FOR COMMUNITIES, BY COMMUNITIES.

CPCNH Update
Portsmouth City Council Work Session

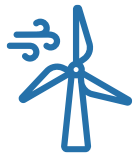
February 13, 2023

COMMUNITY POWER COALITION OF NEW HAMPSHIRE



What is Community Power?

New Hampshire cities, towns, and counties can become **default electricity provider** for their residents + businesses and provide related services.











Pooled Purchasing Power for **Energy Supply**

Economies of Scale

Utility Company **Delivers Power**

Grid Reliability

Communities Benefit from **Value Added Services & Programs**

Lower Rates & Product Choices

RSA 53-E, Relative to Aggregation of Electric Customers by Municipalities & Counties

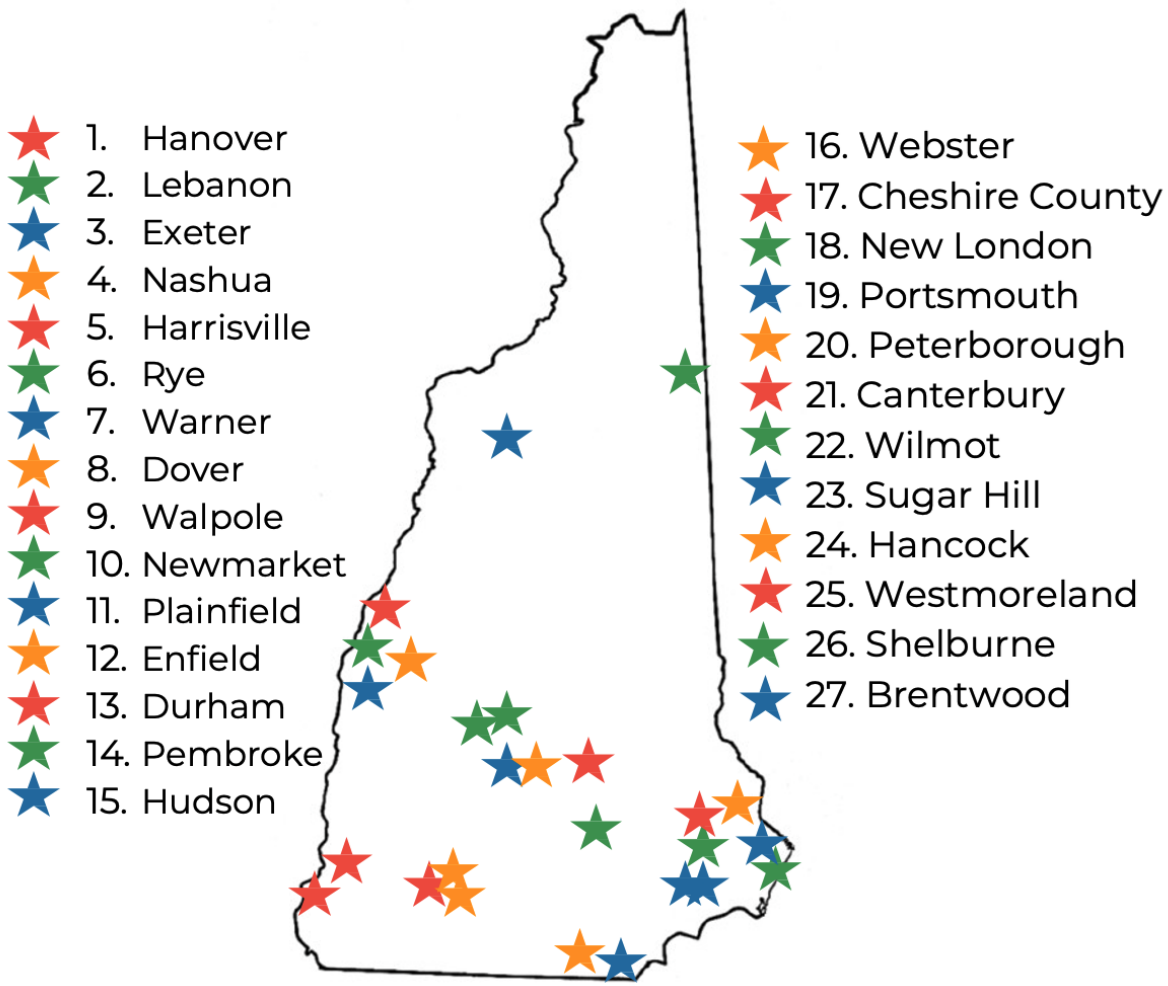
Customers may switch back to utility default supply or take service from a Competitive Supplier

Community Power programs must be paid for out of revenues received from participating customers

Community Power Coalition of New Hampshire

Community-governed power supplier — launching Community Power programs in April 2023

- Nonprofit Joint Power Agency formed 10/1/21
- **27 Members representing:**
  - **21% of NH population**
  - ~125,000 customers
  - ~1,124,000 MWh / year
  - ~$138 million / year revenues (controlled by communities)
- Target windows for program launch:
  - April-May 2023 for 12 Members
  - April-May 2024 for 15 Members



Coalition: Designed to Achieve Local Policy Goals

Launching our own power supplier provides scale, financial stability, unbiased professional oversight & services to achieve local policy goals year-after-year (while shielding taxpayers from any liabilities incurred by power agency)



Joint & Local Control

Collective due diligence

Vetting energy suppliers

Informed, collaborative decision-making

Member choices



Lower Costs, Stable Rates

Market timing

Economies of scale

Financial reserves

Expert risk management

Portfolio of energy contracts



Local Projects & Programs

Utility partnerships & local infrastructure

Community-scale solar + storage

Proven model to build local projects & deploy customer programs



Commercial Innovation

Competitive service providers

Industry-leading software

Automation to trim costs

New rates and products

Expanded customer choice



Equity & Economic Development

Control over ratesetting

Voice in policy-making

Community investment priorities

Power Agency Implementation Process (2021)

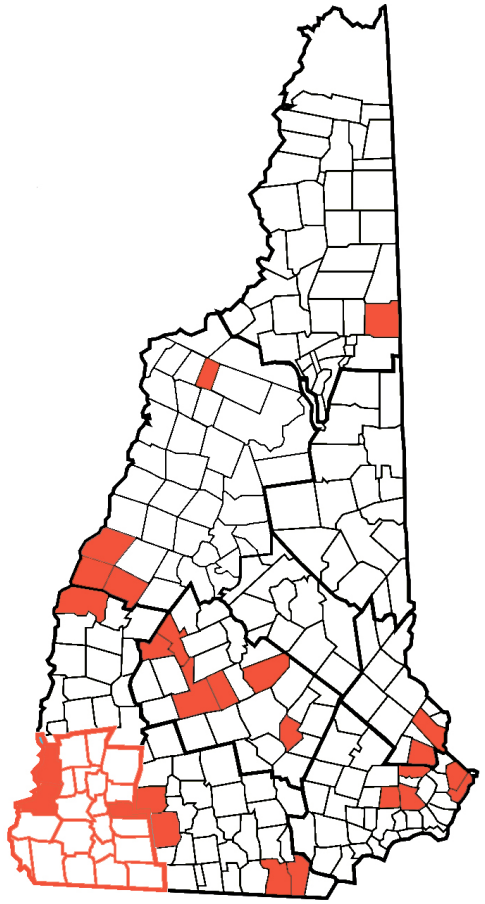
Accomplishments over our first year of joint action:

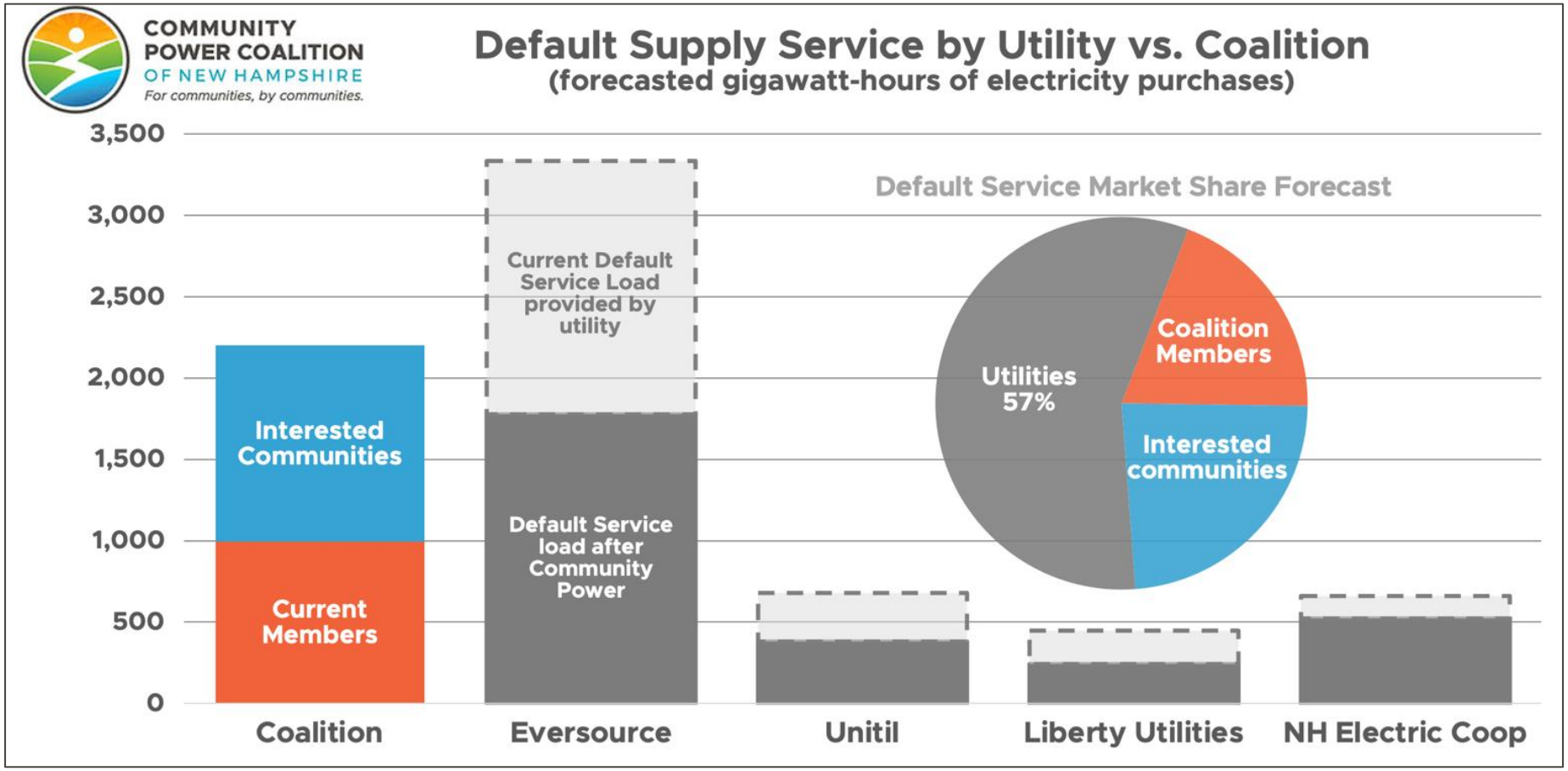
✓	Held over 100 CPCNH public meetings to design and oversee creation of a power agency capable of delivering on Member CPA policy goals
✓	Expanded Community Power authorities (HB 315), enabled a market-based framework for local projects (SB 321) & championed CPA rules adopted by Public Utility Commission
✓	**Executed contracts to deploy the full capabilities of a Competitive Electric Power Supplier for the Joint Powers Agency to provide services to Member CPAs**
✓	**Secured $750,000 in startup funds + $8.5 million in credit support to launch Wave 1 CPA programs in April 2023**
✓	**Adopted Energy Portfolio Risk Management, Retail Rates & Financial Reserve Policies + Data Privacy & Security Policy + Conflict of Interest**
✓	**Adopted Cost Sharing Agreement & Member Services Contract for Complete Service Bundle (offering all Member CPAs turnkey launch and operation of CPAs at low marginal cost)**
✓	**Simulated power agency performance & financial viability under 13 different scenarios — with stochastic simulations (100+ ways power prices could move) to stress-test launch & financing assumptions — confirms cost-effectiveness & April 2023 launch**

Rapid Membership Growth

Membership has doubled over the past year, to **27 members**, and **45+ are interested in joining**.

Current Members





The Coalition is poised to become the largest default Load Serving Entity in New Hampshire!

Governed "for Communities, by Communities"

BOARD OF DIRECTORS

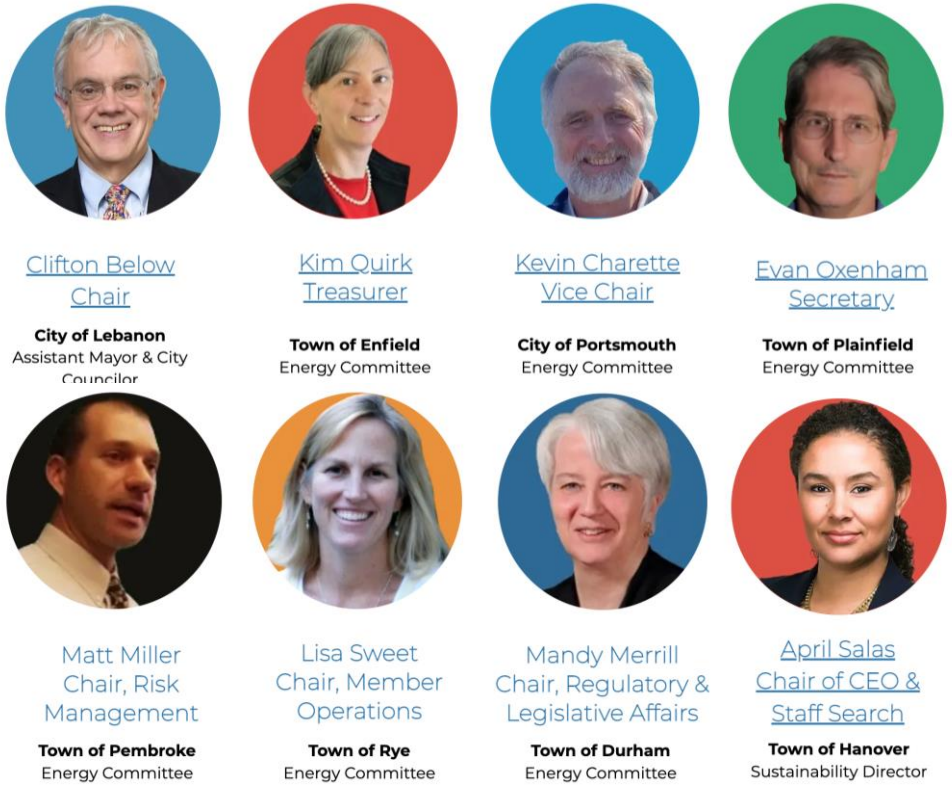
1. Chair Clifton Below, City of **Lebanon** (alt. Greg Ames)
2. Vice Chair Kevin Charette, City of **Portsmouth** (alt. Peter Rice)
3. Treasurer Kimberly Quirk, Town of **Enfield** (alt. Jo-Ellen Courtney)
4. Secretary Evan Oxenham, Town of **Plainfield** (alt. Steve Ladd)
5. Director Terry Clark, **Cheshire** County (alt. Chris Coates)
6. Director Christopher Parker, City of **Dover** (alt. Jackson Kaspari)
7. Director Doria Brown, City of **Nashua** (alt. Deb Chisholm)
8. Director Rick Labrecque, Town of **Brentwood** (alt. Tom Palma)
9. Director Kent Ruesswick, Town of **Canterbury** (alt. Howard Moffett)
10. Director Mandy Merrill, Town of **Durham** (alt. Nat Balch)
11. Director Nick Devonshire, Town of **Exeter** (alt. Julie Gilman)
12. Director Jim Callihan, Town of **Hancock** (alt. Robbie Hertneky)
13. Director April Salas, Town of **Hanover** (alt. Peter Kulbacki)
14. Director Andrea Hodson, Town of **Harrisville** (alt. Andrew Maneval)
15. Director Craig Putnam, Town of **Hudson** (alt. Kate Messner)
16. Director Jamie Hess, Town of New **London** (alt. Tim Paradis)
17. Director Toni Weinstein, Town of **Newmarket** (alt. Steve Fournier)
18. Director Steve Walker, Town of **Peterborough** (alt. Danica Melone)
19. Director Matt Miller, Town of **Pembroke** (alt. Jackie Wengenroth)
20. Director Lisa Sweet, Town of **Rye** (alt. Howard Kalet)
21. Director Michael Prange, Town of **Shelburne** (alt. Ray Danforth)
22. Director Jordan Applewhite, Town of **Sugar Hill** (alt. Margo Connors)
23. Director Paul Looney, Town of **Walpole** (alt. Dennis Marcom)
24. Director Clyde Carson, Town of **Warner** (alt. George Packard)
25. Director Marty Bender, Town of **Webster** (alt. David Hemenway)
26. Director Mark Terry, Town of **Westmoreland** (alt John Snowdon)
27. Director William Chaisson, Town of **Wilmot** (alt:)

COMMITTEES

Executive	Finance	Risk Management
CEO & Staff Search	Regulatory & Legislative Affairs	Member Operations & Engagement

(Audit & Governance Committees under formation)

OFFICERS & COMMITTEE CHAIRS



Clifton Below
Chair
City of Lebanon
Assistant Mayor & City Councilor

Kim Quirk
Treasurer
Town of Enfield
Energy Committee

Kevin Charette
Vice Chair
City of Portsmouth
Energy Committee

Evan Oxenham
Secretary
Town of Plainfield
Energy Committee

Matt Miller
Chair, Risk Management
Town of Pembroke
Energy Committee

Lisa Sweet
Chair, Member Operations
Town of Rye
Energy Committee

Mandy Merrill
Chair, Regulatory & Legislative Affairs
Town of Durham
Energy Committee

April Salas
Chair of CEO & Staff Search
Town of Hanover
Sustainability Director

Streamlined CPA Program Implementation

Step-by-step plans, custom logos & websites, FAQs & community outreach materials (etc.)













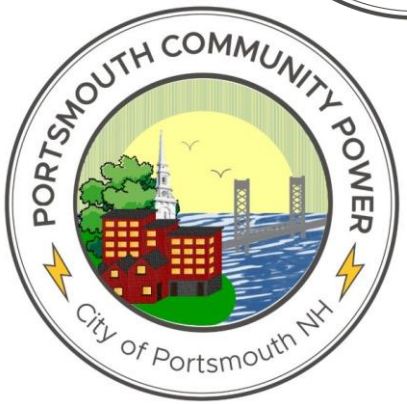




















(more under formation)

Operated by Expert Contractors

Months of competitive solicitations assembled a team of industry-leading **advisors** and professional service providers experienced in launching CPAs to **operate our power agency** and **provide support services**:

Energy Hedging, Planning & Portfolio Risk Management

Ascend Analytics

Retail Customer Services + ISO-NE Load Serving Entity

CALPINE ENERGY SOLUTIONS

Member Services & Public Engagement

CLEAN ENERGY NH
Your Voice in All Energy Matters

General Counsel & Legal Services

DWG&P
DUNCAN WEINBERG GENZER PEMBROKE

PRIMMER PIPER EGGLESTON & CRAMER PC
ATTORNEYS AT LAW

Start-up Consultants

COMMUNITY CHOICE PARTNERS
SECURING YOUR COMMUNITY'S ENERGY FUTURE

HERNDON ENTERPRISES

Revenue Controls & Accounting Services

River City Bank

(Coalition in process of enlisting accounting services)

CEO Search & Hire Services: truesearch

Org Chart

Citizens of New Hampshire

Wave 1+ Members

Plainfield Community Power | Peterborough Community Power | Hanover Community Power | Cheshire Community Power

Exeter Community Power | Harrisville Community Power | Walpole Community Power | Durham Community Power

Rye Community Power | Lebanon Community Power | Nashua Community Power | Enfield Community Power

Subsequent Wave(s) Members

Brentwood, Canterbury, Dover, Hancock, Hudson, New London, Newmarket, Pembroke, Portsmouth, Shelburne, Sugar Hill, Webster, Warner, Westmoreland & Wilmot



- Risk Management Committee
- Regulatory & Legislative Affairs Committee
- Member Operations & Engagement Committee
- CEO Search Committee

truesearch
(Executive Search firm)

- Executive Committee
- Finance Committee
- Audit Committee
- Governance Committee
- Project Committees (Ad Hoc)

Committees not yet active

BOARD OF DIRECTORS

Board Chair (until CEO hired)



Chair Clifton Below

General Counsel & NH Legal Advice



Michael Postar, Esq.
DWGP, P.C.



Eli Emerson, Esq.
Primmer Piper

Consultants (until staff hired)



Samuel Golding
Community Choice Partners



Henry Herndon
Herndon Enterprises

POWER AGENCY OPERATIONS

Revenue Custodian



River City Bank

Load Serving Entity | Retail Customer Services



CALPINE ENERGY SOLUTIONS

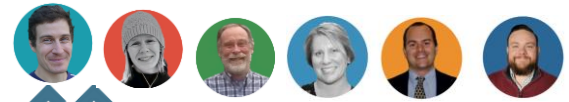
Supply Portfolio Risk Management



Ascend Analytics



Community & Media Support



CLEAN ENERGY NH
Your Voice in All Energy Matters

Technical Assessment

Financial Forecast

- Base Case Economics (across 100 simulations)
- Headroom (margin) & Revenue Allocation (Rates)
- Local Project Economics & Build-Out Forecast
- Scenarios & Stress-Tests
- Draft Staffing Plan & Costs
- Spring Wave CPA Benefits
- Recap of Key Takeaways

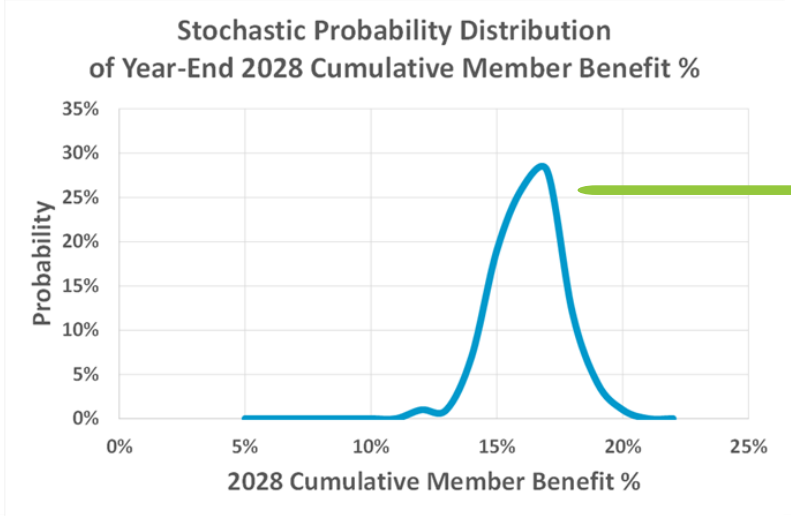
COMMUNITY
POWER COALITION
OF NEW HAMPSHIRE
For communities, by communities.

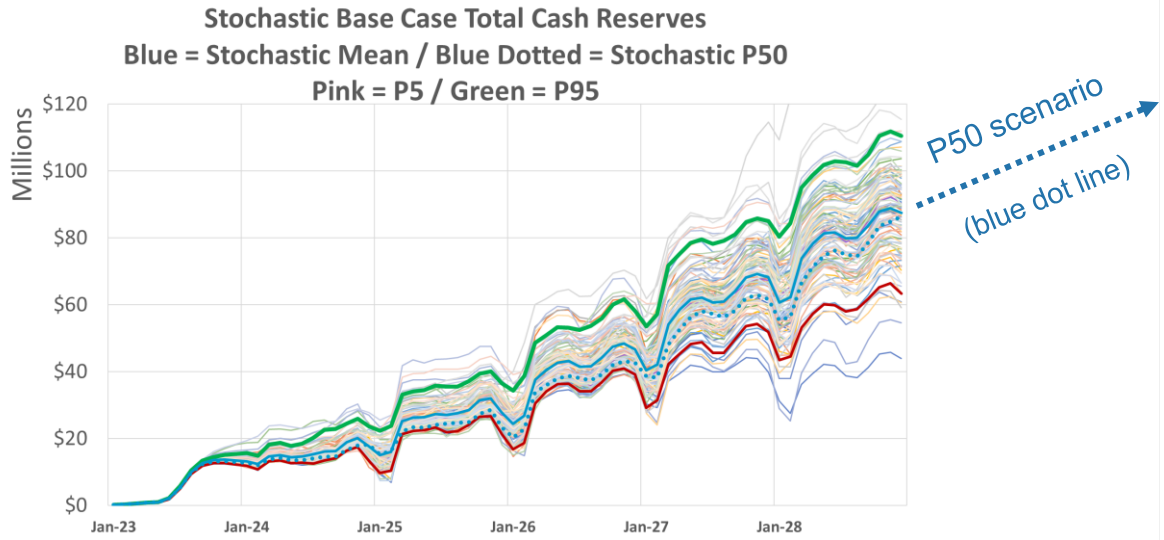


‘Base Case’ Forecast Results

Coalition is financially competitive: ~16% less cost than utility default x 100+ future price scenarios

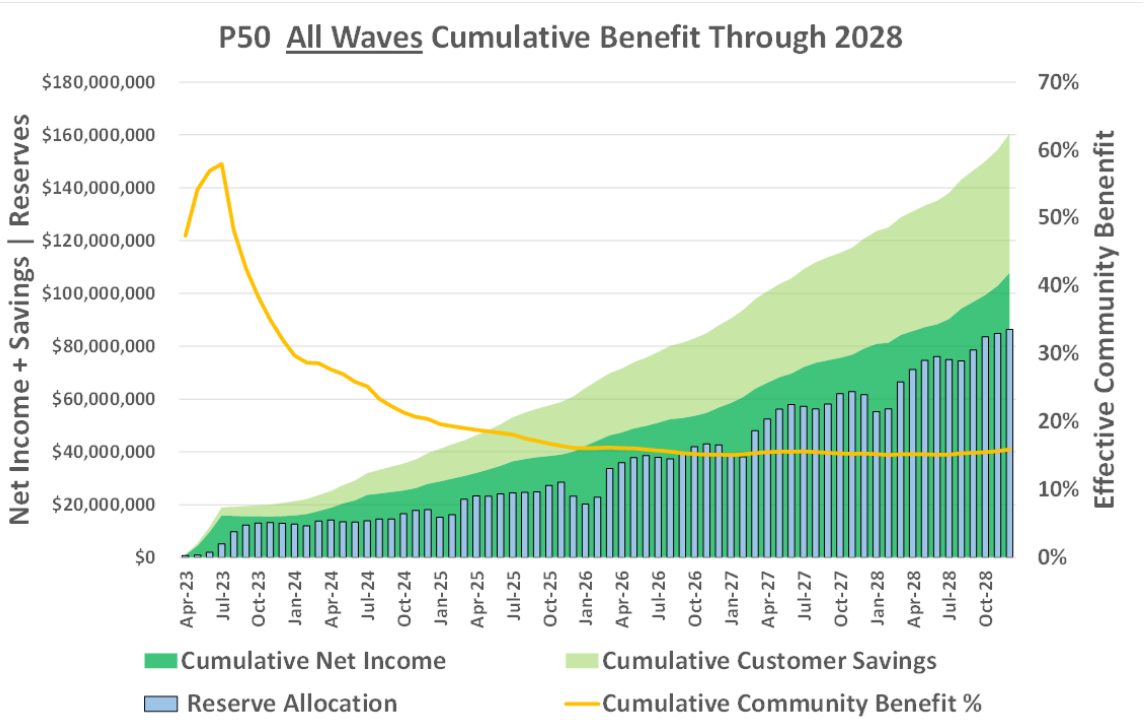
100+ power simulations yield probability forecasts:





Median (P50) expected outcome by 2028:

- ~$60MM in customer savings
- ~$85MM+ in financial reserves
- **Net benefit = average 16%+ lower cost than utility (forecast range between >13.5% up to <20%)**
- 2028: achieves A investment-grade credit rating



CPA Rates & Headroom Forecast

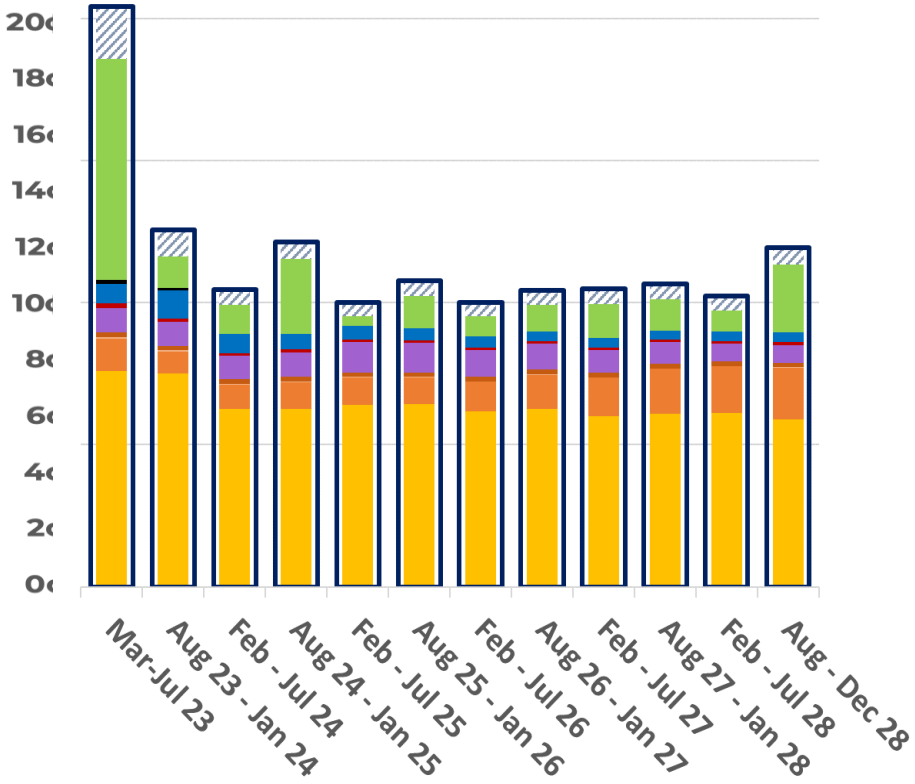
Base rates are uniform across CPAs in each utility territory & change w/ utilities to maintain discount

Deferred implementation costs = 0.01% of revenues (forecast 0.019¢/ kWh repaid for 5 years)

Steady-state cost of operating our own power agency = 4% of revenues (competitive business model)

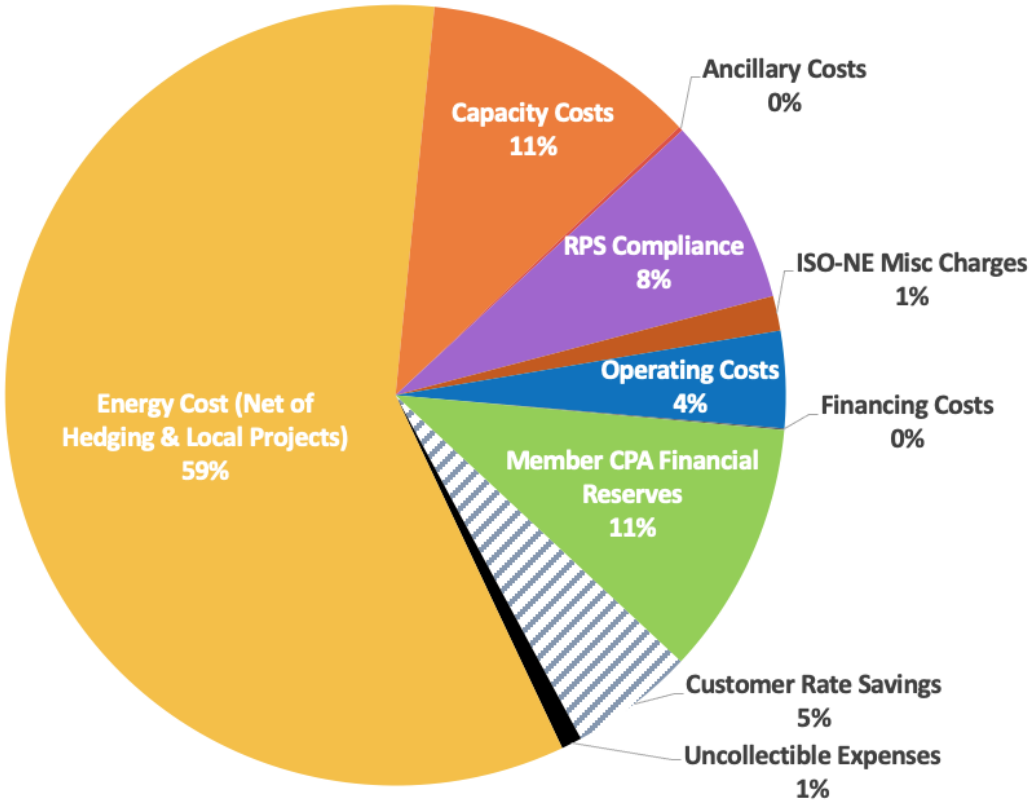
Retail Rates & Revenue Allocation

P50 Simulation | Annual Hedging
Top of bars = utility rate (6-mo periods)

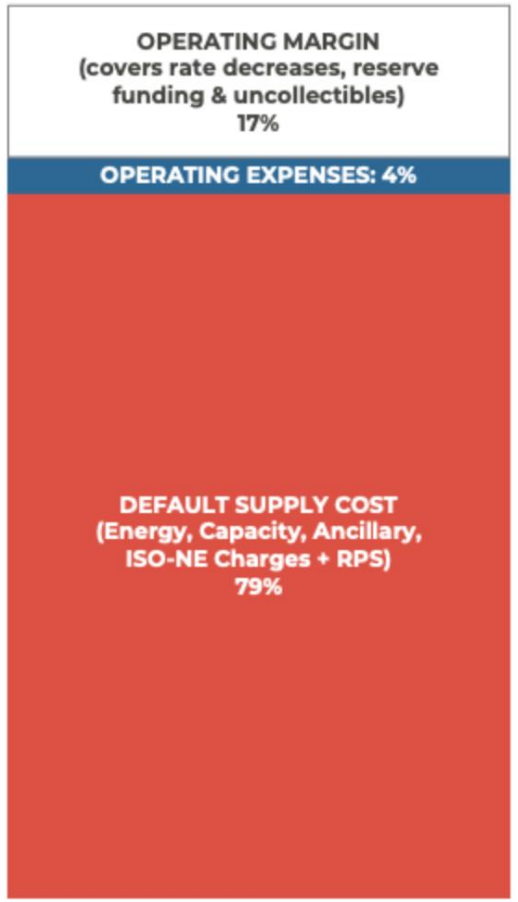


Costs x All Periods

(2023-2028 average)



Headroom vs. Utility Rate



Local Project Context

Federal incentives + NH SB 321 pilot framework enables cost-effective local projects for Coalition

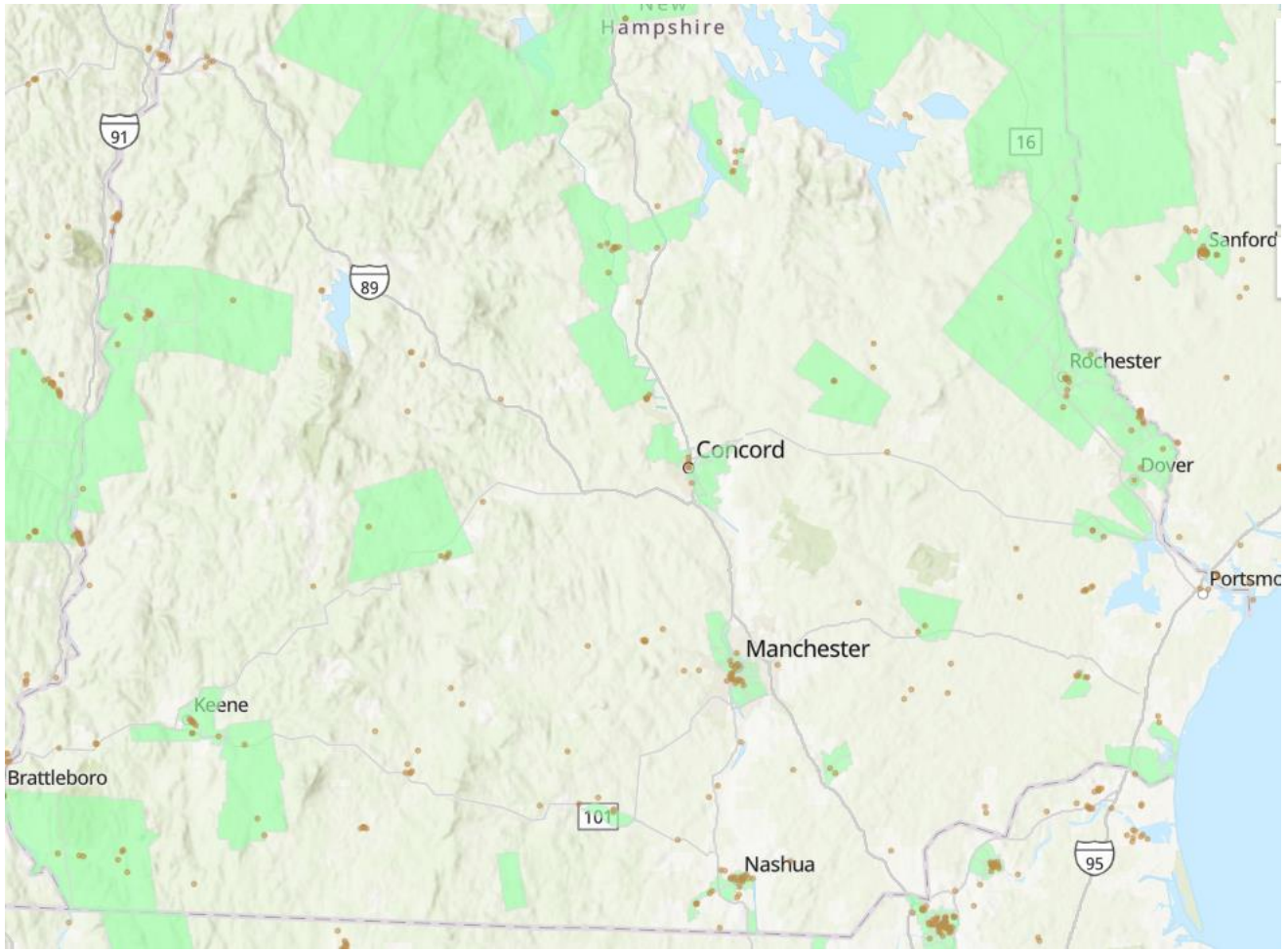
Inflation Reduction Act of 2022 (IRA)

- Provides investment tax credit OR direct payment (e.g., for CPAs) for RE / storage
- <5MW installed in low-income zones can include interconnection costs
- Incentives = up to 50% of cost
  - 30% baseline incentive
  - +10% bonus brownfield / low income
  - +10% bonus low-income <5 MW

NH Senate Bill 321

- Pilots market-based contract framework to pay projects full value for energy, capacity & transmission reduction impact
- Worth ≥ $200/MWh (av.) for CPAs that contract for local projects
- Allows up to 8 MW pilot projects (2 MW per utility territory)
- Requires CPA + utility proposal to PUC

Low Income and Brownfield Sites
(Eligible for additional incentive tax credit under IRA)



Local Project Modeling Results

The Coalition can build new local projects for 30%+ less cost than purchasing market power (!)

- Base Case assumes 2 MW net (revenues increase by ~$350k to $515k/ year)
- 8 MW scenario: $2.8MM/ year increased net revenues
- **Projects generate millions of extra $$$ each year (strong competitive advantage)**
- Strategic objective: empower Members & Legislative to lift 8 MW cap & develop the local energy market across NH!



Figure 33: Base Case Local Projects

Month	2023	2024	2025	2026	2027	2028
Local Projects Revenue (Cost Reduction) ($/MWh)	**$0.22**	**$0.31**	**$0.27**	**$0.23**	**$0.26**	**$0.25**
Market Energy Value	$0.69	$0.61	$0.34	$0.28	$0.30	$0.29
Renewable Energy Credit Value	$0.27	$0.22	$0.19	$0.15	$0.12	$0.10
Capacity Credit Value	$0.00	$0.02	$0.03	$0.04	$0.05	$0.06
Transmission Credit Value	$0.19	$0.25	$0.23	$0.23	$0.24	$0.27
PPA Cost	$0.94	$0.79	$0.52	$0.47	$0.45	$0.47
Local Projects Revenue (Cost Reduction)	**$84,623**	**$352,946**	**$474,806**	**$455,621**	**$515,615**	**$483,448**
Market Energy Value	$264,618	$687,343	$598,160	$553,691	$595,280	$559,549
Renewable Energy Credit Value	$104,483	$247,127	$331,566	$295,205	$244,247	$194,443
Capacity Credit Value	$0	$19,825	$54,610	$80,054	$103,694	$121,669
Transmission Credit Value	$73,750	$286,740	$412,906	$445,938	$481,613	$520,142
PPA Cost	$358,229	$888,090	$922,435	$919,266	$909,219	$912,355

Figure 34: 8 MW Scenario Local Projects

Month	2023	2024	2025	2026	2027	2028
Local Projects Revenue (Cost Reduction) ($/MWh)	**$0.22**	**$0.94**	**$1.26**	**$1.21**	**$1.34**	**$1.42**
Market Energy Value	$0.69	$0.80	$0.63	$0.53	$0.56	$0.55
Renewable Energy Credit Value	$0.27	$0.30	$0.34	$0.26	$0.21	$0.18
Capacity Credit Value	$0.00	$0.02	$0.10	$0.16	$0.21	$0.25
Transmission Credit Value	$0.19	$0.76	$0.94	$0.91	$0.96	$1.07
PPA Cost	$0.94	$0.94	$0.74	$0.66	$0.61	$0.63
Local Projects Revenue (Cost Reduction)	**$84,623**	**$1,056,271**	**$2,224,554**	**$2,379,095**	**$2,680,109**	**$2,758,333**
Market Energy Value	$264,618	$895,273	$1,116,544	$1,047,641	$1,129,771	$1,074,955
Renewable Energy Credit Value	$104,483	$338,562	$594,512	$519,389	$430,684	$343,598
Capacity Credit Value	$0	$19,825	$175,959	$320,217	$414,774	$486,675
Transmission Credit Value	$73,750	$860,220	$1,651,622	$1,783,752	$1,926,452	$2,080,569
PPA Cost	$358,229	$1,057,609	$1,314,084	$1,291,904	$1,221,574	$1,227,462

Technical Assessment Recap

Key Insights for Wave 1 Members

- Utility auction premiums are at a historic high: there has never been a better time to launch Wave 1 than in April 2023
- Delaying launch foregoes significant net revenues / reserves (e.g., a June launch would collect $6M less)
- Launch is financially viable & highly advisable with or without Nashua (largest Member)
- Better than competing options (broker)

Wave 1 Forecasted benefits (by 2026)

- Wave 1 commits for 36 months (Member Services Contract initial term)
- Generates $10M in customer savings
- Banks $25-30M in financial reserves
- Median forecast benefit = 19% lower costs relative to utility default service

Strategic Outlook & Objectives for Coalition

- High certainty of consistently offering 5% min. discount to utility rates while building $$$ reserves (lowers credit costs)
- Operating model is robust: low operating cost, competitive services, and financially stable across 100s of future price pathways simulated
- Building local renewables & storage under the SB 321 market mechanism = ~30%+ cheaper than market power (generates significant new surplus revenues for CPAs)
- Membership expected to continue growing rapidly given the advantages (lowers operating costs for all CPAs)
- Economics support 7 to 11+ expert staff to manage Coalition (offsets or lowers consulting / service / credit fees)

"Base Case" scenario results (all CPAs by 2028):

- Generates ~$60MM in customer savings
- Banks ~$60MM+ in financial reserves
- Median forecast benefit = 10%+ lower costs relative to utility default service (max / min range = ~5% to ~17%)
- Achieves investment-grade credit rating by 2028 (Baa-)

Community Power Launch Process

- ❑ ***EAP approved by Governing Body***
- ❑ Enabling Agreements for Service
- ❑ EAP approved by PUC
- ❑ Member Process → Launch

Execute Coalition Agreements

↳ **Authorize Procurement**

↳ **Select Rates**

↳ **Launch!**

COMMUNITY POWER COALITION OF NEW HAMPSHIRE

For communities, by communities.



Enabling Agreements to Elect Service

Decisions on energy procurement, customer rates & financial reserve collections for CPAs are governed by (1) Member Services Contract and (2) Energy Portfolio Risk Management, Rates & Reserves Policies

Cost Sharing Agreement

Overarching framework to categorize & allocate costs across Member CPAs

Execution required for all Members

Member's may subsequently execute Service Contracts & Project Contracts (incorporated as exhibits into CSA)

Project Contracts

Local projects developed under separate contracts (each executed by interested CPAs)

Member Services Contract

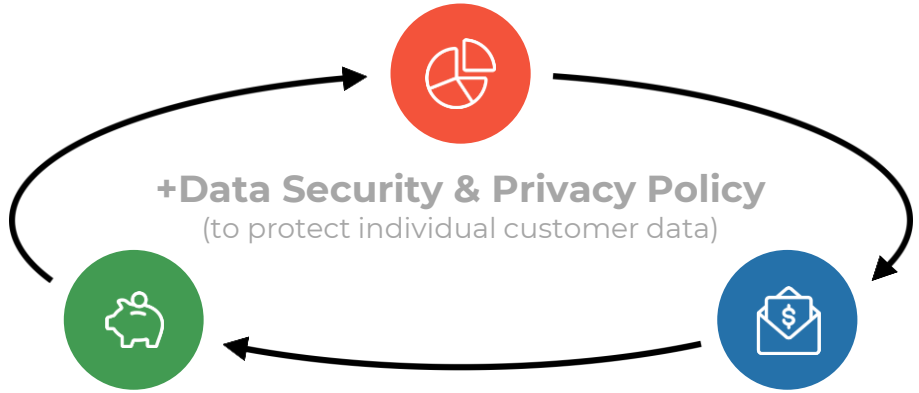
"Complete Service Bundle"

Authorizes Coalition to provide CPA services for 3+ year term

Contract + Policies govern procurement, ratesetting & reserves for all CPAs

Energy Portfolio Risk Management Policy

Specifies mechanisms, financial safeguards, reporting, and transaction / approval processes required for Coalition to procure electricity for CPAs



Financial Reserves Policy

Governs how 3 types of Financial Reserves will be established & maintained on behalf of CPAs:

1. **Joint Reserves**: for long-term stability
2. **Excess Reserves**: collections not needed for Joint Reserves re-allocated for CPAs' use
3. **Discretionary Reserves**: CPA may opt to collect additional funds for own use

Retail Rates Policy

Governs how retail rates will be set & types of rates offered by Coalition

Rates cover all costs + reserve requirements + discount to utility

Each Member selects default & optional products for customers

Cost Sharing Agreement & Member Services Contract

All Coalition Members execute the Cost Sharing Agreement (commits all Members to sharing costs on a fair, transparent and pre-defined basis) & may execute Member Services Agreement to launch CPAs

- Unclear or unfair cost allocation is a major risk to any Joint Power Agency's political stability
- Cost Sharing Agreement details & delineates how costs are tracked and allocated to each Member CPA
- Costs are allocated based oncost-causation principles to the maximum extent practical
  - Refer to Cost Allocation Summary Table
  - All Members that launch CPAs pay General & Admin costs
  - Executing Member Service Contract commits CPA to paying for the services & electricity under contract

    (Wave 1 Members execute "Complete Service Bundle" contract)
  - Executing Project Contracts commits CPA to paying for net project costs under contract
- Costs must be paid from a Member's CPA program revenues, or through grants / third-party sources
  - Reflects statutory requirement prohibiting collection from non-participating customers

Cost Allocation Summary Table

CLASSIFICATION	COST FACTOR	ALLOCATION METHOD
General & Administrative	All Costs	$/MWh forecasts and annual true-up to pro rata share of actual "Annual Retail Electricity Load" (JPA defined term)
Direct Project	Costs identified in Project Contracts	As specified in Project Contracts
	Unanticipated Costs	As directed by Project Committee vote; alternatively, Member Project Contract participation share %
CPA Member Services	All Requirements Electricity	Member CPA actual cost
Power Supply	Net Hedging	$/MWh (across all CPAs) or actual cost (for each CPA)
	Optional / Opt-Up Products	Member CPA actual cost
Operations	Allocated Staff, Overhead & Misc. Svc	$/MWh
	Member CPA Compliance Costs	Member CPA actual cost
	General Compliance Costs	$/MWh
	Financing and Credit Support	$/MWh (across all CPAs) or actual cost (for each CPA)
	Portfolio & Risk Management Services	$/MWh
	ISO-NE Load Serving Entity (LSE) Services	$/MWh
	Marketing & Community Services	$/MWh
	Customer Notifications	$/Notice
	Data Management & Billing Services	$/Meter
	Call Center & Customer Services	$/Meter
	Local Program Design, Admin & Finance	$/MWh (across all CPAs) or actual cost (for each CPA)
Elective Services	Additional services as authorized by the Board	

Implementation Process Steps

Sign Enabling Agreements → Authorize Procurement → Select Rate Products → Launch!

- **1. Each Member's Governing Body adopts Enabling Agreements…**
  - Approves final Electric Aggregation Plan updates required for launch + Amended JPA (if not previously adopted)
  - Adopts Coalition's Data Security, Energy Portfolio Risk Management, Rates, & Reserves policies
  - Adopts (and signatory executes) Cost Sharing Agreement and "Complete Service Bundle" contract
    - ↳ Designates **"Authorized Officer"** for "go/no-go" procurement decision and rate product selection
- **2. Risk Management Committee (RMC) meets to assess market conditions…**
  - Committee votes to authorize power procurement (Yes or No) to meet target rates
  - **Authorized Officer** can verbally opt-out of Wave 1 procurement at meeting to defer launch of CPA
  - Coalition procures power hedges (pursuant to Energy Portfolio Risk Management Policy)
- **3. Risk Management & Finance Committee meetings to deliberate rates w/ public input…**
  - RMC finalizes rates for all products, recommended for Board approval (pursuant to Rates & Reserves policies)
  - Governing Body or **Authorized Officer** selects recommended default & optional rate products
- **4. Coalition Board reviews and approves rates…**
  - Coalition publishes rates, notifies utilities, mails customer notifications, prepares enrollment and opt-ins/outs
  - Member holds public hearing within 15 days of mailers being sent (Coalition supports)
- **5. CPA launch → customers enrolled & power flows!**

Example of Customer Rates and Optional Products

Example default service product and optional rates that could be offered to customers:

PRODUCT	CONTENT	MEMBER ELECTIONS
Granite Basic	Minimum RPS Content (23.4%)	Default, opt-down/in, or N/A
Granite Plus	33% Renewable or Carbon Free	Default, opt-up/in, or N/A
Clean 50	50% Renewable or Carbon Free	Opt-up/in or N/A
Clean 100	100% Renewable or Carbon Free	Opt-up/in or N/A

(The Renewable Portfolio Standard (RPS) is a New Hampshire state policy setting a minimum requirement for renewable energy to be provided to customers. RPS requirement for 2023 is 23.4%)

Customer Notification and Enrollment Process

- At least **30 days before program launch all Portsmouth electric customers will be mailed notifications** with initial fixed rate for Portsmouth Community Power service compared with Eversource
- Customers on default energy service provided by Eversource will be **able to decline participation or "opt-out"** online, or by calling a customer service number.
- If a **customer is already getting their power from a competitive supplier**, nothing will change unless they choose to switch and **"opt-in"**
- New utility customers will get similar opt-out notices.
- All Portsmouth Community Power default service customers will always be able to know the fixed rate at least 30 days in advance and be able to switch supplier at next meter read upon request with **no penalty or exit fee**.

Coalition Key Documents

Posted online at www.cpcnh.org/about (under "key documents")

1. Joint Powers Agreement & Bylaws
2. Cost Sharing Agreement & Member Services Contract
3. Data Security and Privacy Policy
4. Energy Portfolio Risk Management, Retail Rates & Financial Reserves Policies
5. Board Approved Start-up Budget
6. Technical Assessment by Ascend Analytics

FOR COMMUNITIES, BY COMMUNITIES.



COMMUNITY POWER COALITION OF NEW HAMPSHIRE