee, assignee, or agent of CPCNH, (and the irrespective heirs, executors and administrators), shall be indemnified and held harmless by CPCNH against any and all claims, demands, losses, costs, penalties, expenses (including attorneys' fees), judgments, damages and liabilities reasonably incurred by, or imposed upon them in connection with any action, suit or proceeding to which they may be made a party or with which they shall be threatened, by reason of their being, or having been, a Member, Member representative, Director, Officer, committee member, employee, assignee, or agent of CPCNH (whether or not they continue to be a Member, Member representative, Director, Officer, committee member, employee, assignee, or agent of CPCNH at the time such action, suit or proceeding is brought or threatened), arising in whole or in part, directly or indirectly from conduct in which such Member, Member representative, Director, Officer, committee member, employee, assignee, or agent has engaged in good faith. However, no such indemnification shall apply in relation to any matter involving (i) a breach of their duty of loyalty to CPCNH; (ii) acts or omission which are not in good faith or which involved intentional misconduct or a knowing violation of law; or (iii) a transaction from which the Director, Officer, Member representative, committee member, employee, assignee, or agent derived an improper personal benefit. In the event of settlement of any such action, suitor proceeding brought or threatened, such indemnification shall be limited to matters covered by the settlement as to which CPCNH is advised by counsel that such Member, Member representative, Director, Officer, committee member, employee, assignee, or agent is not liable for misconduct as such. The foregoing right of indemnification shall be in addition to any rights to which any Member (including its governing body), Member representative, Director, Officer, committee member, employee, assignee, or agent may

[6] Joint Powers Agreement, Article 12

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otherwise be entitled."[7]

Further, the CPCNH shall, "Defend, hold harmless, and indemnify, to the fullest extent permitted by law, each Member from any liability, claims, suits, or other actions."[8]

**Dispute Resolution**

This Cost Sharing Agreement affirms the dispute resolution approach defined in the Joint Power Agreement. Signatories hereby extend this provision in support of the Cost Sharing Agreement.

"The Members and the Corporation shall make reasonable efforts to settle all disputes arising out of, or in connection with, this Agreement. Before exercising any remedy provided by law, a Member or Members and the Corporation shall engage in nonbinding dispute resolution or in a manner agreed upon by the Member or Members and the Corporation. The Members agree that each Member may specifically enforce this provision, Article XVI, Section 2, Dispute Resolution. In the event that dispute resolution is not initiated or does not result in a resolution within 60 days after a written request for dispute resolution, any disputing Member or the Corporation may pursue any remedies provided by law."[9]

**Authorization to collect CPA customer revenues**

Article V, Section 3 of the JPA requires that this Cost Sharing Agreement "ensure that the costs, expenses, debts, and liabilities… directly or indirectly incurred by the Corporation on such Member's behalf are recovered through said Member's CPA revenues..."

Signatories to the Cost Sharing Agreement, as a duly formed CPA, hereby authorize CPCNH to collect customer revenues from individual customers located in the jurisdiction of each member. The mechanism of collection is left to the discretion of CPCNH in conjunction with its charter to pursue cost savings and quality service for its member communities and customers. Members herby authorize these duties and responsibilities to extend for an initial term of 3 years post CPCNH launch with automatic 1 year extensions unless a Member withdraws or cancels 4 months in advance of rate change and prior to a forward period's procurement.

**Authorization to act as Member Agent for operations**

Signatories of the Cost Sharing Agreement, as a duly formed CPA, herby authorize CPCNH to perform operational functions as a Member agent. As an agent, CPCNH, shall efficiently and transparently conduct operations including, but not limited to, utility interface responsibilities, EDI transactions, and data requests; Load Serving Entity (LSE) functions; accounting and finance activities; portfolio and risk management duties, and power procurement activities as detailed in the Energy Portfolio Risk Management Policy; any duties as directed by the Board, approved in the CPCNH JPA or reasonable duties expected by its Members. Members herby authorize these duties and responsibilities to extend for an initial term of 3 years post CPCNH launch with automatic 1 year extension unless a member withdraws or cancels 4 months in advance of rate change and prior to a forward period's procurement.

[7] Corporation By-Laws, Article 13.1
[8] Articles of Corporation, article 7.21
[9] Joint Powers Agreement, Article XVIII, Section 2.

**Continuing Obligations: Participant Withdrawal and Obligations or Buyout Provisions**

Continuing obligations shall be pursuant to the same terms for continuing obligations as provided for under Article IV, Section 6 of the JPA, "Any withdrawn or terminated Member shall continue to be liable for its obligations under any Project Contract and Cost Sharing Agreement(s)for the remaining term of any such Project Contract or Cost Sharing Agreement. The Member's equity or deficit position while a participant in any Project Contract will continue to be reflected in the records and reports of the Corporation. The Corporation may withhold funds otherwise owing to the Member or may require the Member to deposit sufficient funds with the Corporation, as reasonably determined by the Board, to cover the Member's liability for the costs described herein. Any amount of the Member's funds held on deposit with the Corporation above that required to pay any liability or obligation shall be returned to the Member."

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| Cost | Allocation Method |
|---|---|
| Bundled Power Supply Costs | $/MWh |
| OR Unbundled Power Supply Costs: | |
| Energy (and all its sub-categories) | $/MWh |
| Capacity | $/MW ICAP |
| NCPC | $/MWh |
| Ancillary Costs | $/MWh |
| Miscellaneous ISO-NE Credits & Charges | $/MWh |
| Other Wholesale Market Service Charges | $/MWh |
| OR Other voluntary opt-in Member Services | As determined by the Board. |
| | |
| Operational Vendor Costs including: | |
| Portfolio & Risk Management Services | $/MWh |
| LSE Services | $/MWh |
| Member Recruitment and Engagement | $/MWh |
| Customer Engagement & Notification | $/Meter |
| Retail Data Management & Billing Services | $/Meter |
| Retail Customer Solutions | $/Meter |
| Local Program Development | $/MWh |
| | |
| All General & Administrative Costs | $/MWh |
| | |
| Direct Project Costs | One of six methods, appropriate to the project or as otherwise agreed to pursuant to the project agreement by participating Members |

**APPENDIX A – COSTS AND ALLOCATIONS REFERENCE TABLE**

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**From:** Benjamin D"Antonio
**To:** John Tabor
**Cc:** Peter L. Britz
**Subject:** EAC - Re: Net metering
**Date:** Saturday, October 29, 2022 10:39:58 AM

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Councilor Tabor -

I have reviewed the EAP's net metering language and would like to offer a verbal report at the next meeting. At your suggestion, here is a brief description that could be included in the Committee materials for the next meeting:

****Begin Net Metering Description****

Community Power and Net Metering

The draft Electric Aggregation Plan (EAP) explains how residents and businesses with net metered solar installations will be compensated for their net excess generation. The draft EAP would treat *all* net metered residents as if they were registered under the state's Net Metering 1.0 regulatory approach, even if they are registered in the Net Metering 2.0 program. This treatment is advantageous to residents with net metered solar installations, relative to the compensation and tax treatment available outside of Portsmouth's Community Power aggregation. The costs of this incremental incentive to residents with net metered solar will be allocated to all residents in the Portsmouth Community Power aggregation. Utility demand for renewable energy attributes will also be reduced by the difference in compliance accounting associated with treating net excess generation as if it were under Net Metering 1.0 regulations.

The Energy Advisory Committee should consider whether the favorable-to-residents-with-net-metered-solar policy reflects the broader Community Power objectives. The incremental costs and effect on utility demand for attributes associated with the draft EAP's net metering approach have not been estimated. These will depend on the amount of net excess generation produced by Portsmouth residents in the Community Power aggregation and the total number of residents that participate. Whether the marginal benefit of the proposed treatment is likely to result in increased net metered solar generation within Portsmouth will likely depend on the amount of additional compensation, a function of net excess generation and rates, and net metered residents' preferences.

****End Net Metering Description****

Thanks -

Ben D'Antonio
bdantonio@me.com
(603) 828-8977

On Oct 14, 2022, at 2:06 PM, John Tabor <johntaborportsmouth@gmail.com>

wrote:

HI, Ben... thanks for taking on a review of our EAP's net metering language. The relevant sections are pp 25-26 and XIII-XV. this is not our current working version but has the same net metering language as it does...

Councilor John Tabor
City of Portsmouth
Cell: (603) 557-6025
<EAP_12_Portsmouth Community Power_15JUL2022.docx>

**PEAC**

**Draft Community Power Aggregation (CPA) Schedule 2022-23**

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**June**

- ☑ CPA Overview included with monthly water bill statement cycle
- ☑ Update city's website CPA FAQs
- ☑ Community Event PEAC / Portsmouth Smart Growth (June 29)

**July**

- ☑ Request City Council approval to begin drafting Energy Aggregation Plan (EAP)
- ☑ Initiate discussion regarding community goals supported by CPA
- ☑ Request city's aggregate electricity load data from Eversource

**August**

- ☑ First draft of community goals be included in EAP
- ☑ Obtain electric load data from Eversource
- ☑ City Council update and adopt Joint Powers Agreement amendment

**September**

- ☑ Initiate draft of EAP – establish sub-committees as necessary (e.g., engagement)
- ☑ Finalize draft of community goals
- ☑ Establish September through go-live community engagement plan / schedule
- ☑ CPCNH Board begins vendor(s) contract negotiations – PEAC monitors
- ☑ Execute monthly community engagement channel(s)
- ☑ PUC adopts CPA administrative rules – PEAC monitors
- ☐ Address open questions with Eversource load data

**October**

- ☐ Finalize EAP draft v 1.0
- ☐ Request technical review of EAP draft by CPCNH
- ☐ City Council CPA update including review of EAP v 1.0
- ☐ Execute monthly community engagement channel(s)
- ☐ CPCNH Board approves vendor(s) service contracts – PEAC monitors

**November**

- ☐ Adjust EAP v 1.0 based on CPCNH technical and Council reviews
- ☐ CPCNH implements vendor service contracts – PEAC monitors
- ☐ Execute monthly community engagement channel(s)

**December**

- ☐ Plan Public Hearing #1 for January
- ☐ Execute monthly community engagement channel(s)
- ☐ CPCNH Board approves member community cost sharing agreement and energy risk management, financial reserves and rates policies – PEAC monitors

**2023 Q1**

- ☐ CPA Public Hearing #1 - January
- ☐ Plan Public Hearing for March
- ☐ CPA Public Hearing #2 - March
- ☐ Incorporate public hearing feedback into EAP
- ☐ EAP submitted to City Council for approval and adoption (March)
- ☐ Adopted EAP submitted to PUC, Department of Energy and Consumer Advocate (April)
- ☐ PUC reviews, identifies issues and/or approves EAP within 60 days
- ☐ If necessary, update EAP and resubmit to PUC
- ☐ PEAC monitors CPCNH Phase One Community energy supply procurement process
- ☐ Execute monthly community engagement channel(s)

**2023 Q2**

- ☐ PEAC monitors CPCNH Phase One Community CPA launch and lessons learned
- ☐ PEAC establishes tentative Portsmouth CPCNH go-live window (assuming phase one is successful) in coordination with CPCNH – Fall 2023 or Spring 2024
- ☐ City Council update including review of key CPCNH agreements and policies (cost sharing, energy risk management, financial reserves and rates policies)
- ☐ Obtain City Council approval to proceed with EAP implementation in partnership with CPCNH and supporting agreements/policies
- ☐ Establish go-live action steps and calendar
- ☐ Execute monthly community engagement channel(s)

**Key Actions During TBD Go-Live Window**

- ☐ Portsmouth resident outreach campaign continues
- ☐ With approved EAP, PEAC will request and receive confidential customer datasets from Eversource and will be share with CPCNH to inform supply forecast and procurement
- ☐ CPCNH completes electric supply procurement
- ☐ Portsmouth City Council approves rates
- ☐ CPCNH submits 45-day advanced notice of intent to launch CPA service for Portsmouth and other NH communities in the phase implementation
- ☐ CPCNH posts all CPA rates on the Department of Energy shopping comparison website
- ☐ Portsmouth receives customer mailing data from Eversource
- ☐ Portsmouth residents receive CPA opt-out / opt-in (if already with a competitive supplier) notification 30+ days prior to launch
- ☐ Public information meetings held 15 days after notification is mailed
- ☐ Eversource notified of all customer switch-overs (utility default service or competitive supply to CPA service) via electric data interchange process
- ☐ CPA goes live
- ☐ CPA supply service reflected on subsequent Eversource billing statement