



**COMMUNITY
POWER COALITION
OF NEW HAMPSHIRE**

JOINT RISK MANAGEMENT AND FINANCE COMMITTEES – APPROVED MINUTES

Meeting Type: **Joint Risk Management and Finance Committees**
Meeting Location: **14 Dixon Ave, Suite 201, Concord, NH 03301**
Meeting Date: **Friday March 10, 2023**
Meeting Time: **Noticed for 12:30PM**

Risk Management Committee Members in Attendance:

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

Finance Committee Members in Attendance:

- Treasurer Kimberly Quirk, Town of Enfield Director
- Clifton Below, City of Lebanon Director
- Paul Looney, Town of Walpole Director (virtual)
- Terry Clark, Cheshire County (virtual)

Risk Management Committee Members in Absence:

- April Salas, Town of Hanover Director

NOTES

At 12:31pm, Risk Management Committee Chair Matt Miller called the meeting to order, took rollcall, and acknowledged Finance Committee Chair Kim Quirk who took rollcall for Finance Committee. Quorums of both committees were present.

Risk Management Committee Chair Miller described the agenda as:

1. Deliberation on approaches to rate setting (% discount to utility rate approach vs. one rate approach)
2. Public comment on approaches to rate setting
3. Motion to recommend approach to setting rates to Board
4. Presentation by Ascend Analytics on the purchase and cost of service
5. Deliberate on rate setting and financial reserve contributions
6. Public comment on rate setting and financial reserve contributions
7. Motion to recommend rates for Board approval

The Committee agreed to move up item #4 and the presentation by Ascend Analytics to earlier in the agenda.



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Director Charette moved to approve the minutes of the 02/13/23 Risk Management Committee meeting. Treasurer Kim Quirk seconded. Hearing no objection, Committee Chair Miller declared the minutes approved by unanimous consent.

Treasurer Quirk moved to approve the minutes of 3/3/23 Risk Management Committee meeting. Director Charette seconded. Hearing no objection, Committee Chair Miller declared the minutes approved by unanimous consent.

Director Below moved to approve the minutes of the 2/20/23 Finance Committee meeting. Seconded by Director Paul Looney. Hearing no objection, Finance Committee Chair Quirk declared the minutes approved by unanimous consent.

Scott Wrigglesworth presented the results of the Thursday procurement.

Risk Management Committee Chair Miller opened the deliberation on the approach to rate setting (% discount to utility rate approach vs. one rate approach).

- It was made clear that rates set now will not be the final word on rate setting for all of time, and that CPCNH may adjust its rates and its approach to rate setting in the future, and that circumstances at launch may not be the same as steady-state-operations circumstances.
- **Treasurer Quirk:** Contributions to reserves are higher with % discount approach, are they not?
- **Mr. Wrigglesworth:** the % discount approach means that a Member's share of load will diverge from that Member's share of the reserves, and a scenario could arise where, for example, a Member representing 10% of CPCNH's load volume could be responsible for accruing 20% of CPCNH's reserves.
- **Director Looney:** I don't see a reason for the % discount to utility approach. We are a Coalition. One price for all customers is simpler, simpler to maintain. It eliminates the need for discussion about how rate of reserve accrual becomes different across all Members, which adds complexity and confusion.
- **Risk Management Committee Chair Miller:** The one rate approach means towns in one utility may spend more or less on discounts to customers.
- **Mr. Wrigglesworth:** CPCNH buys and hedges for all Members one portfolio, but costs could be different by community based on load profiles, customer types, and other factors.
- **Director Kaspari:** I initially thought one rate option is simpler for messaging and alleviates confusion behind the initial launch phase. But Matt, you drilled into the differential in headroom between utility territories, which adds complexity. But from Ascend point of view, I think the one rate approach is preferable.
- **Mr. Wrigglesworth:** Other Community Choice Aggregation (CCA) clients do both approaches, but they do not have multiple utilities, meaning % discount to utility, or, cost of service approaches. The



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optics are beyond my pay grade. If it were me, I would want it simple. It will be easier for me if you do one rate. But that is not a reason to make that decision.

- **Vice Chair Charette:** We may launch with one approach and migrate to another. From an external customer perspective, we only launch once. When we have PR, it will be helpful to share the savings in an equitable fashion across the state and say CPCNH is reducing in every utility territory by 15%. PR from customer perspective should be equitable savings.
- **Consultant Herndon:** From a PR perspective, either approach is workable.
- **Chair Below:** The cost of serving customers is very similar across utilities. It varies more significantly in the large customer group by utility.
- **Mr. Wrigglesworth:** CPCNH needs to communicate that the full benefit is the community benefit, the discount plus the reserves. The reserves are the community's money, not money going to shareholders somewhere else. The question is this: do you want different communities putting money into reserves at different rates? Or, do you want money put into reserves equitably, and charge customers the same rate.
- **Director Nick Devonshire:** Please don't make us explain that for Exeter customers, served by Unitil, why we are paying way more than the next town over because of the % discount approach. We shouldn't have to explain to customers that they are paying significantly more than all the other towns.
- **Director Kulbacki:** How does Keene's broker announcement of rates factor in, and does it risk losing future growth and communities?
- **Director Kaspari:** I echo Nick. We should present, here is the Coalition' rate. Everyone is saving money. Everyone is benefitting. The other way is, everyone's discount % is the same. We could get comments on either approach. But having confusion between municipalities for different rates for all product options seems like a lot of complexity.
- **Consultant Golding:** If you set rates based on covering everyone's costs (which you have to do to comply with your policies), and equal contribution to reserves on \$/mwh basis, you get a rate that is very close across all communities and utility territories. Slightly different because minor different costs of service, but pretty much one rate. If you don't do that, if you set a rate that results in differential \$/Mwh collection of reserves... There is a presumption in the Cost Sharing Agreement and the policies that everyone pays a fair share into joint reserves. I see political risk to the stability of CPCNH if you set rates so different members accrue reserves at different rates. First, Exeter could feel it is a raw deal, and leave; there are early termination options; as soon as procurement period over, Exeter (for example) could terminate early, take their reserves with them, and if Joint Reserves aren't allocated proportionally to the load sizes of communities; if Exeter is 10% of load, but takes 20% of reserves, you get way below the reserve accrual target. The Financial Reserves Policy should be updated at some point to ensure each member contributes same \$/MWh contribution to reserves — otherwise, eventually, you will have early Members contributing much more than late Members — unless you



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have later launching CPAs continuing to put money into reserves, and some early reserves can be withdrawn to individual members as discretionary reserves. If you do that, over time, all CPAs will contribute proportionally to those Joint Reserves. This is equitable, its stable because if a Member departs under % discount, it could unbalance the Coalition. It would be strange to set the rate at % discount with different reserve contributions, and then amend policy to ensure even \$/MWh reserve contributions to make sure late launchers pay fair share.

- **Risk Management Committee Chair Miller:** Yes, but here's a paradox. Say we have CPA #1 in low headroom utility w/ 10 units of headroom, and all reserve contribution are set at 9 units, and residents get 1 unit discount; and we have CPA #2 has 15 unit headroom with 9 units contributing to reserves, and 6 units of discount to utility.
- **Consultant Golding:** I think it would be challenging to message separate rates. You're not launching to buy a discount, you are launching to buy power. It is straight forward to say, here's cost of power, here's contribution to reserves. Differential pricing is generally perceived negatively by customers, like, if Amazon sold me something for one price, but sold someone else it for another price. It could cause customer confusion, calls, practical challenge of noticing, websites, etc.
- **Director Devonshire:** I will not be able to explain why we are buying the same thing, our contribution to cost is the same, but we are going to pay significantly more. The flip side [under % discount approach] is Exeter will contribute more to its reserves and enjoy those some days, but when we are in infancy, we are putting outside capital into reserves when CPCNH is at its most vulnerable — I am adamant there needs to be a single rate and it will cause major issues otherwise as I see it.
- **Director Looney:** Head room is a function of how well the utility bought power. By allowing that to figure into rate setting, we are polluting our decision-making with the utility ability to buy power.
- **Chair Below:** Part of the difficulty is getting to how much money goes into reserves. Before we lock into a something, we need to have that discussion. Technically, hypothetically, if we go with % discount, then a Unutil CPA rate could be higher than the Eversource default rate.

Risk Management Committee Chair Miller opened public comment on the approach to rate setting.

- **Dori Drachman, Peterborough Community Power Committee:** You will lose communities in Monadnock if you don't have a substantial enough rate discount, although my Committee does not all agree with me. People want a bigger rate discount, they don't care about reserves.
- **Director Doria Brown of Nashua:** I am worried about us offering a significant enough savings. If its 17 cents vs 12 cents, I'd sign up with the Competitive Electric Power Supplier.
- **Mr. Wrigglesworth:** Brokers are buying customers and locking them in at what look like strong discounts today, but the future market is low and those discounts are unlikely to pan out in the coming months and years as the market falls.



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- **Director Andrea Hodson of Harrisville:** Keene is being offered 12 cents. Is it possible to launch at a lower rate than 18 cents and adjust later. The first launch pricing matters politically.
- **Mr. Wigglesworth:** A 15.9 cent rate cuts your reserves by July in half from what we have anticipated from the technical assessment, which is also an effect of the delay in launch and Durham and Cheshire County no longer being part of the launch group.
- **Alternate Bill Baber of Dover:** The value is, this is your nonprofit, a community driven organization, seeking the best rates possible, without any bait and switch. Terms of a contract need to be considered in a bait and switch. One rate is a simple way to do that. Later on, when you have a professional organization and a CEO, you can handle the longer run picture.
- **Alternate Jo-Ellen Courtney of Enfield:** I feel strongly we should have a consistent rate. I think it is the only fair thing. It is the whole community, we are doing this as a nonprofit, coming together, trying to benefit all of our communities. I am a strong advocate for one rate for all communities. If you are buying something, this is what the price is.
- **Director Brown:** City of Nashua is not taking a stance on % discount vs. single rate. Do we want to continue to tie ourselves to the utility rate? Do you want the utility to set rates and set the tone for the Coalition? Or do you want to lead and set the tone for the utilities.
- **Secretary Evan Oxenham of Plainfield:** We should go with same rate across the board. People talk rates. They don't talk percentage discounts. People will look at CPCNH like a utility, and they will ask, why are you giving different people different prices for the same thing? I think we need to go with single rate.
- **Bruce Tucker, Peterborough Community Power Committee:** We are not buying the imaginary number between our cost and utility cost. We are buying power. We shouldn't let the utilities control what our costs are and how we view them. I think it is a difficult message to say it is an equal discount, when it's based on a utility rate that is irrelevant to what we can control ourselves. I am in favor of a single rate. The % discount rate is unfair to towns like Exeter.
- **Director Hodson:** It would be very "Coalition" to have a single rate model. Are we setting rates for Granite Plus, Clean 50 and Clean 100?
- **Chair Below:** We should shift the conversation to the absolute rate, and the shift towards more or less reserves vs. discounts. Renewable Energy Credits (RECs), in round numbers, it went from a .3 of cent adder to .4 cent adder to get from Granite Basic to Granite Basic.
- **Director Devonshire:** We will never beat competitive 3rd party suppliers because they are offering rates that lose money because the game is, when your term is up, can I jack up your rate without you noticing, and that is their business model. CPCNH is so different, we are looking out for customers best interests and our incentives are aligned. If we go with anything other than same price for all communities there will be issues.



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- **Consultant Golding:** The dominant approach driving the Coalition has been to be a default service provider, not unlike NH Electric Cooperative. We don't chase the lowest cost for current period, we bank reserves, we actively manage a portfolio. They consistently preform and so will we. No teaser rates, just financial stability and consistently delivering savings. I want to recognize how challenging this situation is. It is a-historic to have this level of utility rates, the spread, the brokers announcing lower pricing. There is not a fixed launch date for the broker CPAs, it is in June maybe, and utility prices change in August, they will deliver far lower savings because they enroll customer in June, maybe into July, and then the prices for the utilities drop in August. A way to frame the brokers 3-year deal is, based on what we know right now, they have just locked in a teaser rate for the first period and a half, and then their rate could be above the utility rates for those CPAs for the majority of the contract term. We are different, we don't do teaser rates. We are cheaper than Direct Energy contract because our operating costs, energy and admin expenses, total less than 10 cents, less than the 12 cents Direct charges, and our rates are above, but all of that money is collected for the communities. That's wealth retained for the benefit of those communities for future rate decreases and financial stability to build projects locally and really lock in savings. The pressure to go low on rates is understandable though.

Risk Management Committee Chair Miller closed public comment on approach to rate setting.

- **Chair Below:** 18 cents is too high at this point in time. If we do a % discount model, Exeter ends up over 18 cents, maybe over 20. We have to consider communities considering joining right now. One of the biggest ones is the City of Concord, who is ready to bring Coalition Membership to a City Council vote to see how this plays out. They are the third largest city in the state behind Nashua, and bigger than most of us combined. Getting them on board will be a big advantage to the Coalition. I think if we could launch with a uniform rate, 16 cents, 15.8, that might be a sweet spot. It's not as low as 12, but it's 20% off Eversource and 40% off Unutil for Exeter, which brings Concord in who is served by Unutil. There is value to us to grow our Membership and total load. Our costs get spread over more load and our margins improve.
- **Mr. Wigglesworth:** At 16 cents, you would just about get to 60 days of operating cash, your minimum reserve target, at about 36 months.

Treasurer Quirk moved to recommend that for customers with a fixed 6-month utility rate, CPCNH will offer a single rate across all launching Members. Chair Miller seconded.

- **Risk Management Committee Chair Miller:** I feel I have heard enough convincing arguments for the single rate approach.

Rollcall vote of the Risk Management Committee:



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Treasurer Quirk: Yes

Chair Below: Yes

Vice Chair Charette: Yes

Risk Management Committee Chair Miller: Yes

Director Devonshire: Yes

Director Kaspari: Yes

Director Kulbacki: Yes

Motion carried unanimously 7-0 on a rollcall vote.

Risk Management Committee Chair Miller opened the deliberation on rate setting and financial reserve contributions.

- A 15.8 ¢/kWh rate results in 60% headroom to reserves, 40% headroom to customer discounts
- **Director Kulbacki:** Hanover is likely to go with Granite Plus as default, what would that cost?
- **Mr. Wrigglesworth:** About 16.2 ¢/kWh for Granite Plus, but that is not final.
- **Director Looney:** What are our operating costs?
- **Mr. Wrigglesworth:** 0.8 ¢/kWh once we gain more volume. Costs include: Energy, Capacity, Ancillaries, ISO Charges, Uncollectables, Operating. Break-even is about 8 ¢/kWh.
- **Director Looney:** Anything above that is reserves or savings?
- **Mr. Wrigglesworth:** Yes.

Risk Management Committee Chair Miller opened public comment on rate setting and financial reserve contributions.

- **Director Hodson:** I am ecstatic to get to 15.8 ¢ from 18 ¢. If RECs cost 2.3 ¢ for Clean 100, Harrisville residents could go 100% renewable for less than Eversource default, or about the same cost. What about renewables? Is it all RECs?
- **Mr. Wrigglesworth:** CPCNH can buy the RECs later to comply with statute.
- **Director Brown:** I support 15.8 ¢ rate.
- **Director Looney:** 15.8 ¢ is based on getting us to the minimum reserve policy, yes?
- **Mr. Wrigglesworth:** That is a contributing factor.



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- **Risk Management Committee Chair Miller:** The 15.8 ¢ rate has been scenario tested by Clifton, Samuel and Scott and has not come out of thin air.
- **Mr. Wigglesworth:** We can offer small commercial customers a 10% discount, and the headroom split is about 60% reserves, and 60% savings.
- **Chair Below:** Customers can buy 100% renewable power for cheaper than utility supply.

Treasurer Quirk moved to recommend the Board approve the rates presented in the rate table below. Director Kaspari seconded.

Rate Comparison x Utilities & Classes

| | | UTILITY RATE | | | | CPA RATE | | | | CUSTOMER SAVINGS | | | | |
|---------|---------------------------|-----------------|----------|----------|----------|----------|----------|----------|----------|------------------|-----|-----|-----|--|
| | | APR | MAY | JUN | JUL | APR | MAY | JUN | JUL | APR | MAY | JUN | JUL | |
| OPT-OUT | Eversource | 20.221 ¢ | | | | 15.800 ¢ | | | | 22% | | | | |
| | Liberty | 22.007 ¢ | | | | | | | | 28% | | | | |
| | Unitil | Residential | 25.925 ¢ | | | | 39% | | | | | | | |
| | | General Service | 25.375 ¢ | | | | 38% | | | | | | | |
| | Eversource | Residential | 16.463 ¢ | 14.414 ¢ | 13.638 ¢ | 15.801 ¢ | 14.817 ¢ | 12.973 ¢ | 12.274 ¢ | 14.221 ¢ | 10% | | | |
| | | General Service | 16.270 ¢ | 14.129 ¢ | 14.036 ¢ | 16.058 ¢ | 14.643 ¢ | 12.716 ¢ | 12.632 ¢ | 14.452 ¢ | | | | |
| Liberty | Medium Commercial | 21.612 ¢ | 17.003 ¢ | 14.779 ¢ | 18.098 ¢ | 19.451 ¢ | 15.303 ¢ | 13.301 ¢ | 16.288 ¢ | | | | | |
| Liberty | Medium & Large Commercial | 17.952 ¢ | 11.830 ¢ | 11.421 ¢ | 13.380 ¢ | 16.157 ¢ | 10.647 ¢ | 10.279 ¢ | 12.042 ¢ | | | | | |

| | | UTILITY RATE | | | | CPA RATE | | | | CUSTOMER SAVINGS | | | |
|--------|------------------|--------------------------------------|--|--------|--------|--|--|-----|-----|------------------|-----|-----|-----|
| | | APR | MAY | JUN | JUL | APR | MAY | JUN | JUL | APR | MAY | JUN | JUL |
| OPT-IN | All Utilities | Various default rates | | | | N/A (utilities haven't enabled CPA NEM data/billing) | | | | | | | |
| | Unitil | Market pass-through + adder | | | | Market pass-through + adder (for customer's capacity + RPS + CPCNH admin), subject to Board adoption of Customer Collateral & Collections Policy | | | | | | | |
| | Eversource | 21.6 ¢ | 17.0 ¢ | 14.8 ¢ | 18.1 ¢ | 15.8 ¢ | | | | | | | |
| | Unitil & Liberty | Various Time-Varying Rate Structures | | | | | | | | | | | |
| | Liberty | Battery Storage | | | | | | | | | | | |
| | NHEC & CEPS | Large | Various default (NHEC) and market (CEPS) rates | | | | Market pass-through + adder (for customer's capacity + RPS + CPCNH admin), subject to Board adoption of Customer Collateral & Collections Policy | | | | | | |

PRODUCTS **ADDER**

- 23% Granite Basic 0.0 ¢
- 33% Granite Plus 0.4 ¢
- 50% Clean 50 1.1 ¢
- 100% Clean 100 3.3 ¢

Rollcall vote:

- Treasurer Quirk: Yes*
- Chair Below: Yes*
- Vice Chair Charette: Yes*
- Risk Management Committee Chair Miller: Yes*
- Director Devonshire: Yes*
- Director Kulbacki: Yes*



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Director Kaspari: Yes

Motion carried unanimously 7-0 on a rollcall vote.

Treasurer Quirk moved to adjourn the Joint Meeting of Risk Management and Finance Committees meeting. Risk Management Committee Chair Miller, hearing no objection, declared the meetings adjourned at 3pm.

APPROVED