 <p><b>COMMUNITY POWER COALITION OF NEW HAMPSHIRE</b></p>	<b>RISK MANAGEMENT COMMITTEE – MINUTES</b>	
	Meeting Type:	<b>Risk Management Committee</b>
	Meeting Location:	<b>Council Chambers, Lebanon City Hall, 51 N. Park Street, Lebanon, NH &amp; Microsoft Teams Meeting</b>
	Meeting Date:	<b>Friday, July 22, 2022</b>
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**Committee Members in Attendance:**

- Risk Management Committee Chair Matt Miller, Town of Pembroke Director
- Kevin Charette, City of Portsmouth Director
- Jackson Kaspari, City of Dover Alternate
- Clifton Below, City of Lebanon Director (virtual)
- Peter Kulbacki, Town of Hanover Alternate (virtual)
- Treasurer Kimberly Quirk, Town of Enfield Director

**Committee Members in Absence:**

- April Salas, Town of Hanover Director
- Nick Devonshire, Town of Exeter Director

**Guests:**

- Chair of CPCNH Member Ops Committee Lisa Sweet, Town of Rye Director
- Jim Lawson, Durham Town Councilor
- Samuel Golding, Consultant

**COMMITTEE DELIBERATIONS AND RECOMMENDATIONS**

The Risk Management Committee held a public meeting on 7/22/22 to discuss the proposals offering to provide Retail Services and Financial and Banking Services.

***Financial and Banking Services***

The committee discussed the one proposal CPCNH received, from River City Bank, to provide Financial and Banking Services.

The proposal was focused primarily on negotiating, implementing, and managing a secured revenue “lockbox” account and secondarily offered a full suite of banking services for CPCNH’s consideration. As context:

- ⚡ A secured revenue “lockbox” account is a restricted bank account that relies on a neutral third-party financial institution as a custodian that control the disbursement of revenues received from participating CPA customers such that minimum reserves are maintained per executed agreements and seniority is honored in the disbursement of funds.



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- ⚡ It is a common mechanism used in the industry to provide the maximum level of assurance to CPCNH’s power suppliers and Load Serving Entity agent that CPA financial obligations for power transactions will be managed in accordance with agreed-upon contracts.
- ⚡ Implementation of a lockbox lowers the counterparty default risk, collateral guarantees, and financing for margin calls that would otherwise be associated with or required from CPCNH (as a startup power agency).
- ⚡ Revenues received would be reported to CPCNH’s independent accountant and compared to customer payment reports from CPCNH’s retail customer data manager to confirm that utilities have transferred the amounts owed to CPCNH. Net revenues left over after paying for power supply costs would be disbursed to CPCNH’s accounts each month.
- ⚡ CPCNH’s reliance on the use of a lockbox is expected to become unnecessary over time, as the agency establishes a track record and financial reserves, and eventually establishes a credit rating.

Load Serving Entity proposers also indicated a willingness to work with CPCNH to set up a lockbox account, or to do so on CPCNH’s behalf.


However, the committee agreed that River City Bank should be considered directly, both to provide an appropriate separation of duties and degree of financial independence for CPCNH, and on the basis of their qualifications and the advantages for CPCNH their services could provide.

One of the primary advantages the committee identified was the opportunity to set up a “multi-party” lockbox account.

- ⚡ A “single party” lockbox would typically be used if one counterparty provides all requirements electricity to CPCNH’s customers.
- ⚡ Setting up a multi-party lockbox is more complex but would enable CPCNH to assign multiple energy suppliers rights to receive disbursements from the lockbox.

The committee discussed River City Bank’s experience in implementing and managing both types of lockboxes, and their positive client references.

- ⚡ Treasurer Quirk reported that two California CPA JPAs provided positive evaluations of River City Bank’s services. They were seen as competitive, responsive, experienced working with public agencies, and highly expert regarding the operating models and business requirements of CPA JPAs. She also reported that relying on River City Bank for additional banking services could provide value for CPCNH.
- ⚡ Familiarity with local communities was also identified as a benefit. Treasurer Quirk voiced that this was less important than possessing expertise in negotiating and managing lockbox accounts and River City Bank’s familiarity with the business requirements of CPA JPAs. The community voiced support for this assessment.

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The committee also discussed the positive interview with River City Bank, during which they demonstrated a high degree of responsiveness, subject matter expertise, and an understanding of relevant implementation requirements. Of note during the interview:

- ⚡ River City Bank confirmed that they were familiar with NH regulations, which would not be a barrier to their provision of banking services.
- ⚡ They recommended budgeting 12 weeks to finalize a lockbox agreement and provide for all necessary integrations with CPCNH's other service providers and suppliers.
- ⚡ Chair Below asked if they would consider providing an unsecured loan prior to CPCNH's launch, to which they indicated a willingness to consider providing an amount on the order of \$100,000 at the stage when CPCNH had hired all necessary qualified vendors, secured adequate credit financing for wholesale supply, and had produced an updated financial forecast on which River City Bank would be able to assess CPCNH's creditworthiness.


The committee discussed trade off considerations and concluded that while other financial institutions could provide lockbox services, River City Bank was evidently highly qualified and competitively priced. Additionally, members felt that the services were highly specialized, and that this precluded exploration or consideration of local NH banks as alternative providers of lockbox services.

Further, River City Bank's fees were nominal (on the order of hundreds of dollars per month) and were expected to be offset from the interest and credits generated on account balances that CPCNH anticipates achieving and sustaining soon after launch.

Lastly, the committee viewed the potential for River City Bank to extend a nominal unsecured loan to CPCNH prior to launch as a promising opportunity, and an indication that the relationship could provide additional value to CPCNH.

Director Miller solicited and received two public comments:

1. Director Sweet inquired as to where River City Bank conducted business and whether there would be any barriers to providing banking services in NH. Director Miller explained that they were a California bank, and that while he didn't know where else they were operating, they had confirmed they were familiar with NH rules and would be able to provide services to CPCNH.
2. Jim Lawson inquired as to whether the committee had expected River City Bank to provide a credit facility. Consultant Golding explained that this had not been an expectation, as financial institutions generally would not consider providing an unsecured credit facility to CPCNH prior to launch, that the committee consequently anticipated relying on a Load Serving Entity to provide credit support for wholesale power supply in the form of a credit sleeve or comparable financing mechanism, and that a solicitation for credit facility financing would be able to be issued after CPCNH had launched and begun to accrue net revenues for financial reserves.

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The committee then voted unanimously to recommend that the Board authorize engaging in contract negotiations with River City Bank for lockbox services and other banking services.

***Retail Customer Services***

Director Miller provided a brief overview of the number of proposals for retail services CPCNH had received, and how Calpine had been deemed the most highly qualified, competitively priced, and fully responsive to CPCNH’s RFP.

Director Miller explained that there were previously two other proposers which the committee had initially expected would be competitive, but when both submitted clarified proposals at CPCNH’s request:

1. One of the clarified proposals was deemed clearly non-compliant with CPCNH’s RFP requirements; and
2. The second presented similar, albeit less, concerns in regard to compliance but had regardless not offered as expansive a scope of services nor demonstrated a comparable degree of familiarity in comparison to Calpine — and was more than twice the cost.

Director Miller and Consultant Golding then provided a general overview of Calpine’s proposal, inclusive of the clarifications gained throughout the evaluation process:

- ✦ Calpine presented a highly integrated offering, with an implementation team and robust project management support to develop and setup CPCNH’s retail customer services, including by:
  - Deploying their Customer Relationship Management and billing system (CRM) and tailoring their call center services to CPCNH’s requirements (scripting, staff training, etc.).
  - Satisfying utility Electronic Data Interchange (EDI) testing and regulatory compliance requirements associated with the provision of retail services.
  - Managing required integrations with other CPCNH service providers and integrating customer opt-in/ opt-out functionality into CPCNH and/or Member CPA websites.
  - Working with CPCNH to ensure that messaging and framing (on call scripting, mailers, websites, community engagement, etc.) leveraged Calpine’s insights and research to ensure the best customer experience.
  - Ensuring that mailers would be sent to customers prior to the launch of CPAs and enrollment of customers, not only by preparing mailing lists but also working closely with CPCNH’s printing / mailing service provider.
- ✦ Calpine’s depth of qualifications and demonstrated expertise in this regard was second to none:
  - Calpine has been relied upon by almost every CPA JPA in California to implement and manage retail services (for 23 CPA launches to date).



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- Calpine’s team credibly demonstrated forethought and proactive commitment regarding how they would meet CPCNH’s implementation process and timeline requirements to launch CPAs in the NH market.

⚡ Calpine proposed a comprehensive scope of operational services including:

- Utility EDI, data management, call center and customer care services, retail billing services — utility rate ready consolidated billing and (if enabled in NH) bill ready utility consolidated billing at CPCNH’s election, as well as dual billing services for customers at CPCNH’s election — and utility payment receipt and revenue oversight.
- Enterprise data management and local program / market innovation support:
  - Provision of a client data portal where CPCNH can log in and have direct access to Calpine’s CRM to view data and run reports.
  - Provision of an impressive number of reports that have been developed over years of experience helping to operate CPA JPAs with similar operating models to CPCNH, and a willingness and expectation that additional reporting functions would be customized to CPCNH’s unique requirements.
  - Provision of the Recurve platform tool, configured to the NH market and for CPCNH’s use as applicable data becomes available, in order to support Distributed Energy Resource and demand flexibility targeting, cost effectiveness calculations, portfolio integration analyses, and local program design and market-based procurement solicitations.
  - Assistance to CPCNH in licensing our own MS Azure database, after which Calpine will deploy an instance of their database for CPCNH’s own use, with APIs set up to ingest all available data updates (raw, cleaned, engineered data, call center notes, etc.) at regular intervals — such that CPCNH would be in possession of all raw and formatted data associated with CPA programs and would be able to develop in-house database functionality without reliance on Calpine or any other third-party in future.

⚡ Calpine additionally committed to providing several related value-added services:

- Calpine will configure and provide an ITRON tool for CPCNH’s direct use in load forecasting and will prepare daily load forecasts for submittal to CPCNH’s Load Serving Entity and the ISO-NE market operator as directed by CPCNH.
- Calpine will conduct daily retail load settlement verification calculations, assess the accuracy of how utilities are calculating the hourly load profiles used for CPCNH’s wholesale market financial settlements, and will provide technical insights in this regard to inform CPCNH’s engagement with the NH PUC and utilities.
- Subject to final confirmation regarding NH regulatory compliance requirements, Calpine will serve as the Independent Monitor for CPCNH NEM customers with REC production meters, and



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report monthly REC production to NEPOOL-GIS so that CPCNH can generate and compensate customers for local RECs used for CPA RPS compliance obligations.

Calpine’s flexibility, qualifications, and client-oriented approach to the provision of retail services provide significant value add for CPCNH across the provision of all services, and specifically in terms of Calpine committing to:

- Supporting SB 321 pilot initiatives, both in terms of providing relevant operational services and additionally by providing technical analysis and advice to support CPCNH’s engagement with utilities and at the NH PUC and Legislature.
- Enabling advanced rate structures, such as custom hedged rate structures for large commercial and industrial accounts, demand response, real-time pricing (RTP) on a passthrough basis, Time of Use (TOU) for battery and electric vehicle customers, individual / group / low-moderate Net Energy Metering (NEM) customers.
- Employing robust process standards, quality control and audits, and the highly developed oversight and management system that ensures an extremely high degree of validation / accuracy in managing customer data and customer billing requirements.
- Being proactive in terms of identifying and mitigating risks for CPCNH — for example, Calpine will engage directly with Liberty Utilities in advance of their customer data and billing platform upgrade to test and ensure it is set up to meet CPCNH’s requirements (and should not interrupt CPCNH’s operations at go-live.)
- Providing a flexible call center service model, which would allow CPCNH to hire Key Account Managers and set them up with log ins to the call center platform.

Lastly, Calpine’s fee structure, funding offer, and the comparative analysis Consultant Golding conducted to benchmark Calpine’s cost of service against pricing observed in the CPA industry to-date was presented and explained (refer to the “FISCAL IMPACT” section at the beginning of this report for an overview).

Director Miller than requested other members provide their evaluation of Calpine:

- Calpine emphasized the substantial number of CPA JPA launches that Calpine has supported, their internal focus on controls, cybersecurity, and the protection of customer-specific identifiable information, and how their substantial expertise operating in the ISONE market included being already enabled for Electronic Data Interchange (EDI) with all four distribution utilities in NH. His overarching conclusion was that Calpine would significantly reduce CPCNH risk profile throughout the implementation process.
- Alternate Director Kaspari voiced confidence in Calpine’s service offering, noted their competitive pricing, and agreed that their depth of experience in assisting comparable CPA JPAs through the initial implementation and launch phases was a strength. He could not identify any drawbacks or areas of





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concern with Calpine and agreed with how their proposal and value proposition had been summarized by other members.

- Chair Below explained that Calpine’s credibility and businesses practices in regard to ensuring the confidentiality of customer information would be viewed favorably by the NH PUC and utilities, and that the SOC 1 Type 2 audits Calpine undergoes annually assess data and transaction security, availability, processing, integrity, and confidentiality of customer data, and emphasized how responsive Calpine had been in reviewing and committing to complying with CPCNH’s anticipated confidentiality requirements as documented in the new technical appendix written for CPCNH’s EAP template (as first approved in Lebanon’s revised EAP).

Chair Below additionally analyzed and explained how Calpine had committed to supporting the variety of advanced rate structures and strategic initiatives — and how the interviews had demonstrated Calpine’s credibility and experience regarding a capacity to deliver on expectations — and concluded that Calpine was aligned with and highly supportive of CPCNH’s vision of accelerating the energy transition by enabling more innovative retail services and local programs. Lastly, he noted Calpine’s extremely high accuracy rate for billing, and appreciated how they focus intensely on ensuring data verification and integrity, rather than just “being a data taker” from the utility.

- Treasurer Quirk voiced appreciation for the breadth of services Calpine had proposed, and the level of detail and understanding and competence that they had demonstrated in both their written proposal and presentation during the interview. She concluded that CPCNH would be able to rely upon Calpine’s services to enable advanced retail offers and programs that accelerate solar and battery storage deployments, electric vehicles, etc.
- Director Kulbacki voiced strong agreement and confidence in what had been said by other members. He emphasized that the \$250,000 credit for the Recurve platform to enable distributed resource procurements and the \$750,000 in startup funding were additional and meaningful value adds.
- Director Miller emphasized how it is critical for CPCNH to ensure high quality customer experience and satisfaction, particularly at launch, and that Calpine represented a credible partner for CPCNH in this regard. He additionally explained that the manner in which Calpine had structured their call center services was to work closely with a third-party call center, with sufficient management oversight and integrations on Calpine’s part to (1) ensure the provision of adequate staff capacity that was exclusively dedicated to serving CPAs, and (2) offer CPCNH with a flexible service model that could hire and train people in NH familiar with our local communities.

Director Miller further highlighted how Calpine was clearly focused on leveraging all aspects of data to enhance CPA JPA business operations, and how their commitment to ensuring the integrity of the data received from utilities before propagating it out to customer bills would result in high levels of customer satisfaction. He noted that this is reflected in Calpine’s achievement of a billing accuracy rate of 99.99998%.



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Lastly, Director Miller echoed what other members had said in acknowledging Calpine’s extremely robust levels of preparedness in regard to cybersecurity and noted that Calpine had never had a data breach despite the constant intrusion attempts that are to be anticipated when operating a power agency.

- ✦ Consultant Golding contributed that the SOC 1 Type 2 audits Calpine commissions on an annual basis generates a report that Calpine said would be made available for CPCNH’s review, which would identify any instances of noncompliance and areas for continuous improvement and characterize this as a “trust but verify” best practice that Calpine had proactively offered.

Director Charette added that Calpine’s reference checks would be conducted later this week and early next week, due to scheduling delays.

The committee then discussed and compared the potential competing alternatives to Calpine’s proposal:

- ✦ Chair Below explained that there were two additional proposals for Retail Services that the committee had initially expected would merit serious consideration, but after both Proposers submitted clarified proposals in response to CPCNH’s request, it became apparent that:
  - Proposer 2 clearly did not meet RFP requirements, was deemed non-responsive on that basis, and was disqualified from further consideration.
  - Proposer 3 came closer but was considered not fully responsive to CPCNH’s requirements, and regardless had offered a narrower scope of services at a significantly higher cost. Further, evaluators concluded that Proposer 3 did not show the commitment and engagement to understanding CPCNH’s particular needs that Calpine had demonstrated.
- ✦ Director Miller and Consultant Golding voiced agreement and explained that while the committee always had the option of devoting additional time and resources to engaging in further rounds of clarification requests to develop the competing proposals and service offerings, doing so would come at the expense of risking delays for the commencement of CPCNH’s implementation process. Director Miller also pointed out one of the proposals only offered to defer a minimal amount of upfront implementation expense, which was a significant barrier and key area of non-responsiveness to CPCNH’s requirements.
- ✦ Director Charette emphasized how Calpine’s depth of experience in helping launch CPA Joint Power Agencies in California, with similar operating models to CPCNH, was a key differentiator and significant strength in terms of lowering implementation and timeline risk for CPCNH.

Director Miller then opened the floor for public comments and questions.

Director Sweet asked if there were any services that had not been proposed in response to the CPCNH’s RFP.

- ✦ Treasurer Quirk responded that in the context of the entire RFP, the only services that were not proposed were accounting and auditing services, and that CPCNH would contract for those services independently.





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- ✦ Consultant Golding clarified that retail services were completely covered, except for designing, printing, and mailing notifications, but that Calpine would process opt-in-opt-outs and had provided the \$750,000 in startup funding in part to cover those expenses and had further offered to identify and engage competent vendors (or support CPCNH in doing so). Calpine had additionally proposed significant value-added services and various enhancements to their anticipated scope of work for CPCNH.
- ✦ Chair Below followed up by explaining how Calpine’s depth of experience and behavioral research regarding the experience of CPA customers, particularly going into CPCNH’s initial program implementations, would enhance CPCNH’s messaging and framing across call center scripting, mailing notices and the like, with the goal of more effectively convey CPCNH’s value proposition and achieving low customer opt-out rates.

Director Sweet then asked whether Calpine was competitive in relation to companies that might not have responded to CPCNH’s RFP.

- ✦ Consultant Golding responded in the affirmative and explained that Calpine not only serves almost every CPA JPA in California, but that one of the two CPA JPAs that had awarded retail service contracts to a different company at launch had later encountered performance and reliability issues that negatively impacted customer billing — and had recently concluded an RFP process and transitioned to relying on Calpine for retail services going forward.
- ✦ Chair Below additionally responded and noted that Calpine had been helping CPA JPAs that wanted to transition to directly managing inbound call center services with in-house staff. Calpine was evidently being very client oriented and had provided support that helped the CPAs to do so.
- ✦ Director Charette contributed that if CPCNH wanted to in-house any aspect of call center operations, CPCNH would be able to continue using Calpine’s call center platform, which would be complicated and expensive to deploy on our own, and that this is how Calpine has helped California CPA JPAs to streamline the process.
- ✦ Director Charette also emphasized that the staff at Calpine who had led so many California CPA JPA implementations would be taking the lead on working with CPCNH to implement operations, and that this was a strength for CPCNH.
- ✦ Treasurer Quirk responded by suggesting that the motion to recommend entering contract negotiation with Calpine should be contingent on conducting reference checks.

Director Sweet then asked if Calpine was prepared to serve CPCNH’s multiple CPA Member programs and pointed out this was new and different from how most California CPA JPAs operate as a single large CPA program.

- ✦ Consultant Golding responded that Calpine was prepared and clarified that Calpine does serve a CPA JPA in California that is structured similarly to CPCNH, in that the CPA JPA provides services and Calpine serves multiple different CPA programs that are members of the JPA.

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Chair Miller additionally clarified that CPAs will also be different in terms of the different rates and products they offer to customers, that Calpine will provide the capability for CPCNH to offer CPA customers with advanced products and different rates, and that they have demonstrated their credibility in terms of managing different combinations and complexities required to serve multiple different CPA territories simultaneously.

After confirming there was no remaining questions or comments from the public, the committee then voted unanimously to recommend that the Board engage Calpine in contract negotiations, subject to reference checks.

### ***ACTIONS TAKEN***

The Risk Management Committee voted 6-0 with 2 absences to recommend that the CPCNH Member Board enter contract negotiations:

1. With Calpine for Retail Customer Services, subject to completion of satisfactory client reference checks.
2. With River City Bank for Lockbox Services and Other Banking Services.