



**COMMUNITY
POWER COALITION
OF NEW HAMPSHIRE**

RISK MANAGEMENT COMMITTEE – MINUTES

Meeting Type: **Risk Management Committee**
Meeting Location: **Lebanon City Hall, Council Chambers, Lebanon, NH 03820**
Meeting Date: **Wednesday, January 4, 2023**
Meeting Time: **Noticed for 9AM**

Committee Members in Attendance:

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

Committee Members in Absence:

- April Salas, Town of Hanover Director

Guests:

- Scott Wrigglesworth, Ascend Managing Director of Operations and Strategy, CPCNH Project Lead
- Carlos Blanco, Ascend Managing Director for Risk Management
- Samuel Golding, Community Choice Partners
- Henry Herndon, Herndon Enterprises

Notes

Agenda

1. Open meeting and Attendance.

Committee Chair Miller opened the meeting at 9:02am.

2. Review and accept previous meeting minutes.

- a. <https://docs.google.com/document/d/1TrIDQ8ivILV6yfp6vliwi6j3TDNfFER/edit>

Treasurer Quirk moved to approve the minutes of the 12/8/22 meeting. Vice Chair Charette Seconded. Hearing no objection, Committee Chair Miller declared the meeting minutes approved by unanimous consent.

3. Carlos Blanco and Scott Wrigglesworth presentation the draft Energy Portfolio Risk Management regulations.

The Committee discussed that Chair Below, Consultant Golding, Ascend, Calpine and DWGP were preparing “enabling agreements” with counter-parties, one such counter-party being Calpine, that authorize and govern



**COMMUNITY
POWER COALITION**
OF NEW HAMPSHIRE

RISK MANAGEMENT COMMITTEE – MINUTES

Meeting Type: **Risk Management Committee**
Meeting Location: **Lebanon City Hall, Council Chambers, Lebanon, NH 03820**
Meeting Date: **Wednesday, January 4, 2023**
Meeting Time: **Noticed for 9AM**

future transactions, trades and power purchases between CPCNH and the supplier (Calpine and others). Beneath the umbrella of the enabling agreements, future transactions for power are allowed within certain parameters.

The Committee discussed the expected time commitment of Committee Members, and clarified that the Committee may need to be on standby in certain situations, but the majority of discussion and activity would occur within monthly RMC meetings. Based on CPCNH's initial portfolio size, time commitments and portfolio adjustments are not expected to be high. Infrequently, RMC may be called to meet beyond regular monthly meetings to act and approve adjustments to the portfolio and the hedges.

The Committee discussed the Energy Portfolio Risk Management regulations as providing for rare instances of balance of month authorizations and limits.

The Committee discussed the likelihood that certain responsibilities and authorities would shift to staff members overtime, while RMC would become more focused on updates, strategy, and policy.

Ascend will submit weekly standard reports highlighting any significant changes or trends.

Competitive biddings (requests for offers from approved counterparties with enabling agreements) are likely to be scheduled immediately after RMC meetings.

Ascend Hedge Recommendation Memos to include:

- Requested maximum hedge volume by on/off peak and month: X MW
- Delivery point
- Current mid-market pricing as available from ICE/Nodal Exchange or any other available source
- Requested price limit by on/off month (based on current mid-market pricing, volatility and bid-ask spreads): X \$/MWh
- Positions for hedge period: net position before and after hedging
- Current GMaR and reduction in GMaR if hedge is executed
- Impact to portfolio costs relative to budget and relative to last RMC financial projections
- Requested approval window to execute transaction – 5 businesses days or until next RMC meeting
- Rationale for transaction and any additional considerations

Memos will be double and triple checked by Front Office, Middle Office, RMC Chair and then presented to RMC for review, discussion, modification, and approval/disapproval. Memos will require RMC to assess tradeoff decisions.



**COMMUNITY
POWER COALITION
OF NEW HAMPSHIRE**

RISK MANAGEMENT COMMITTEE – MINUTES

Meeting Type: **Risk Management Committee**
Meeting Location: **Lebanon City Hall, Council Chambers, Lebanon, NH 03820**
Meeting Date: **Wednesday, January 4, 2023**
Meeting Time: **Noticed for 9AM**

The broad strategies for power procurement:

- Programmatic Strategy (utilities & governments):
 - E.g., buy this much power on this day and don't ask questions; no room for second guessing
- Risk Minimizing Strategy:
 - Takes into account the horizon, the optimal hedge ratio, and adjustments over time.
- Contingent Strategy:
 - More speculative, akin to what a bank trader tries to do in using good technical and fundamental analysis to assess the market and take advantage of opportunities.

CPCNH's strategy may be somewhere between Risk Minimizing and Contingent.

4. Plan and define schedule and logistics for the sequence of meetings required to carry out RMC duties including training.

- a. ISO NE market dynamics. Spot (Day-ahead and Real Time), Forward and Basis Prices.
- b. Forward Price and Load forecasting
- c. Hedge instruments (Physical and Financial Block Trades, Options, FTRs)
- d. Meaningful Uncertainty Simulation Framework (Weather/Load/Price)
- e. Position Reports (Load, Hedges, Net Open Positions)
- f. Market Based Projections -Expected Gross Margins, Expected Cost of Supply, Expected Reserves
- g. Risk metrics (Gross Margin at Risk, Rates at Risk, Financial Reserve Uncertainty)
- h. Optimal Hedge Ratios (price and volumetric uncertainty)
- i. Counterparty and Liquidity Risk from Hedges
- j. Hedging vs. Speculation. Risk & Regret considerations and benchmarking quality of decisions.
- k. Trade Lifecycle and RMC involvement

5. Identify and coordinate training required for RMC members to perform RMC functions.

- Thursday, January 19th, 9am: RMC Meeting (deliberate Energy Portfolio Risk Management regulations to make a recommendation to the Board)
- January 24 OR January 26: Mock RMC Meeting
- Monday, January 30th, 9AM: RMC Meeting (decision to authorize initial procurements)
- Monday, February 6th: FinCom & RMC public meetings to deliberate rates and recommend to Board
- February 6th – February 16th: Wave 1 Members review and select default and optional product offers



**COMMUNITY
POWER COALITION**
OF NEW HAMPSHIRE

RISK MANAGEMENT COMMITTEE – MINUTES

Meeting Type: **Risk Management Committee**
Meeting Location: **Lebanon City Hall, Council Chambers, Lebanon, NH 03820**
Meeting Date: **Wednesday, January 4, 2023**
Meeting Time: **Noticed for 9AM**

- Thursday February 16th: Board Meeting (to set rates)
- Regular RMC Meetings: Second Monday of the month, 9am – 11am (February 13th, 9am – 11am)
- RMC Trainings: Tuesdays January 10th, 17th, 19th, 5pm – 6pm

6. Other business

7. Adjourn Meeting

Committee Chair Miller declared the meeting adjourned.