

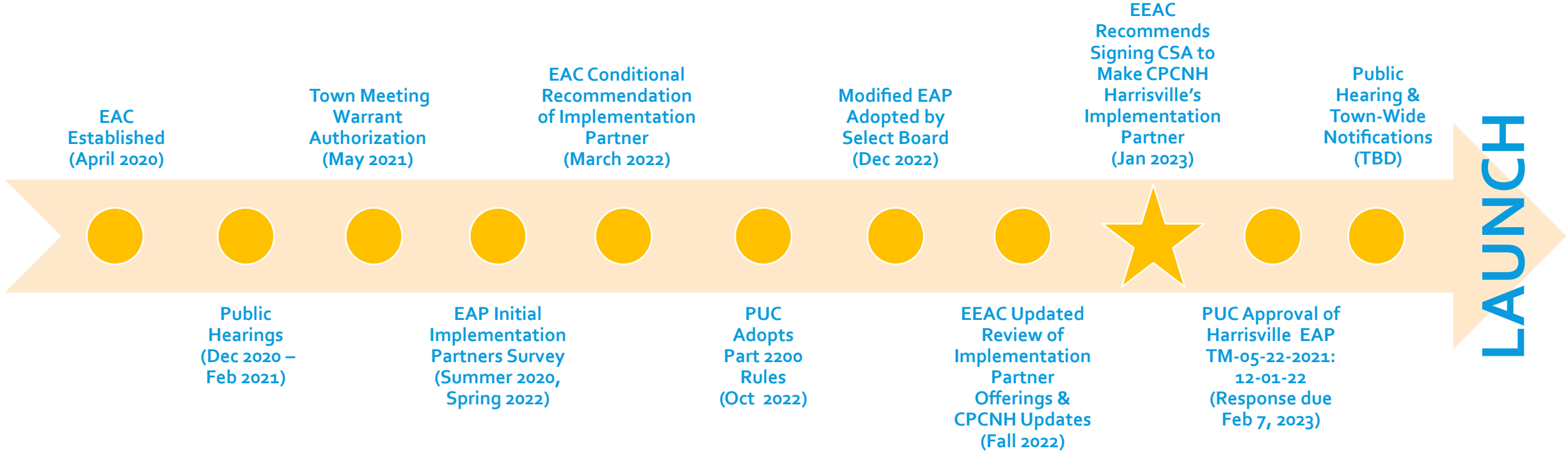


HARRISVILLE ENERGY & ELECTRIC AGGREGATION COMMITTEE REPORT

EEAC Recommendations
January 19, 2023



Harrisville Community Power Timeline



Harrisville Community Power: Process

After Town authorized Community Power, the EAC:

1. Met each representational entity multiple times
 - CPCNH (Coalition)
 - Standard Power – Good Energy (Broker)
 - Freedom Energy – Colonial Power (Broker)
2. Met with other towns to share experiences & understandings
3. Attended & arranged meetings with CPCNH to understand implementation process and cost/risk to Town and customers

Why CPCNH? – What It Means

- Coalition Model > Broker Model
 - Local Control/Managed Portfolio/Non-Profit Enterprise/More Local Renewable Power
- Wave 1 v. Wait
 - Greatest Cost Savings & Reserve Development
- CPCNH Policies & Agreements
 - Group Costs & Start-Up Costs Are Allocated per kWh (Usage)
 - Reserves Used to Maximize Cost Savings to Consumers
 - Renewable Offerings and Potential for Joint Projects
 - Relative Ease of Termination

Coalition Model [CPCNH] vs. Broker Model

Broker Model:

- Broker solicits bids from Competitive Electric Power Suppliers (CEPS)
- Contracts are between Town and CEPS
- CEPS becomes the electricity supplier for the Town's customer base, plus provides retail services (call-center, data management for billing, etc.)
- Contracts are for a fixed term, typically 2-3 years
- CEPS builds costs for risk, profit margin, and Broker fee into rates

Coalition Model [CPCNH] vs. Broker Model

Coalition Model:

- Coalition will operate as a CEPS that is owned and controlled by its members
- Utilizes Active Portfolio Management for purchasing electricity supply
- A Reserve Fund is established and maintained to provide rate stability and to help develop local projects
- Incorporates a comprehensive Risk, Rates & Reserves Policy, a Data Security & Privacy Policy, and other policies, practices & procedures
- Coalition builds costs for risk/reserves, operations, and implementation into rates

Advantages of Coalition Model

LOCAL CONTROL

- CPCNH is managed and overseen by Members (Towns); Towns have representatives on CPCNH Boards and Committees
- Governance managed in Members' interests

ENERGY PORTFOLIO

- Actively managed portfolio for supply to take advantage of changing market rates (instead of a minimal number of fixed contracts)

NON-PROFIT

- Member-Owned Reserves (in CPCNH) v. For-Profit Approach
- Broker Model Requires Profit @ Two Levels (Generator & Broker)

COMMUNITY INTERESTS: PROSPECT FOR GREATER RENEWABLE/LOCAL POWER

- Prospects for more control over renewable/locally-generated power
- CPCNH will have capacity for joint lobbying, influence with PUC

Coalition Model vs. Broker Model

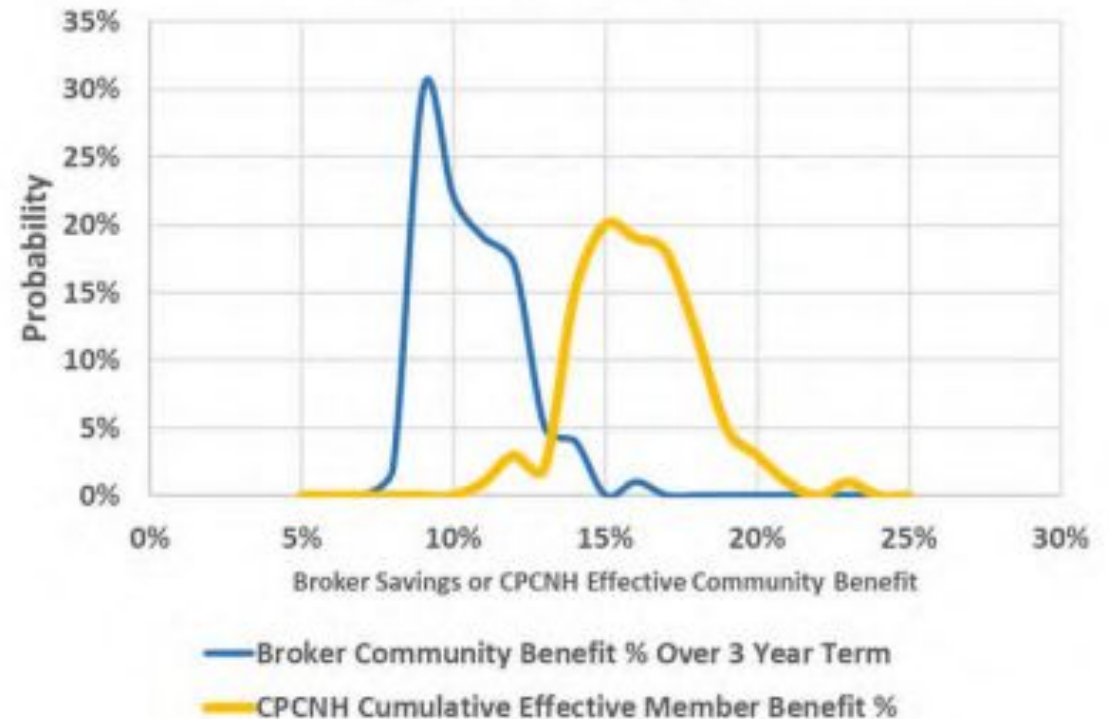
Results of 100 model runs of future Utility Default Rates over 3 years and associated savings/benefits of Broker vs. CPCNH

- Estimated Broker savings range: ~6-14%
- CPCNH Community Benefits (customer discount + reserve accrual) range: ~10-24%
- Each point on blue & yellow lines shows the probability of that level of savings occurring (E.g., 20% probability of 11% broker savings; 20% probability of 15% CPCNH benefit)

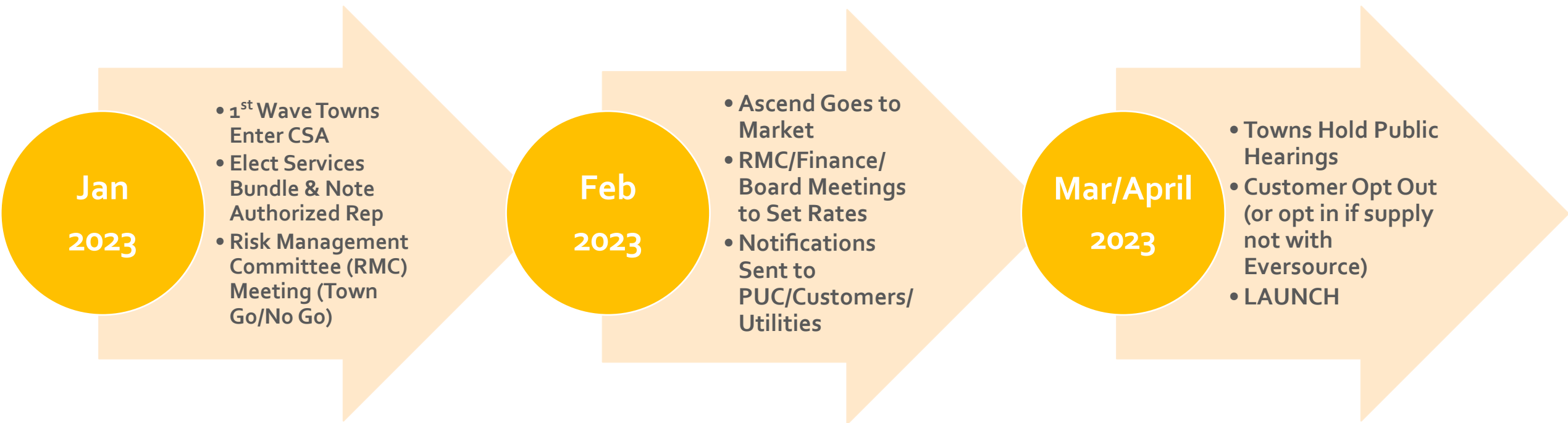
While the distributions *appear* to overlap, financial benefits of CPCNH were larger than broker savings in all 100 model runs.

- High utility default rate scenarios result in both higher broker savings and higher CPCNH benefits

Estimated 36 Month CPCNH Cumulative Effective Community Benefit vs Estimated Broker Model Customer Savings Probability Distributions



CPCNH Implementation Timeline



OVERVIEW OF ENABLING AGREEMENTS

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)

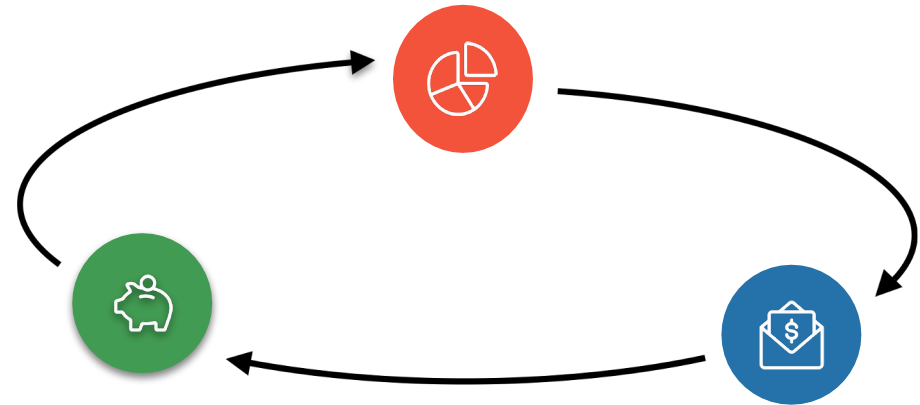
Project Contracts

Local projects developed under longer-term agreements (separately entered into by CPAs)

Member Services Contract

Delegates authority to CPCNH to provide CPA services
First contract: "Complete Service Bundle" (turnkey CPA launch and operations for 3+ year term)
Services carried out in accordance with policies

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



Financial Reserves Policy

Outlines how 3 types of Financial Reserves will be established & maintained:

1. **Joint Reserves:** for long-term stability
2. **Excess Reserves:** accrues to Harrisville Community Power (HCP) customer benefit
3. **Discretionary Reserves:** HCP may opt to collect additional funds for local purposes

Retail Rates Policy

Governs how retail rates will be set and what types of rates will be offered.

+ **Data Security & Privacy Policy** to protect individual customer data

Why Now?

“To be (a first-wave Town) or not to be?”

(With apologies to Shakespeare)

Breakout: Wave 1 Member Benefits

Member Services Contract term:

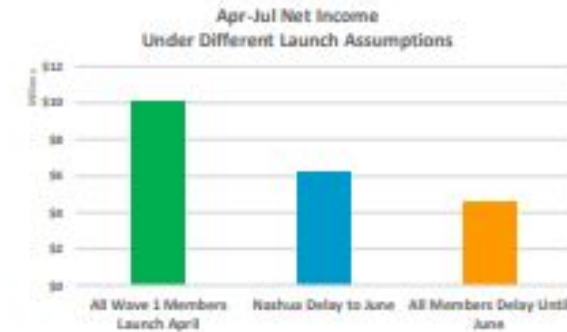
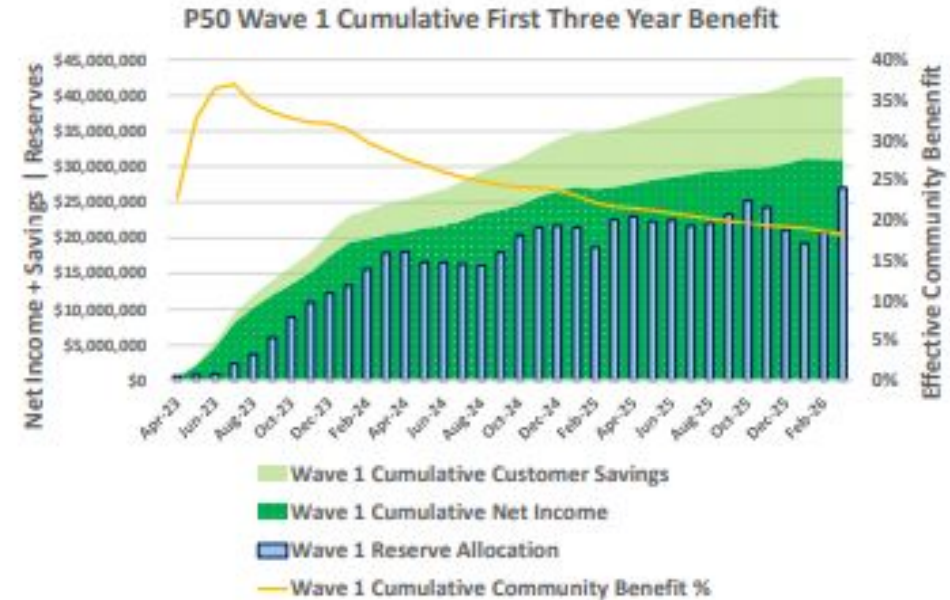
- Wave 1 commits for 36 months
- CPCNH provides full services

Forecasted benefits:

- \$10M in customer savings
- \$25-30M in financial reserves
- Net benefit = 19% lower costs relative to utility default service

Key takeaways:

- Utility auction premiums are at a historic high for Wave 1
- There has never been a better time to launch than in April 2023
- Delaying launch foregoes significant benefits



Community Power Coalition of New Hampshire

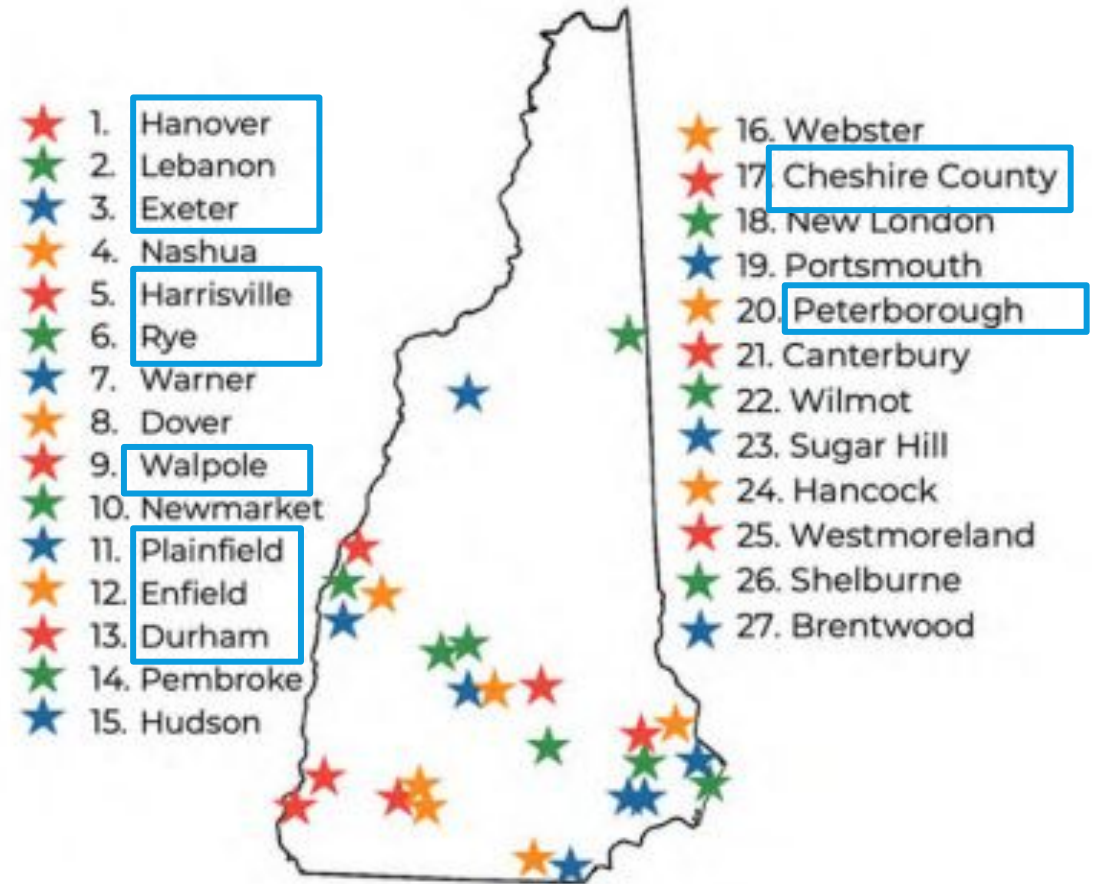
Community-governed not-for-profit
Joint Power Agency formed on 10/1/21

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:

- Spring 2023 for 12 Members
- Spring 2024 for 15 Members



Member Services: Complete Service Bundle

Provides:

- CPA Implementation Services
- Retail Data Management and Billing Services
- Retail Customer Solutions (e.g., Call Center)
- Financial Planning & Services (e.g., Accounting Support and Controls)
- Enterprise Data Management
- ISO-NE Load Serving Entity Services
- Portfolio Risk Management Services
- Local Projects and Programs
 - Local Resource Assessments / Long-term Planning & Modeling
 - Contracting, Procurement & Support

Cost Sharing Agreement - ALLOCATION

Classification	Cost Factor	Allocation Method
General & Administrative	All Costs	\$/MWh forecasts and annual true-up to pro rata share of <u>actual</u> “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 <i>Power Supply</i>	All Requirements Electricity	Member CPA actual cost
	Net Hedging	\$/MWh (across all CPAs) <u>or</u> actual cost (for each CPA)
	Optional / <u>Opt-Up</u> Products	Member CPA actual cost



RATE SETTING

CPCNH will establish rates (with public input) after initial hedging/power purchase is completed.

PRODUCT OPTIONS:

Product	Minimum Content	Member Election
Granite Basic	Minimum RPS Content (23.4%)	Default, Opt-Down, or N/A
Granite Plus	~33% Renewable or Carbon Free	Default, Opt-Up, or N/A
Clean 50%	~50% Renewable or Carbon Free	Opt-up or N/A
Clean 100%	100% Renewable or Carbon Free	Opt-up or N/A

Discretionary Reserve setting may not be available during initial launch months.

Member Services Contract – TERMINATION

HCP can terminate with 36-month notice, with no further obligation or liability

HCP can terminate at any time (“Early”), but is liable for costs thereby incurred by other Members [No CPCNH Member can create financial burdens for other Members], including:

- losses from the resale of power contracted for by CPCNH to serve the Member CPA’s load.
- to cover liability incurred via hedging contracts on behalf of CPCNH as a whole, as reasonably determined by CPCNH and approved by its Board of Directors

Members may use their allocated share of Joint Reserves or Discretionary Reserves, for this purpose.

Individual Customers may OPT OUT of HCP service at ANY time without fee.

Previously Required Conditions for CPCNH

- **Staff a team to lead & support core functions**
On track to hire all key roles based on launch date, Board Chair can fulfill responsibilities for key positions if needed
- **Contract service providers**
Hired all key pieces
- **Create suitable cost-sharing & reserve fund structures**
See Cost Sharing Agreement & Risk, Rates & Reserves Policy
- **Offer net supply rates & tiered renewable energy mix access per Community Power Plan**
See four planned offerings for tiered rates (slide 17)

RECOMMENDATION:

Sign CSA & Service Bundle to allow HCP in Wave 1 launch



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

- * Wave 1 Launch Requires PUC approval of EAP first
- * Select lowest rate product as default
- * Recommended Authorized Rep: Andrea Hodson

Questions and Discussion

Reference Slides

Recommended Language for Motion

Referring to the Community Power Coalition of New Hampshire (CPCNH) Cost Sharing Agreement and Member Services Contract, be it

MOVED that the Harrisville Select Board authorizes the Select Board Chair to enter into the Cost Sharing Agreement and Member Services Contract with CPCNH with Andrea Hodson as the Authorized Officer and with elections on p. 19 of the Cost Sharing Agreement being “Yes”.

Be it further MOVED, that the Harrisville Select Board hereby approves the CPCNH Data Security and Privacy Policy and the Energy Portfolio Risk Management, Retail Rates, and Financial Reserves Policy.

Supporting Documents:

- CPCNH Cost Sharing Agreement & CPA Member Services Contract: Complete Service Bundle, adopted by CPCNH Board on December 27, 2022
- CPCNH Board Policy, Data Security and Privacy (Policy No. CPCNH-2022-04), effective December 15, 2022
- Energy Portfolio Risk Management, Retail Rates, and Financial Reserves Policies, adopted by CPCNH on December 19, 2022
- Harrisville Community Power Electric Aggregation Plan (TM 05-22-21:12-01-22)

CPCNH Professional Services Team

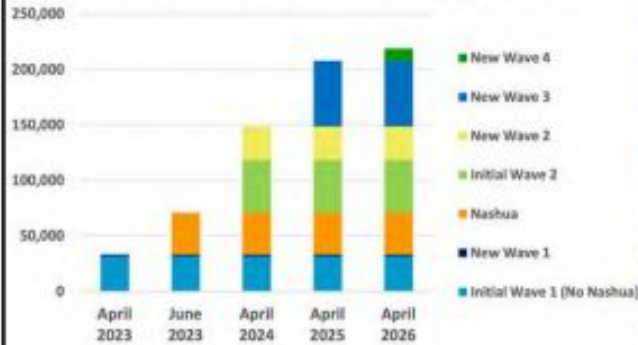
The Coalition has assembled a team of industry leading firms and professional service providers to operate member Community Power programs.

<p><u>Energy Portfolio Risk Management</u></p>  <p>Ascend Analytics</p>	<p><u>Retail Customer Services</u></p>  <p>CALPINE ENERGY SOLUTIONS</p>	<p><u>Member Services & Public Engagement</u></p>  <p>CLEAN ENERGY NH Your Voice in All Energy Matters</p>
<p><u>General Counsel</u></p>  <p>DUNCAN WEINBERG GENZER PEMBROKE</p>  <p>PRIMMER PIPER EGGLESTON CRAMER PC</p>	<p><u>Start-up Consultants</u></p>  <p>COMMUNITY CHOICE PARTNERS SECURING YOUR COMMUNITY'S ENERGY FUTURE</p> <p>HERNDON ENTERPRISES</p>	<p><u>Financial & Accounting Services</u></p>  <p>River City Bank</p> <p>(CPCNH is in process of enlisting accounting services)</p>



Membership: Customers, load & growth Scenarios

Base Case Cumulative Total Customer Counts by Launch Date



Launch	Community	TOTAL		Eversource		Liberty		NHEC		Unitil	
		Res	Non-Res	Res	Non-Res	Res	Non-Res	Res	Non-Res	Res	Non-Res
		Cheshire	0	10	0	10	0	0	0	0	0
Initial Wave 1 Members	Durham	3,171	450	2,854	405	0	0	317	45	0	0
	Enfield	2,418	335	16	2	2,257	315	145	18	0	0
	Exeter	6,500	1,702	5,850	1,531	0	0	0	0	650	171
	Hanover	2,791	434	96	20	2,599	394	96	20	0	0
	Harrisville	658	92	658	92	0	0	0	0	0	0
	Lebanon	6,548	1,326	0	0	6,548	1,326	0	0	0	0
	Nashua	32,558	4,969	32,558	4,969	0	0	0	0	0	0
	Plainfield	792	150	286	48	289	66	217	36	0	0
	Rye	2,802	502	2,802	502	0	0	0	0	0	0
	Walpole	1,667	270	0	0	1,667	270	0	0	0	0
New Wave 1	Peterborough	2,378	632	2,378	632	0	0	0	0	0	0
Wave 1 Total		62,282	10,871	47,498	8,211	13,359	2,370	775	119	650	171

Launch	Community	TOTAL		Eversource		Liberty		NHEC		Unitil	
		Res	Non-Res	Res	Non-Res	Res	Non-Res	Res	Non-Res	Res	Non-Res
		Dover	13,934	2,015	13,934	2,015	0	0	0	0	0
Initial Wave 2 Members	Hudson	9,128	1,774	9,128	1,774	0	0	0	0	0	0
	New London	2,380	455	2,380	455	0	0	0	0	0	0
	Newmarket	4,020	381	4,020	381	0	0	0	0	0	0
	Pembroke	2,860	401	2,574	361	0	0	0	0	286	40
	Portsmouth	7,320	1,152	7,320	1,152	0	0	0	0	0	0
	Warner	1,546	300	1,546	300	0	0	0	0	0	0
	New Wave 2	Webster	900	92	450	46	0	0	0	0	450
Canterbury		931	85	409	40	0	0	5	0	517	45
Hancock		641	171	641	171	0	0	0	0	0	0
Sugar Hill		212	49	134	36	0	0	78	13	0	0
Westmoreland		632	168	632	168	0	0	0	0	0	0
Wilmot		538	122	339	90	0	0	199	32	0	0
Wave 2 Total		45,042	7,165	43,507	6,989	0	0	282	45	1,253	131

Launch	Additional Prospective Communities	TOTAL		Eversource		Liberty		NHEC		Unitil	
		Res	Non-Res	Res	Non-Res	Res	Non-Res	Res	Non-Res	Res	Non-Res
April 2024	New Wave 2 Growth	48,408	18,786	20,606	14,356	2,860	508	9,957	1,546	14,985	2,376
April 2025	New Wave 3 Growth	97,463	24,507	84,627	22,410	3,799	675	3,084	478	5,953	944
April 2026	New Wave 4 Growth	22,910	5,115	13,672	3,621	2,423	430	5,141	798	1,674	266

MEMBER SERVICES: COMPLETE SERVICE BUNDLE

The Coalition offers Member CPAs the full range of capabilities of a Competitive Electric Power Supplier:

CPA Implementation Services

Marketing materials, CPA logo, and hosted Website development:

[Member].CommunityPowerNH.gov

Public Engagement Campaign handbook & advisory support; media & public engagement workshops for local EACs, staff & officials; outreach and Public Meeting process support

Member support for informed participation in hedge procurement and ratesetting decisions

Posting & updating CPA rates on DOE shopping comparison website

Printing, mailing & processing of opt-in & opt-out customer notices

Compliance activities (utility & ISO-NE registration requirements; utility data requests / data confidentiality; etc.)

Retail Data Management and Billing Services

Utility Electronic Data Interchange (EDI)
Customer Data Validation and Error Resolution
Consolidated and Dual-Billing

Retail Customer Solutions

Inbound and Outbound Call Center Operations Interactive
Voice Recordings (IVR)
Customer Relationship Management (CRM) system
[Key Account Relationship Management*](#)
[Digital Engagement and Orchestration*](#)

Financial Planning & Services

Startup Capital & Credit Support
Secure Revenue Account Administration
Revenue Oversight, Tracking, & Validations
Forecasting, Budgeting & Ratesetting
Accounting Support and Controls
Member CPA Cost Allocation Reporting

Enterprise Data Management

[In-house data repository & analytical tools*](#)

ISO-NE Load Serving Entity Services

Wholesale Load Forecasting
Retail Load Settlement Profile Construction Validation
Load & Generation Forecasting, Scheduling & Settlements
Day-Ahead and Real-Time Market Bid Optimization
Shadow Settlements and ISO-NE Dispute Resolution

Portfolio Risk Management Services

Energy Portfolio Planning and Risk Simulations
Hedge Valuation and Procurement
Counterparty Monitoring and Contract Management
Product Structuring & Advanced Rate Design
Market Monitoring, Position Management and Reporting

Local Projects & Programs

[Local Resource Assessments*](#) & Long-Term Planning Model
Local Project Solicitations, Valuations, and Contracting
Market-Based Distributed Energy Resources Procurements
[Local Program Development Support](#)

**Capabilities will develop / deepen over time*

ARTICLE 5: COST RECOVERY COMMITMENT; LIMITATION

- **No Taxpayer Funds:** JPA requires CSA ensure cost recovery through Member's CPA revenues, or from revenues from grants or other third- party sources.
- Debts, liabilities, and obligations of CPCNH shall not be debts, liabilities, and obligations of the Member unless and only to the extent agreed to under a contracted Member Service (Exhibit C), or Project Contract.
- All costs are to be recovered through rates, grants, or other 3rd party sources.