

Hudson Community Power

COMMUNITY POWER COALITION OF NEW HAMPSHIRE

Questions for Candidate Partner Organizations

5/22/23 | 7pm, Hudson Sustainability Committee + Electric Aggregation Committee



**COMMUNITY
POWER COALITION**
OF NEW HAMPSHIRE



Table of Contents

1. Coalition Overview
2. Overall Business Process Steps
3. Contracts and Policies
4. Limitation of Liability for Hudson
5. Responsibilities of Hudson
6. Local Control
7. Customer Enrollment & Contact Center
8. Rate Setting
9. Net Metering
10. Option for Project Development and Service Enhancement
11. CPCNH Value Proposition — Rate Discounts and Revenue Sharing

1. CPCNH History

⚡ Phase 1: Create Community Power Act (RSA 53 -E); Research National Best Practices; Design Joint Powers Agency

- CPCNH Board Chair Clifton Below is the primary author of legislation creating workable Community Power market for NH (RSA 53 -E)
- After championing 2019 legislation, community leaders from Lebanon, Hanover, Nashua, & Cheshire County enlisted consulting/legal support to assess national best practices in other states and developed Joint Powers Agreement
- Jan. 2021, Joint Powers Agreement approved by NH Attorney General

⚡ Phase 2: Organize Statewide; Protect Local Authorities at State House

- 2021 bill requested by Eversource would have dismantled Community Power
- Coalition leaders organized statewide grassroots public advocacy campaign and led redrafting process with House ST&E Chair to arrive at favorable compromise

⚡ Phase 3: Membership Expansion & Incorporation

- CPCNH incorporated Oct. 1, 2021, with 13 founding Municipalities and 1 County

CPCNH History

⚡ Phase 4: Start -Up; Competitive RFP for Services and Credit Support

- 2022, CPCNH conducts RFI & RFP; comparative evaluation of numerous nationally competitive firms; vets and selects professional services team
- CPCNH obtains ~\$900,000 start -up funding from NH Charitable Foundation and vendor partners + millions of \$ in credit support to finance power procurement

⚡ Phase 5: Write Regulatory Rules Adopted by NH Public Utilities Commission

- CPCNH leaders led regulatory rule drafting process resulting in Q4 2022 adoption of PUC 2200 rules governing Community Power

⚡ Phase 6: Launch Service, Hire Chief Executive Officer, Adopt Operating Budget

- 12 CPCNH Members launch Community Power Spring 2023 (~75,000 customers)
- Brian Callnan hired as first CEO (*Starts today! 5/22/23*)
- CPCNH adopted CY 2023 budget of ~\$51M Revenue, ~\$39M Expenses, ~\$12M Financial Reserves (controlled by Member communities)

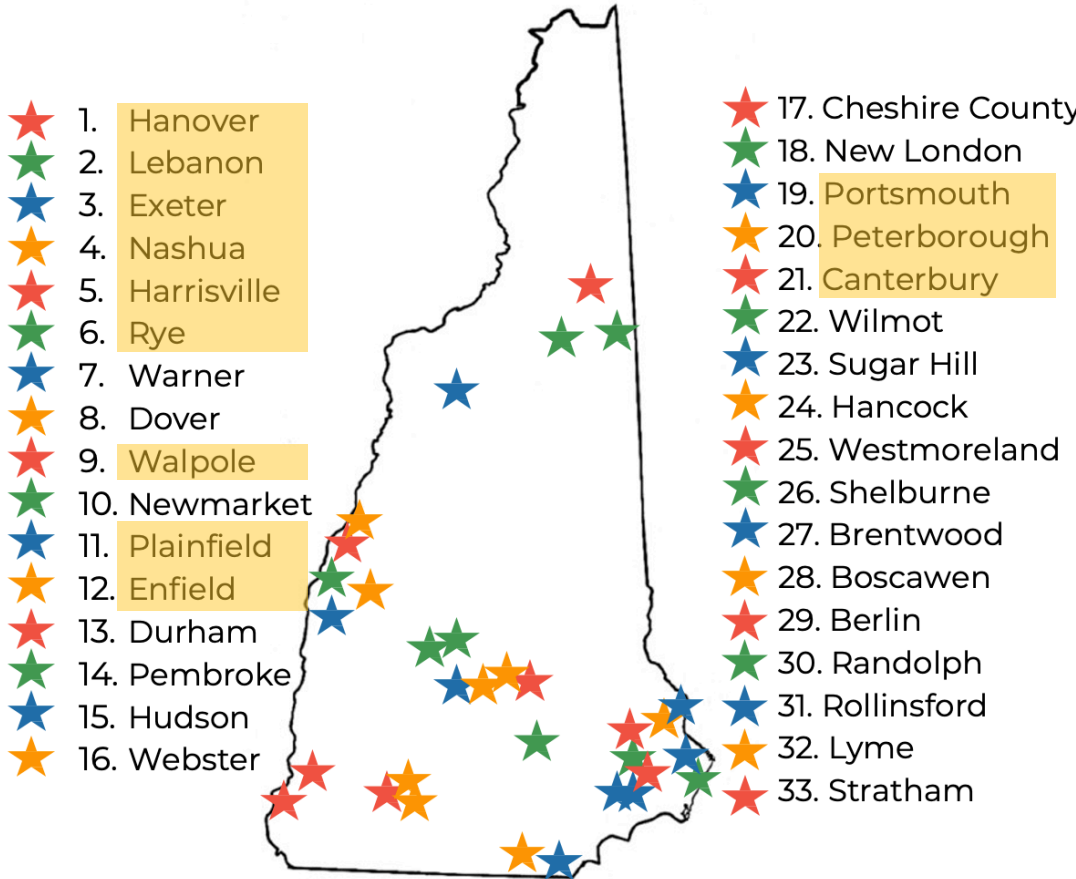
Community Power Coalition of New Hampshire

Community -governed power supplier — launching 12 Community Power programs Spring 2023

Our Mission

To foster resilient New Hampshire communities by empowering them to realize their energy goals.

- ⚡ Nonprofit Joint Power Agency formed 10/1/21
- ⚡ 33 Members | 23% of NH population
- ⚡ 12 of 33 Members launching 2023
 - ~75,000 customers
 - ~400,000 MWh in 2023 (APR – DEC)
 - ~\$51 million 2023 revenues (controlled by communities)
- ⚡ Remaining & new Members to launch 2024+



All New Hampshire cities, towns, and counties are invited to join the Coalition

CPCNH Board Draft Budget - 2023

Cash Funds Budget with Actual and Projected Accrued Revenue & Expenses

Projected = indicative estimates

	BUDGET TOTALS		
	CY 2021	CY 2022	CY 2023
FUND BALANCE (End of Period)	\$35,005	\$36,684	\$12,419,786
REVENUES	\$35,005	\$265,975	\$51,263,229
Donations	\$35,005	\$35,975	\$600
Grant - NHCF		\$80,000	\$0
Calpine Startup Funding		\$150,000	\$600,000
Customer Revenues, P50 400MWh in 2023			\$55,246,369
Hedging			-\$4,583,740
EXPENSES	\$0	\$264,296	\$38,880,127
ENERGY OPERATIONAL COSTS:			
ISO Settlement			\$27,271,255
Non-Energy Costs			\$7,868,257
Utility Fees			\$38,487
Ascend			\$784,026
Calpine			\$549,790
LSE			\$33,750
DEFERRED COMP SCHEDULE			\$485,905

← Net revenues from power supply sales capitalize community reserve funds .

- ~ \$12.4 Million forecasted for 2023
- ~ Reserves (1) protect customers from winter/summer price spikes; (2) enable financing of energy projects

Technical Assessment Priorities:

1. Expansion of CPCNH Membership
2. Develop local projects

These two priorities “generate significant surplus revenues and benefits for participating customers, communities and the Joint Powers Agency.”

Join us!



Clifton Below
Lebanon
Assistant Mayor



Kim Quirk
Enfield
Energy Cmte



Kevin Charette
Portsmouth
Energy Advisory Cmte



Evan Oxenham
Plainfield
Energy Cmte

Board of Directors: *Community Governance*

Local elected officials, former utility executives, energy finance & development professionals, municipal managers, teachers, & much more.



Kathleen Kelley
Randolph
AVEC



Clyde Carson
Warner
Finance Director



Andrea Hodson
Harrisville
Select Board



Lisa Sweet
Rye
Energy Cmte



Paul Looney
Walpole
Community Power Cmte



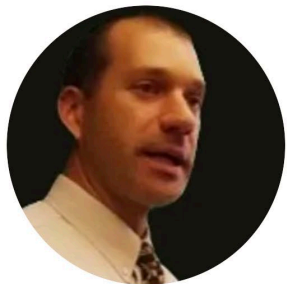
Joseph Lamattina
Newmarket
Town Council



Jackson Kaspari
Dover
Resilience Manager



April Salas
Hanover
Sustainability Dir.



Matt Miller
Pembroke
Energy Cmte



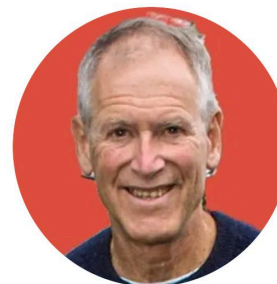
Bruce Tucker
Peterborough
Energy Cmte



Doria Brown
Nashua
Energy Manager



Terry Clark
Cheshire County
Commissioner



Jamie Hess
New London
Energy Cmte



Nick Devonshire
Exeter
Energy Cmte



David Hemenway
Webster
Select Board



Steve Holmgren
Durham
Energy Cmte

Chief Executive Officer: Brian Callnan

- ⚡ Mr. Callnan was selected as most uniquely qualified candidate from **nationally competitive search**
- ⚡ Former Vice President of Power Resources & Access at NH Electric Co -op
 - Managed portfolio of wholesale power contracts to consistently deliver lower rates than investor-owned utilities
 - Led Co-op's “**virtual power plants**” program, harnessing **home batteries** & **electric vehicles** to lower customer power costs
- ⚡ Previously Director of Power Supply and Transmission at Vermont Public Power Supply Authority





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



ISO-NE Market Participant + Retail Customer Services



Member Services & Public Engagement



CLEAN ENERGY NH
Your Voice in All Energy Matters

General Counsel & Legal Services



PRIMMER PIPER
EGGLESTON
& CRAMER PC

Start-up Consultants



HERNDON
ENTERPRISES

Revenue Controls & Accounting Services



River City Bank

(Coalition in process of enlisting accounting services)

2. Overall Business Process Steps



Join the Coalition → Bring a Plan to Town Meeting → Launch!

✓ 1. Join Coalition “Joint Powers Agency” — Governed by Members

✓ Hudson admitted 12/16/21; no charge for Membership ; programs fully funded through revenues associated with sale of electricity supply

✓ 2. Resources for “Electric Aggregation Plan” development

✓ Hudson accesses comprehensive consulting services, experts, and statewide peer network for EAP development w/o commitment to launch w/ CPCNH

✓ Hudson Town Meeting votes “Yes!” on Community Power 3/28/23

□ 3. Launch Community Power!

□ Board of Selectmen now authorized to contract for services

□ CPCNH Complete Service Bundle contract includes comprehensive services such as “power supply procurement and management, data and billing, and customer service.” Spring ‘24 may be financially advantageous launch timing .

3. Contracts and Policies

- ⚡ **Joint Powers Agreement (Executed by Hudson December 2021)**
 - Overall governance structure of CPCNH as a locally controlled and accountable nonprofit Power Agency
- ⚡ **Cost Sharing Agreement (CSA) & Member Services Contract for Complete Service Bundle (CSB)**
 - CSA ensures fair, proportional cost sharing among Members; creates menu of services; categorizes costs; provides clarity in operations; requires cost reporting
 - Exhibit C, CSB, delegates authority to CPCNH to provide comprehensive service
- ⚡ **Policies for Energy Portfolio Risk Management, Retail Rates, Financial Reserves, and Data Security and Privacy**
 - (Next Slide)

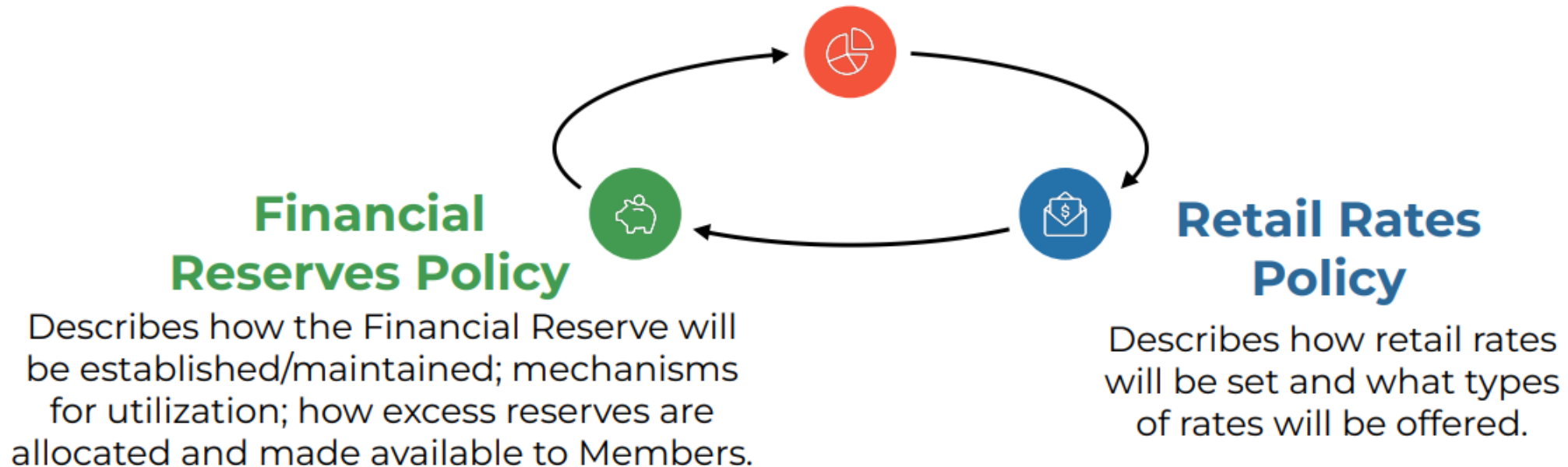
Risk, Rates, Reserve Policies

Objectives: meet customer “all requirements electricity”; obtain best available rates; maintain rate stability; develop and maintain financial reserves

Reserve Targets (days of operating \$): Minimum, 60 days (by Year 3) | Target, 120 days (by year 5)

Energy Portfolio Risk Management Policy

Outlines the mechanisms, financial safeguards, and reporting/transparency to procure electricity for members.



CSB – Term; Procurement & Termination Elections

- ✓ **Hudson** may elect to terminate Complete Service Bundle Contract with immediate effect via written notice, provided CPCNH has not authorized entering into transactions for power on behalf of **Hudson**
- ✓ **Election to Delay:** “Authorized Officer” may delay commencing procurement during the Risk Management Committee (RMC) meeting convened to authorize the first power transactions of CPCNH on behalf of the Member
 - RMC will call for verbal elections to delay after discussion of rate forecasts
- ✓ **Energy Portfolio Risk Mgmt Policy:** Initially *“Hedging shall not extend beyond 36 months from the date that CPCNH first begins providing electricity”*
 - During first 12-months, Member may elect to terminate after the full 36-month term
 - After first 12-months, Member may elect to terminate 36 months in advance

CSB – Early Termination

Early Termination Option 1: Fulfill Waiting Period

- ✓ Upon receipt of termination notice, CPCNH shall inform **Hudson** of the **minimum waiting period** under which there would be no costs for withdrawal
 - Costs of withdrawal may include losses from the resale of power contracted for by CPCNH to serve the **Hudson's** load
 - Waiting period = minimum duration by which no costs would be transferred to the remaining Members that have elected the Services

Early Termination Option 2: Covering of Losses

- ✓ **Hudson** may terminate during the waiting period, provided it first deposits sufficient funds with CPCNH, as reasonably determined by CPCNH and approved by a vote of the Board of Directors, to cover **Hudson's** liability for outstanding costs
- ✓ **Hudson** may elect to use its **allocated share of Joint Reserves** or **Discretionary Reserves**, for this purpose

CSB – Return of Joint Reserves; Authorized Officer & Principal Representatives; Amendments

Return of Joint Reserves: After the effective date of a Member's termination, reserves in excess of the cost incurred by CPCNH as a result of the termination will be allocated back to the Member for its discretionary use

Members will designate an "Authorized Officer" who may elect to:

- ⚡ Delay commencing procurement: (YES/NO)
- ⚡ Specify default and optional products: (YES/NO)
- ⚡ Set Discretionary Reserve adders: (YES/NO)

"Principal Representatives" are:

- ⚡ Member & Alternate Representatives; Principal Executive Officer

Amendments

- ⚡ Amendments are subject to review and approval of all Members that have executed the Complete Service Bundle Contract

4. Limitation of Liability for Hudson

⚡ JPA Article XII, Limitation on Liability of Members

- *“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.”*

⚡ CPCNH designed to serve Member interests

- Customers free to switch w/o penalty; incentivizes CPCNH to maintain competitive rates
- CPCNH adheres to strict Energy Portfolio Risk Management policy and practice (required “hedge ratios”) to minimize exposure to market volatility
- CPCNH “Cost of Service” currently lowest option @ ~9.5 ¢/kWh; CPCNH banks net revenues of ~6.3 ¢/kWh (current rate period) in financial reserves for long term Member benefits
- Financial reserves protect Members and customers in event of market disruptions

5. Responsibilities of Town of Hudson

- ⚡ Purpose of CPCNH as a Joint Powers Agency is to provide expert service to relieve Members of operational & administrative burden
- ⚡ **Hudson responsible for:**
 - Appointing Electric Aggregation Committee; overseeing development/hearings on Electric Aggregation Plan; evaluating/recommending service providers; providing oversight to contracting process
 - Option to set and accrue a “Discretionary Reserve Adder”
- ⚡ **CPCNH responsible for:**
 - Providing comprehensive services and credit support to launch and operate Hudson Community Power in accordance w/ Hudson EAP and objectives (power supply, billing, utility data management, customer service, contact center, etc.)

As CPCNH Member, Hudson has option to participate in governance & oversight

6. Local Control, Rate Setting, Reserves

RATES

- ⚡ CPCNH Board of Directors sets rates, balancing (1) short-term customer savings with (2) financial reserve contributions for long-term stability and benefit
- ⚡ Hudson selects **default** and **optional** products available to customers
- ⚡ **Option** for Hudson BOS to set “Discretionary Reserve Adder”
 - Financial Reserve Policy, p. 26: “*Members may use such Excess and Discretionary Reserves to invest in developing new local energy projects, or to fund programs benefiting their customers specifically, or for other uses as determined solely by each individual Member.*”

PROJECTS

- ⚡ **Option** for Hudson to participate in “Projects”
 - E.g., power purchase agreement from local power generator
 - All benefits/costs of “Projects” confined to Members who voluntarily elect to participate

6. Local Control — EAC Participation

Hudson Electric Aggregation Committee

- ⚡ As a CPCNH Member, Hudson appoints “Member Representatives” (Craig Putnam and Kate Messner) to participate in Membership Meetings, vote in Board Elections, etc.
- ⚡ Craig Putnam sits on CPCNH Member Outreach and Engagement Committee
- ⚡ Hudson representatives are welcome, but not required to, engage with CPCNH Committees, or stand for annual elections to Board of Directors

There are no IT integration requirements for the Town of Hudson

7. Customer Enrollments

Wave 1 Includes Twelve Municipalities

- ⚡ Canterbury, Enfield, Exeter, Hanover, Harrisville, Lebanon, Nashua, Peterborough, Plainfield, Portsmouth, Rye, Walpole
- ⚡ ~76,000 customers being enrolled May – July 2023

Customer Elections as of May 22, 2023

- ⚡ 130 opt -downs
- ⚡ 296 opt -ins
- ⚡ 295 opt -outs
- ⚡ 829 opt -ups

Enrollment reporting available town -by -town

7. Customer Enrollments

Calpine Energy Solutions, Retail Customer Services

⚡ Utility “Electronic Data Interchange” (EDI)

- Data exchange for customer usage and billing information

⚡ Contact center & customer service representatives

- www.CommunityPowerNH.gov customer web-portal
- 1-866-603-7697 (POWR) customer service phone line
- Open 8am – 5pm weekdays
- Info@CommunityPowerNH.gov

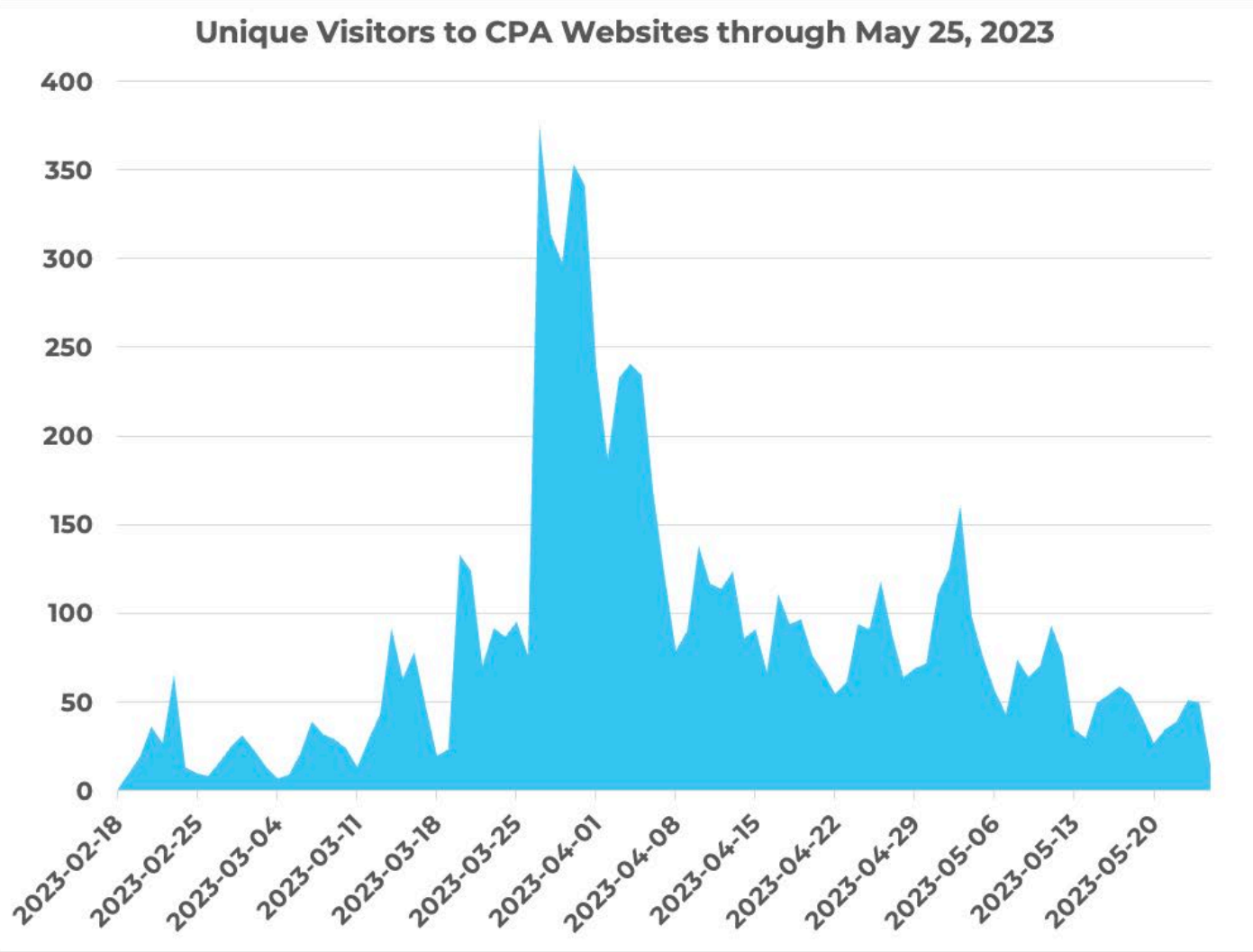
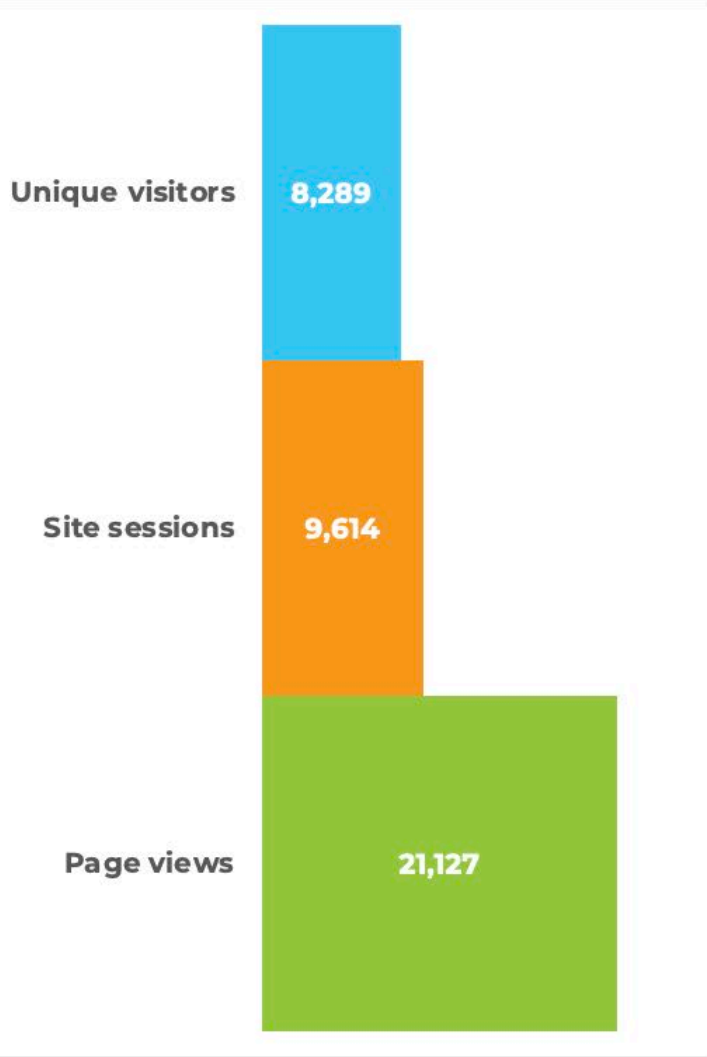
⚡ Weekly reporting on contact center #s

Week	# of Calls	Week	# of Emails
3/27 - 4/02	147	4/03 - 4/07	27
4/03 - 4/09	187	4/10- 4/14	40
4/10 - 4/16	101	4/17 - 4/21	38
4/17 - 4/23	86	4/24 - 4/30	38
4/24 - 4/30	64	5/01 - 5/05	18
5/01 - 5/07	74	5/08 - 5/12	18
5/08 - 5/14	50	5/15 - 5/19	25
5/15 - 5/21	53	TOTAL	204
TOTAL	762		

Activity Type	5/15/23 - 5/19/23	5/8/23 - 5/12/23
Web Activity	42	75
Phone Call	53	50
IVR	0	0
Total	95	125

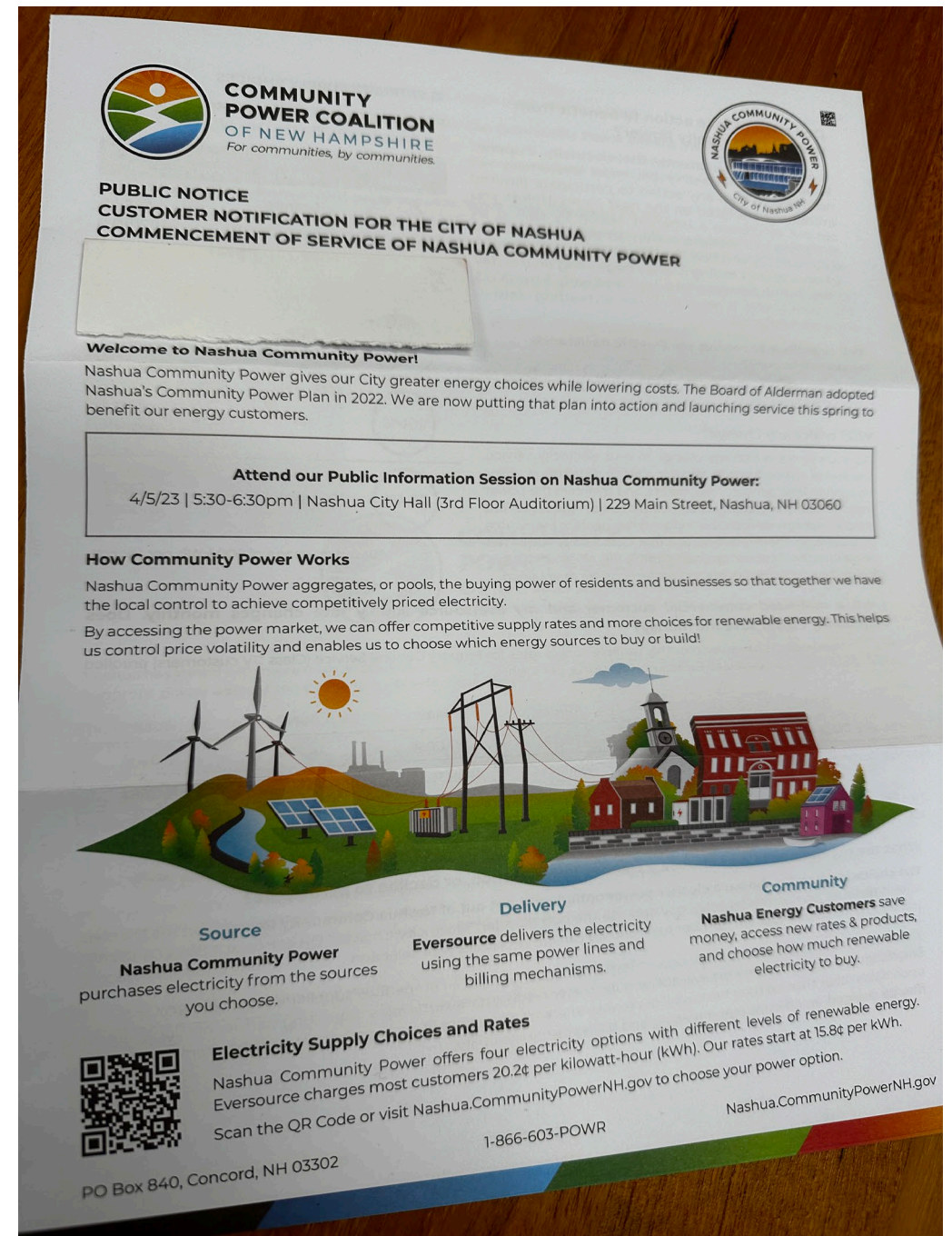
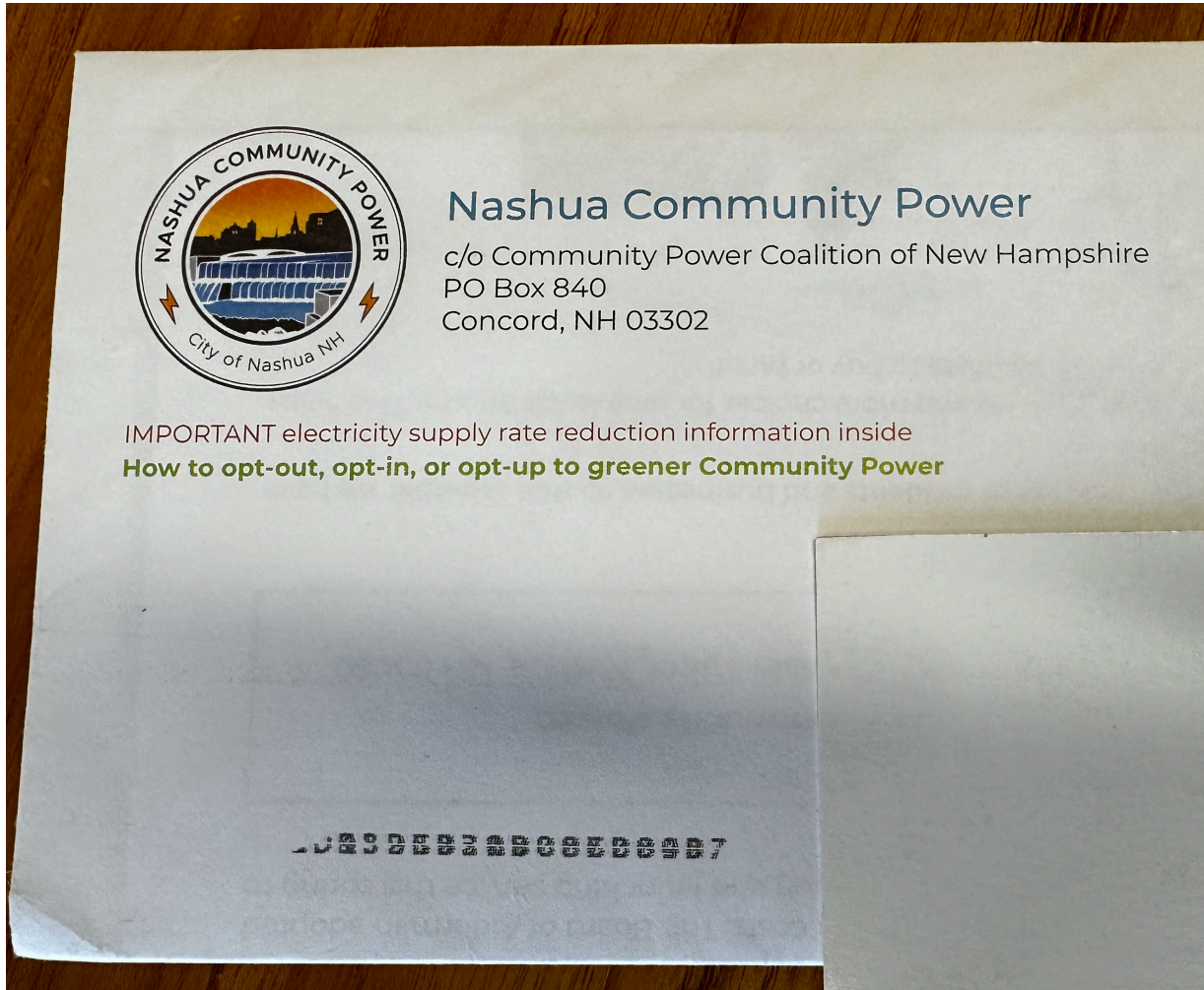
No Hudson Requirements

Customer Engagement via Website



www.CommunityPowerNH.gov

Customer Notification and Enrollment Process



Customer Notification and Enrollment Process

- ⚡ At least **30 days before program launch** all electric customers will be mailed **notifications** that will include the initial fixed rate for Community Power service compared with Eversource
- ⚡ Customers currently on default energy service provided by Eversource will be **able to decline participation or “opt -out”** of Community Power by a return postcard, 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 **“opt -in”** to Community Power
- ⚡ New utility customers will get similar opt -out notices
- ⚡ All 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**

8. Rate Setting

- ⚡ CPCNH sets rates with the objective of saving customers money and offering at least one supply option at a discount relative to your utility supply rate (along with 'opt up' choices)
- ⚡ CPCNH accrues **reserve funds** to create long -term benefits including rate stability , and development of beneficial local energy projects
- ⚡ Most utility rates are set from February 1 to July 31 , and from August 1 to January 31 ; CPCNH default rates will change for the upcoming utility rate period with goal of maintaining customer discounts as utility rates change
- ⚡ All future default rate changes will be publicly noticed at least 30 days in advance at CommunityPowerNH.gov and at <https://www.energy.nh.gov/engyapps/ceps/shop.aspx>

Customer Rates and Optional Products + Example Savings



3-Month Bill Savings \$2,613,377	3-Month Reserves \$4,511,160
Default Customers 36,663	Annual MWh 312,472

Default Power: Granite Basic — 23.4% Renewable

Savings: \$26 / month / customer

Residential, General Service, & Outdoor Lighting

Fixed supply rates effective through July 31, 2023

Renewable Content	Power Options	Rate (¢/kWh)	Estimated Cost*
23.4%	Granite Basic <i>(Default Power Option)</i>	15.8¢	± \$95 / month
33%	Granite Plus	16.2¢	± \$97 / month
50%	Clean 50	16.9¢	± \$101 / month
100%	Clean 100	19.1¢	± \$115 / month
23.4%	Eversource	20.2¢	± \$121 / month

*Based on usage of 600 kWh per month

9. Net Metered Customers

- ⚡ Net Energy Metering (NEM) customers will NOT be automatically enrolled and do not need to opt -out at this time. Why?
 - Utilities have not put in place processes to bill and track supply credits for exported power from NEM customers (required if the utility is to provide billing service for NEM customers on behalf of Hudson Community Power)
 - Utilities are not yet providing monthly NEM export data (required if Hudson Community Power is to independently track, credit, and bill NEM customers)
- ⚡ The Coalition is engaging with the NH Public Utilities Commission and utilities to resolve this issue
- ⚡ When utilities provide the necessary data and billing services, Hudson Community Power will offer Net Metering rates and terms to compensate or credit customers for the electricity supply component of their surplus generation and expand offerings to encourage adoption of distributed generation and storage
- ⚡ Net Metered customers who elect to opt-in to Community Power will no longer receive any credit as an offset for supply for the electricity that they generate in excess of their usage each month, until the issues with utilities are resolved

9. Net Metered Customers

Net Metering 1.0

- kWh credit, carried forward to offset future consumption
- May opt -in to Community Power...
- **However** , if annual production exceeds consumption, may forego any value associated with net annual surplus **until Eversource complies with data sharing requirements**

Did you generate more power than you consume in a year ?

Yes? Hold off on opting In

No? Opt in!

Net Metering 2.0

- \$ payment for monthly excess generation
- May opt -in to Community Power...
- **However** , if monthly production exceeds consumption, foregoes compensation for monthly surplus generation **until Eversource complies with data sharing requirements**

Did you generate more power than you consume in a month ?

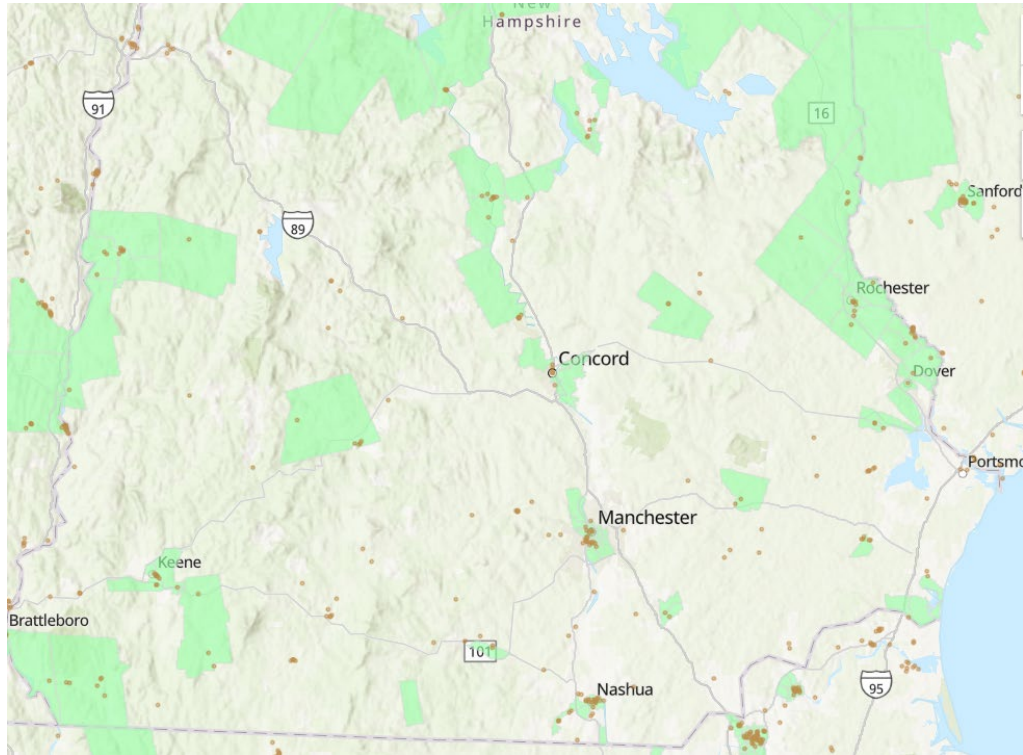
Yes? Hold off on opting In

No? Opt in!

10. Option to Participate in Projects

⚡ CPCNH Technical Assessment finds development of local projects can result in 30%+ less cost than purchasing market power (~\$2.8 million in revenue for 8 MW)

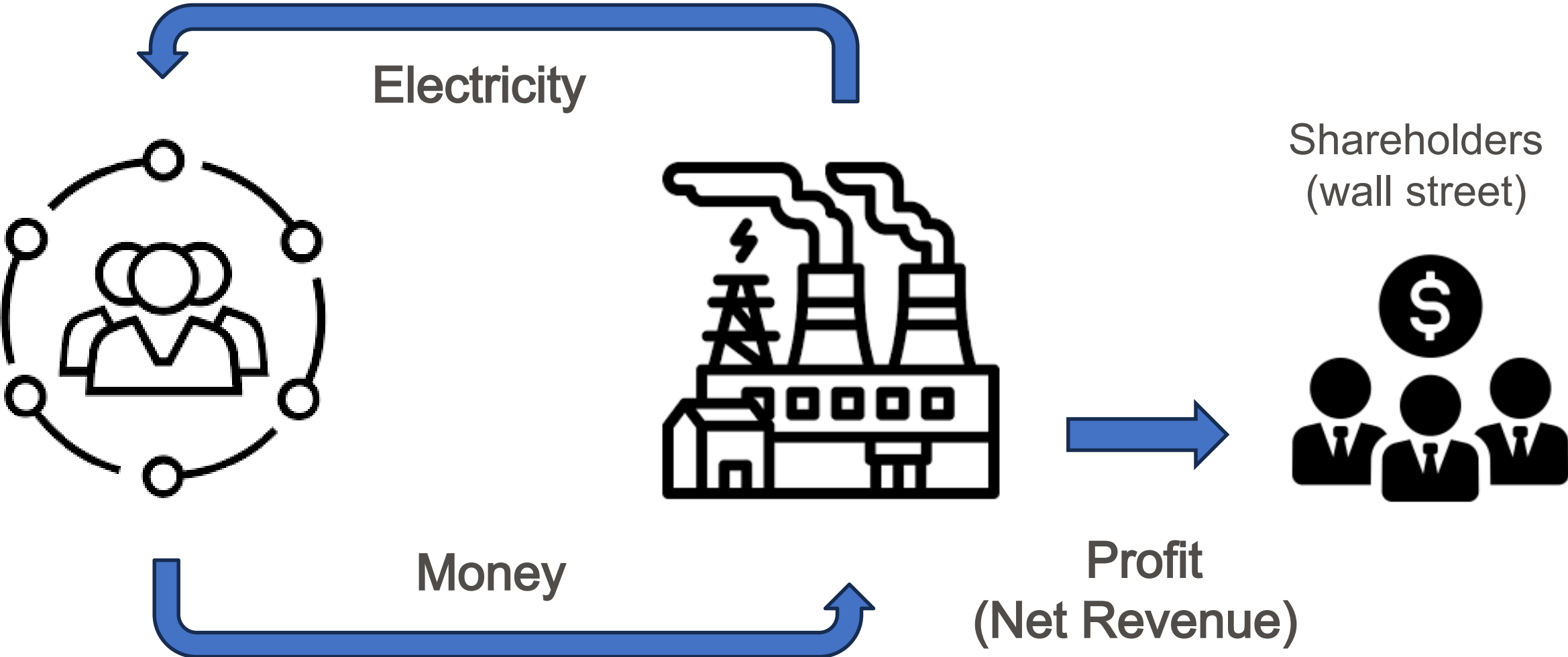
Low Income and Brownfield Sites
(Eligible for additional incentives under IRA)



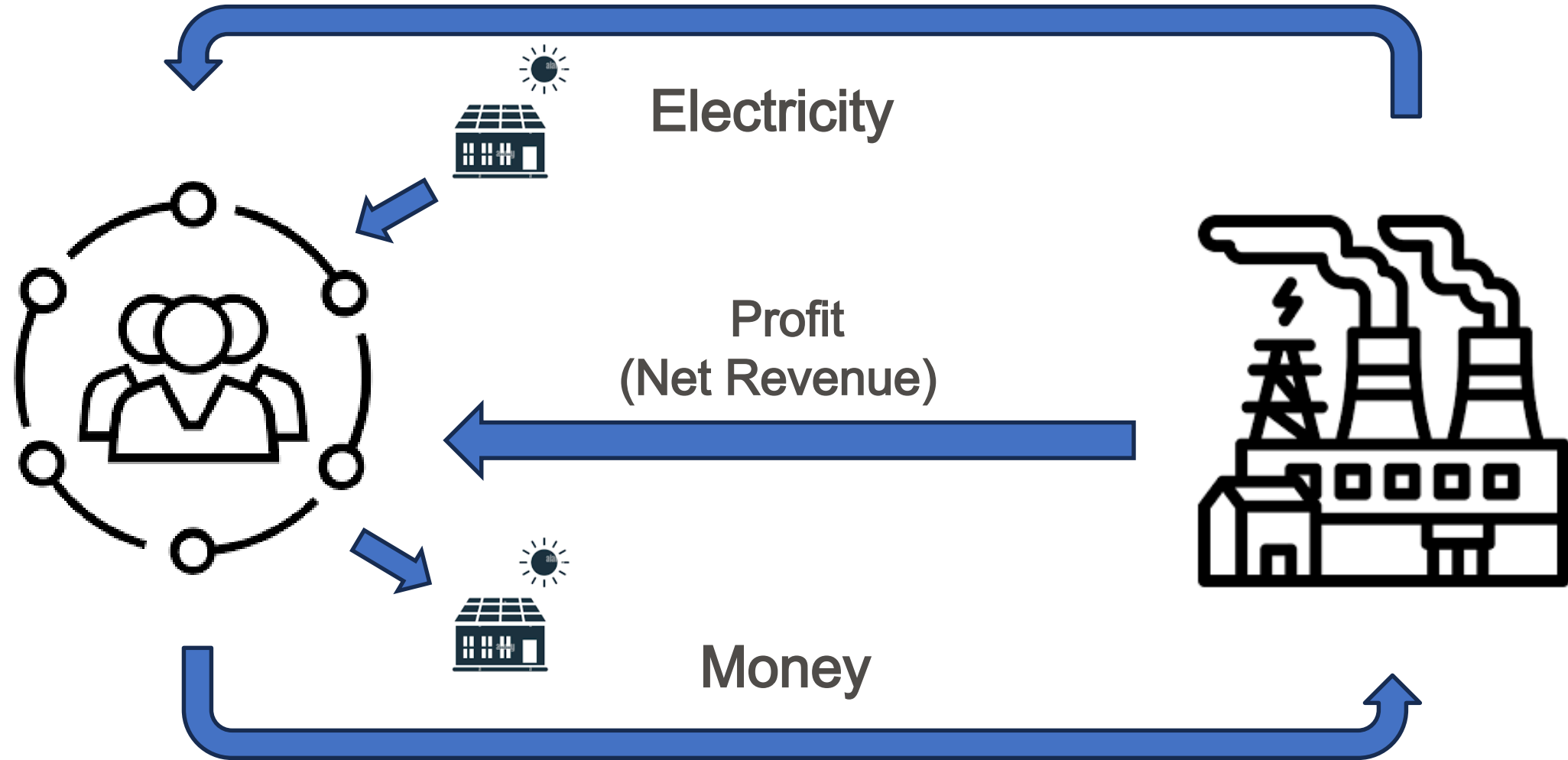
Strategic objective: empower Members & legislature to lift 8 MW cap & develop the local energy market across NH!



Legacy & Broker Model of Electricity Cashflow



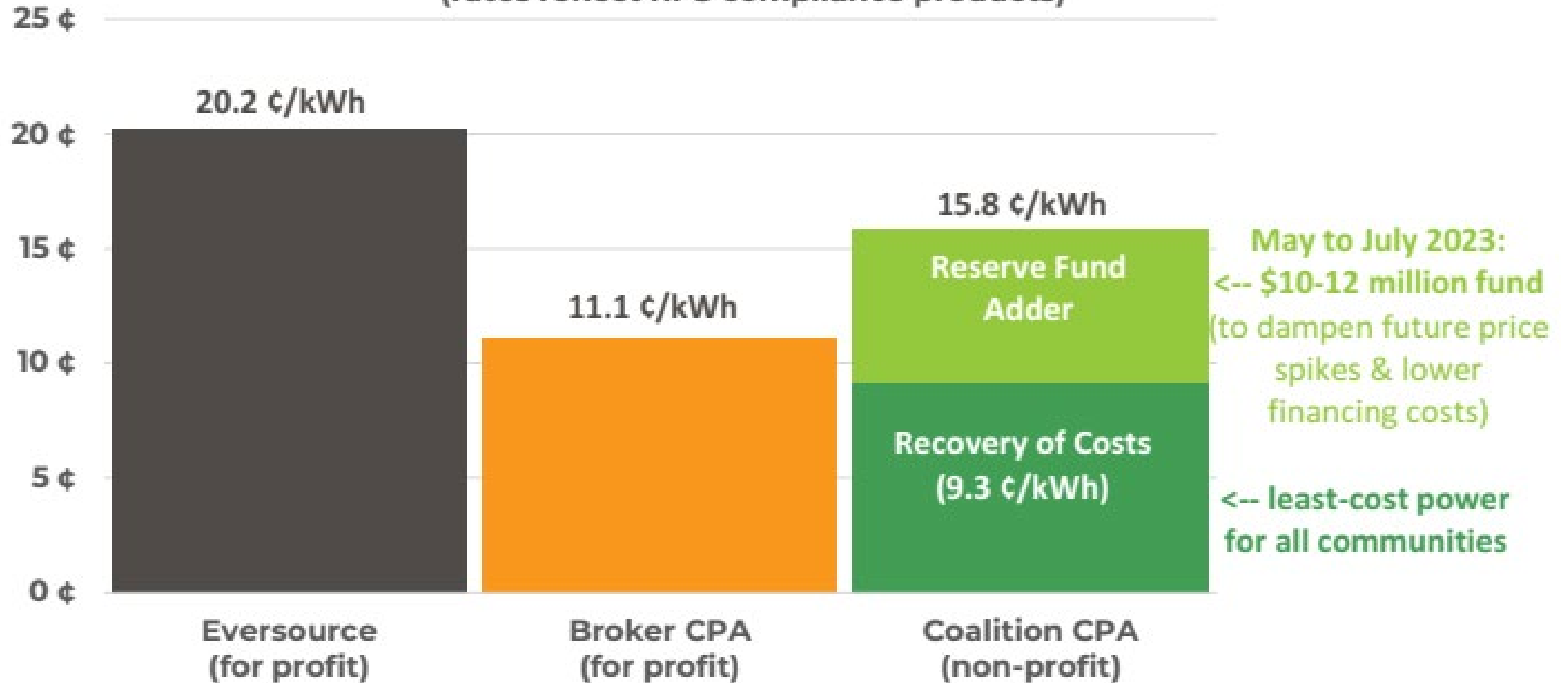
CPCNH Community Power Model of Electricity Cashflow



Value Comparison:

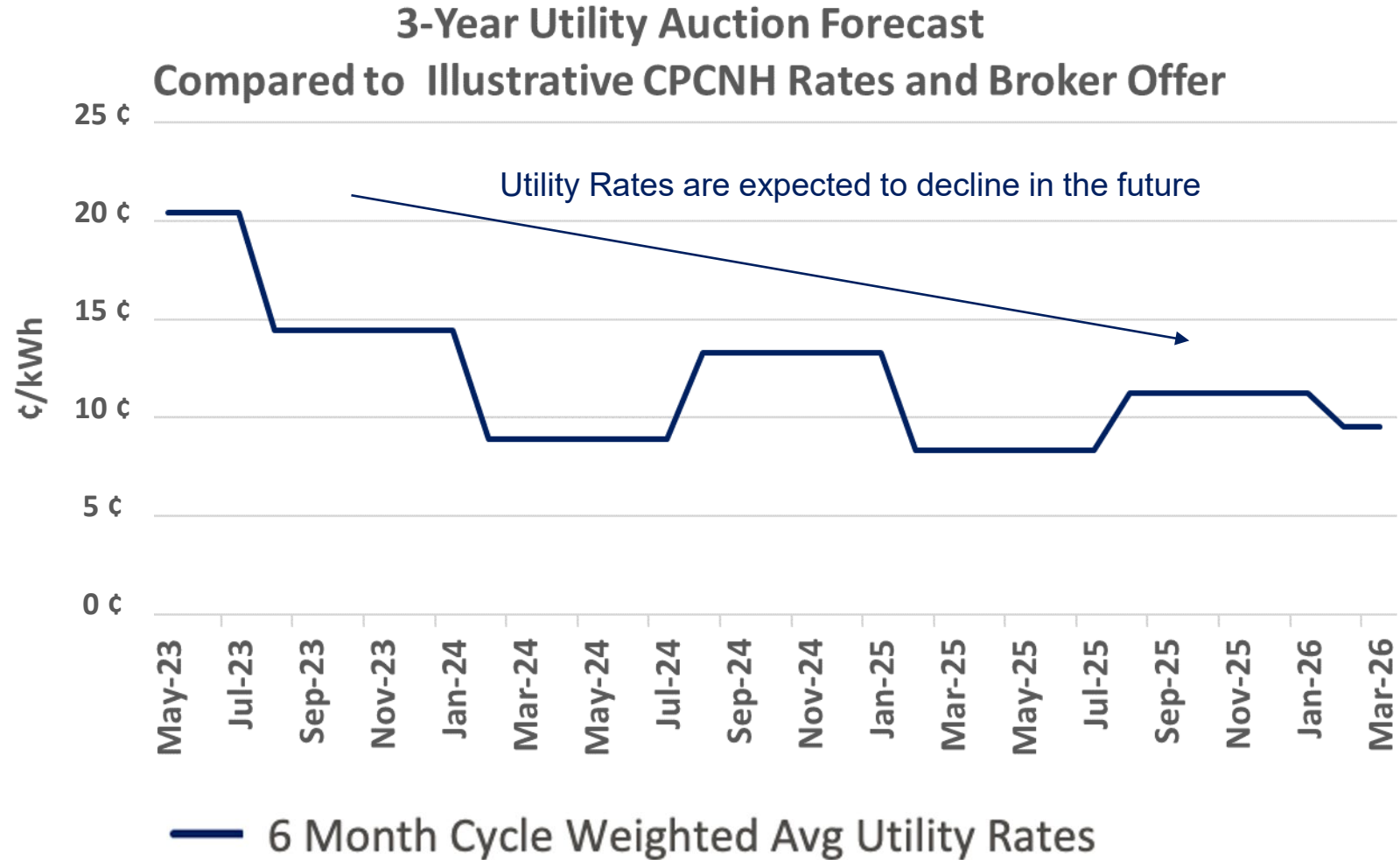
Utility vs. Broker vs. Power Agency

Customer Rates vs. Cost Savings Comparison
(rates reflect RPS compliance products)



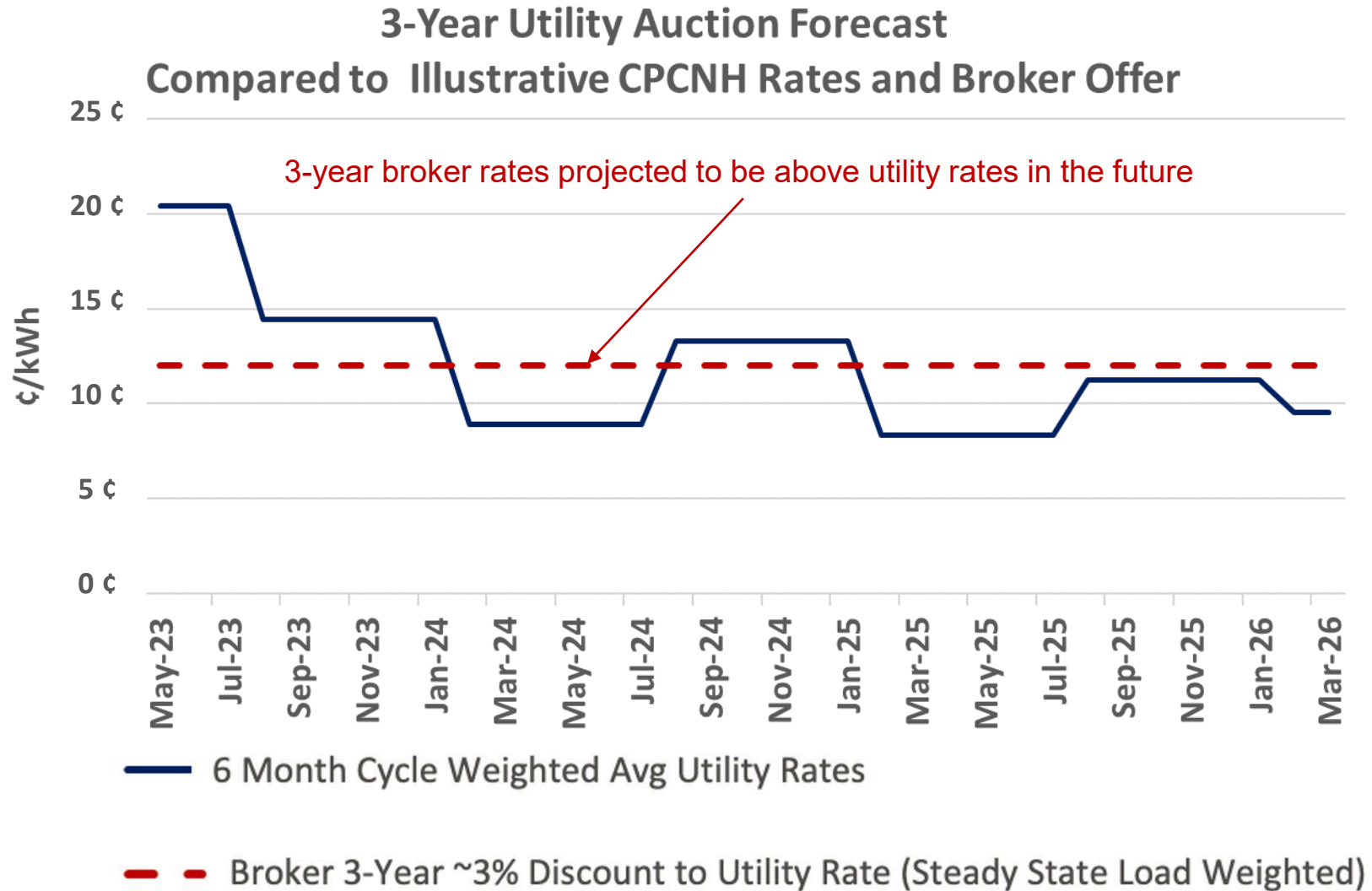
Illustrative 3 -Year Utility Auction Forecast

Based on Q1 2023 forward market prices



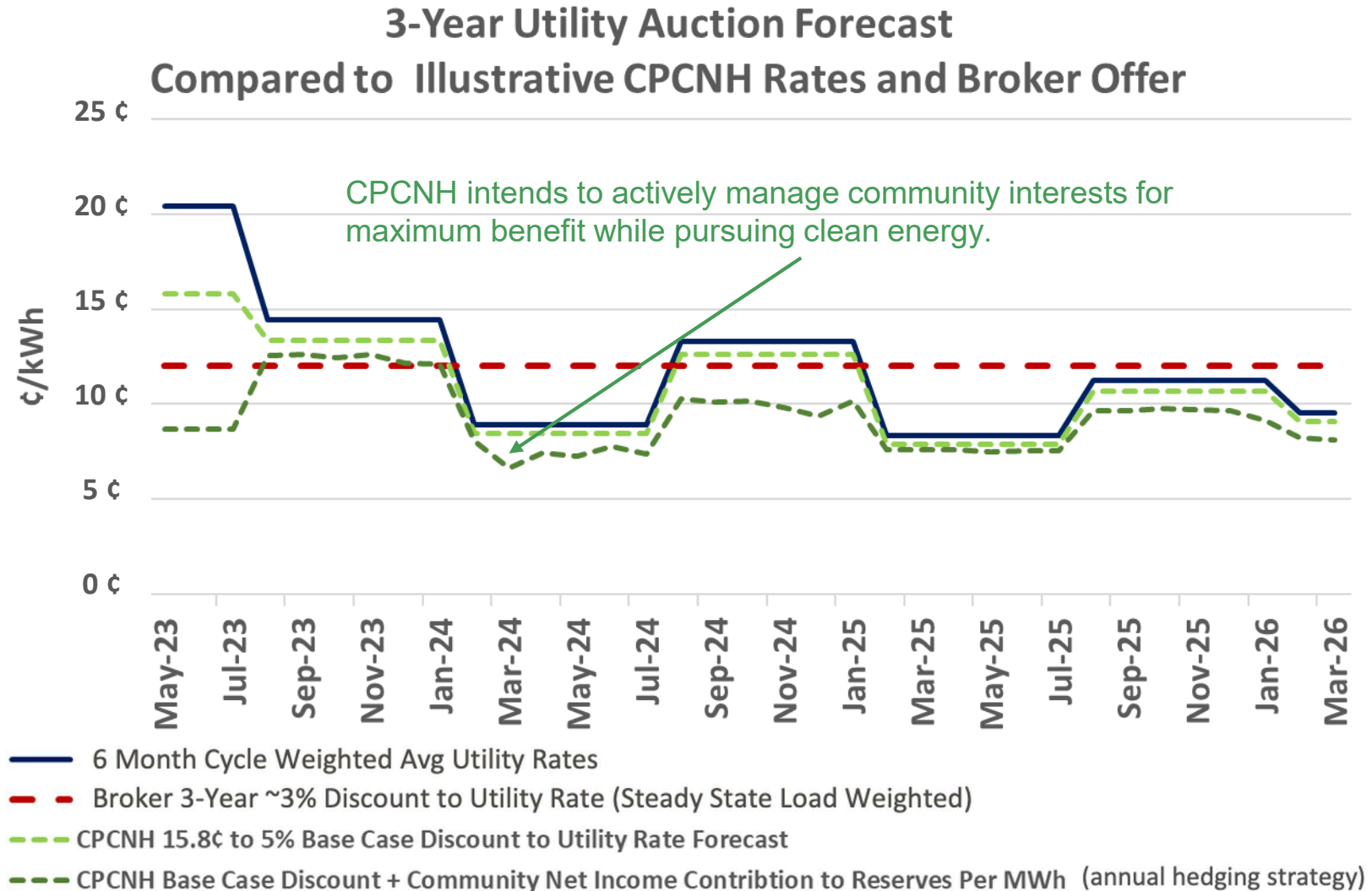
Illustrative 12¢/kWh Brokered Rate

Yielding a load weighted average 3% discount over the entire 3 years



Illustrative CPCNH Rate Overlay

Showing customer savings AND total community benefit





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



Questions & Discussion

www.CPCNH.org

CommunityPowerNH.gov