



## **County of Cheshire Community Power Electric Aggregation Plan**

**[Approved by County Delegation on  
[Proposed Date of December 2022]**

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## INTRODUCTION TO COMMUNITY POWER

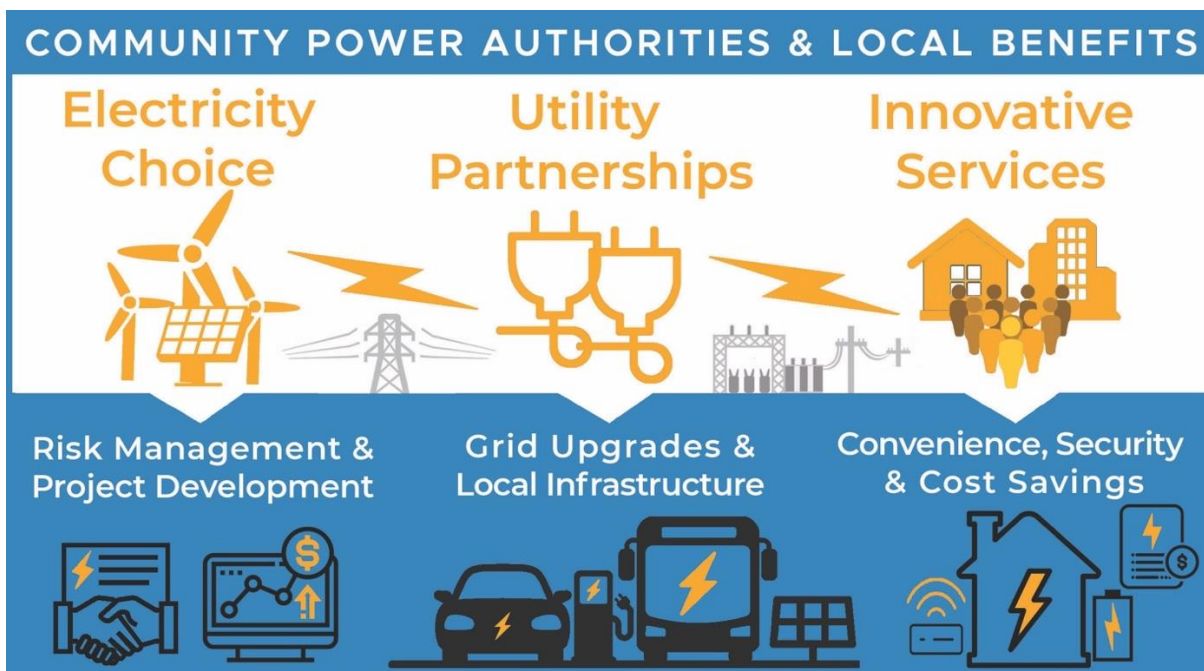
New Hampshire's Community Power Act (SB 286; RSA 53-E) became effective October 1, 2019.

Community Power is a bipartisan policy designed to further democratize, evolve, and enhance the economic efficiency of our electric power industry. The Legislature's intent in enacting SB 286 was to *"encourage voluntary, cost effective and innovative solutions to local needs with careful consideration of local conditions and opportunities."* (Refer to [Attachment 1](#) for a summary of the legislative context and local control authorities of Community Power.)

To achieve this goal, RSA 53-E authorizes local governments (cities, towns, and counties) to launch Community Power programs that:

- Provide electricity supply service to retail customers, who are notified and enrolled on an "opt-in" customer choice or "opt-out" default service basis and may thereafter leave or rejoin the program (by switching suppliers in advance of their next billing cycle date);
- Procure a reliable supply of "all-requirements" electricity, inclusive of Renewable Portfolio Standard requirements, with the option to participate directly in the ISO New England wholesale market (as the load-serving entity on behalf of participating customers);
- Offer a range of innovative services, products, new Net Energy Metering supply rates, and local programs to participating customers;
- Establish a joint powers agency with other Community Power programs to share services, contract for energy project developments, and facilitate similar activities; and
- Work collaboratively with distribution utilities, regulators, policymakers, and innovative energy businesses to help modernize our electrical grid and market infrastructure.

These authorities and local benefits are depicted in the graphic below:



Distribution utilities will continue to deliver power to all customers, regardless of whether they are supplied electricity by new Community Power programs or Competitive Electric Power Suppliers (or have chosen to switch back to utility-provided default service).

## OVERVIEW OF CHESHIRE COMMUNITY POWER

Cheshire Community Power is a public program under RSA 53-E that will supply electricity to the County's facilities and other participating retail electric customers within the County that join the program over time. If the County Delegation approves this Electric Aggregation Plan:

- Cheshire Community Power, once operational, will be required to be self-funded through revenues received by participating customers;
- The Commissioners will be authorized to contract for the necessary services and power supplies to implement and operate the program and will set rates on behalf of any participating customers; and
- Eversource, Liberty Utilities, and the New Hampshire Electric Cooperative will continue to own and operate their respective local distribution systems in the County and deliver electricity to all customers supplied by Cheshire Community Power.

The County's facilities include the Maplewood Nursing Home, County Corrections, County Hall, NH Court Building, and Administrative Building (Registry of Deeds) and use approximately 4.5 million kilowatt-hours (kWh) of electricity annually.

### **Option to Provide Opt-In Electric Supply Service**

At the Commissioners' direction, Cheshire Community Power may also offer competitive service to any residents, businesses, and other entities within the County who voluntarily request to participate in the program on an "opt-in" customer choice basis.

### **Option to Administer Default Electricity Service for Municipalities**

RSA 53-E alternatively allows municipalities and counties to provide default electricity service on an "opt-out" basis. This type of program transfers all customers currently on utility default service to Community Power default service. Customers are mailed notifications before enrollment, may decline to participate, and may choose to switch back to the utility or to take service from a Competitive Electric Power Supplier at any point after that.

The County intends to encourage and support municipalities in forming Community Power programs that operate on an opt-out basis. Cheshire Community Power also may offer service on an opt-out basis directly for municipalities that do not establish their own Community Power program and that request, by a majority vote of their respective governing bodies, to participate in Cheshire Community Power.

The Electric Aggregation Committee recommends that this option be made available if municipalities express interest in having the County facilitate the development and administration of an opt-out program on their behalf. Twelve of the twenty-three municipalities in the County are towns with less than 2,000 residents. For these municipalities, in particular, this option could lower energy costs and avoid the staff time and expenditures required to initiate programs individually.

### **Purpose of the Community Power Coalition of New Hampshire**

This Plan assumes but does require that the County fully participate as a founding member of the [Community Power Coalition of New Hampshire](#) ("the Coalition"), a nonprofit joint powers agency authorized under RSA 53-A ("*Agreements Between Governments: Joint Exercise of Powers*"). County Commissioners approved the Coalition's Joint Powers Agreement and designated representatives

to serve on the Coalition’s Board of Directors and oversee the implementation of the power agency on August 25, 2021.

The Coalition is designed to coordinate and enhance the launch and operation of Community Power programs on a statewide basis under an at-risk, performance-based contracting structure that is not expected to require any upfront cost or impose any financial liability on the County or participating municipalities.

County staff has been working with several municipalities since December 2019 to bring this initiative to fruition. [Attachment 2](#) provides an overview of the communities involved in the process of designing the power agency. In brief:

- Shortly after SB 286 was signed into law, County staff concluded that exercising and deriving benefits from the full range of local control authorities authorized under RSA 53-E would be unduly challenging for any single Community Power program operating on its own.
- Thereafter, County staff began collaborating with a number of other municipalities and expert energy advisors throughout the state to research Community Power and joint powers agency design best practices.
- In the latter stages of the design process, County staff led the governance working group that reviewed comparable power agency models and culminated in drafting the Coalition’s Joint Powers Agreement. The Joint Powers Agreement was executed on October 1, 2021, by fourteen founding Members: The Cities of Lebanon, Nashua, and Dover; the Towns of Durham, Enfield, Exeter, Hanover, Harrisville, Newmarket, Plainfield, Rye, and Walpole; and Cheshire County. Since that time, the City of Portsmouth and the Towns of Hudson, New London, Pembroke, Peterborough, and Webster have adopted the Joint Powers Agreement and joined the Coalition. Current members have appointed Directors and alternate to serve on the Coalition’s Board of Directors.
- The Coalition’s adopted joint powers agency governance model and competitive business model have been designed in accordance with energy industry best practices in order to ensure that participating Community Power programs benefit from transparent governance and high-quality services — so that all communities can take full advantage of the local control authorities under RSA 53-E.

The Coalition is governed “*for communities, by communities*” under a voluntary and flexible membership structure, will provide competitive electricity service on a statewide basis, and will additionally enhance the ability of communities to coordinate effectively on public advocacy issues:



The Coalition expects to launch operations in 2023.

### *Joint Powers Agency Business Model*

The Coalition's business model has been designed to provide Community Power programs with:

- Expert guidance on energy risk management and procurement of a diversified portfolio of energy contracts, rate setting, and financial reserves — sufficient to ensure the stability and operational continuity of Community Power programs over the long-term (as technologies, market dynamics, risk factors, consumer preferences, and energy policies continue to evolve);
- Local program options that offer innovative rates, technologies, and services to customers — to lower electricity supply costs and risk for the program in aggregate, along with the electricity bills of participating customers from a “full bill” perspective (i.e., inclusive of transmission and distribution charges);
- Joint contracting opportunities for the construction of in-state renewable and battery storage projects financed under long-term contracts — to diversify program energy portfolios, provide a physical hedge against wholesale market price fluctuations, enhance the resiliency of our electrical grid, and stimulate local construction and economic development.

These operational capabilities are intended to provide all Community Power programs with the competitive means to actively manage risk — over the short-to-long term — by exploiting strategic opportunities to innovate in a holistic fashion (i.e., in ways that simultaneously lower costs for individual customers while creating new value from an enterprise-level, customer portfolio perspective in aggregate).

### *Institutional Capacity Building through Joint Action*

Achieving the full scope of local policy goals being pursued by the Community Power programs participating in the Coalition would be difficult for any individual program operating independently.

The Coalition's competitive business model, joint powers agency governance model, and coordinated approach to public advocacy on matters of energy policy and regulation have been designed to enable and streamline the activities required to achieve community goals at an advantageous, cost-effective economy-of-scale.

From an institutional capacity-building perspective, the model is expected to:

- Accelerate the transference of expert knowledge across communities, incorporate knowledge of local conditions and opportunities, and create an organization capable of nimble decision-making, informed public advocacy (from an operational, market-based perspective), and evolving business operations in response to changing fundamentals in order to actively manage risk and maximize the creation of new value.
- Provide all Community Power programs the organizational foundation necessary to develop increasingly advanced and cost-effective energy strategies over time, which necessarily must be pursued through a combination of direct program activities and intervention at the Legislature and Public Utilities Commission.

Examples include: contracting for the development of local renewable and battery storage projects, microgrids for critical facilities, advocating for the widespread deployment of interval meters, electric vehicle charging networks, and other Smart Grid infrastructure technologies that enable innovative customer rates and services, along with the back-office systems and business processes necessary to support a more competitive, efficient and clean energy market overall.

In these ways, the Coalition will provide the dedicated expertise, sustained innovation, independent oversight, and accelerated institutional capacity building across communities required to achieve all the local policy objectives for all communities participating in the enterprise.

This value proposition is highly compelling to participating and prospective members and is expected to ensure that the joint powers agency will continue to operate continuously — in a manner that coordinates energy initiatives at the local, regional, and state levels — for the foreseeable future.

## Purpose of this Electric Aggregation Plan

The Electric Aggregation Committee was tasked by County Commissioners to draft this Electric Aggregation Plan with due input from the public, as required under RSA 53-E:6. Public hearings were held on [September 21](#) and [September 28](#), 2022.

This plan sets forth the County's policy goals for the Cheshire Community Power program, summarizes program governance and implementation processes, and commits the County to comply with applicable statutes and regulations in terms of:

- Providing universal access, reliability, and equitable treatment of all classes of customers subject to any differences arising from varying opportunities, tariffs, and arrangements in the utilities' distribution franchise territory; and
- Meeting, at a minimum, the basic environmental and service standards established by the Public Utilities Commission and other applicable agencies and laws and rules concerning the provision of service under Community Power.

This plan does not otherwise commit Cheshire Community Power to any defined course of action, including participation in the Coalition for the purposes of launching the program, and does not impose any financial commitment on the County.

Commissioners retain the power to contract for all required program services and electricity supplies, set rates, and pursue related projects independently of the Coalition.

## Approval Process for Cheshire Community Power

The Electric Aggregation Committee has determined that this Electric Aggregation Plan satisfies applicable statutory requirements and is in the best, long-term interest of the County and residents, businesses, and other ratepayers.

As such, County Commissioners may now submit this Plan for consideration by the County Delegation. Adoption of this Plan by the Delegation, by majority approval of those present and voting, establishes Cheshire Community Power as an approved opt-in aggregation available to any residents, businesses, and other entities within the County who voluntarily request to participate, with statutory authorities defined under RSA 53-E:3, and authorizes Cheshire Community Power to provide default electricity service on an opt-out basis for customers currently on utility default service within Cheshire County municipalities that request to participate in accordance with RSA 53-E:6. Adoption of this Plan by the Delegation authorizes the Commissioners to arrange and contract for the necessary professional services and power supplies to launch Cheshire Community Power.



## Formation of the Community Power Coalition of New Hampshire

The Coalition's Joint Powers Agreement includes the Articles of Agreement and Bylaws of the nonprofit. It establishes the general purpose, authorities, structure, Board of Directors, committees, cost-sharing principles, liability protections, and other aspects of the organization.

The County became a founding member of the Coalition on August 25, 2021, when County Commissioners approved the Coalition's Joint Powers Agreement and appointed primary and alternate representatives of Cheshire Community Power to serve on the Coalition's Board of Directors.

### *Participation in Joint Powers Agency Governance*

The Coalition was incorporated on October 1, 2021. the Coalition's Board is constituted with representatives appointed by each member's governing body. All members will be directly represented on the Coalition's Board until more than twenty-one (21) members join, at which point a vote of the members will elect a Board of between 11 and 21 Directors at subsequent annual meetings.

The County's representatives are directly overseeing the Coalition's initial startup and implementation activities, including the following:

- Adoption of Board policies and the election of officers;
- Hiring of key staff to provide management and oversight;
- Solicitation and contracting of third-party service vendors to launch and operate Community Power programs; and
- Appointment of Board members and other community representatives to committees.
  - The Coalition has six standing committees: Executive, Finance, Audit, Regulatory and Legislative Affairs, Risk Management, and Governance.
  - Additionally, the Board, may establish ad-hoc committees, and each energy project that members choose to jointly contract for and develop will be overseen by a committee specific to that project.

All meetings of the Coalition will comply with New Hampshire's Right-to-Know Law (RSA 91-A).

### *Drafting of Member Cost Sharing Agreement*

Membership in the Coalition does not require any upfront cost or impose any other financial liability on the County or Cheshire Community Power (apart from incidental expenses such as staff time, counsel review of agreements, and so on).

The Coalition intends to contract with qualified vendors and credit-worthy suppliers to provide the services, credit support, and electricity required to launch and operate Cheshire Community Power:

- Vendors are expected to fund the upfront cost of implementing Community Power programs, with costs recovered from the revenues later received from participating customers.
- Similar at-risk and performance-based contract structures have been used to successfully launch and operate new joint powers agencies in other Community Power markets.

County representatives are participating in the solicitation of services, agency startup activities, and the development of a cost-sharing agreement with other members:

- Under the terms of the Coalition’s Joint Powers Agreement:
  - Costs will be tracked in three distinct categories: direct project costs, member services, and general and administrative costs (which are overhead costs that are not incurred by any specific project or member service);
  - Member cost-sharing agreements will be the same in all material respects: general and administrative costs will be allocated based on each Community Power program’s share of total electricity usage each year, while each member would choose and separately pay for the costs of specific services and projects (under terms that reflect a fair allocation across all the members that chose the same services and projects); and
- The County will be under no financial obligation until the Commissioners execute the Coalition’s cost-sharing agreement.
- If necessary, Cheshire Community Power would be able to withdraw from the Coalition prior to executing a cost-sharing agreement without any financial obligation — in which case, the County would proceed with program implementation independently — and will be able to withdraw at any time thereafter subject to the terms, conditions and continuing obligations that will be specified in the cost-sharing agreement approved by Commissioners.

Program implementation costs, along with ongoing operational and power procurement expenses, will be factored into the customer rates adopted by Commissioners and be recovered from the revenues received from participating customers after the launch of Cheshire Community Power.

Future decisions made by the Commissioners regarding how to best implement and operate Cheshire Community Power, including the delegation of necessary authorities, if any, to the County’s representatives on the Coalition’s Board and execution of the cost-sharing agreement with the Coalition, will be made at duly noticed public meetings.

## Community Power Rule Making Process at the Public Utilities Commission

Cheshire Community Power will launch after administrative rules governing Community Power are adopted by the Public Utilities Commission. Rules are expected to require submission of Cheshire’s Electric Aggregation Plan to the Commission in order to:

- Provide formal notice that the County is planning to launch a Community Power program;
- Authorize the County to request access to any additional customer data from distribution utilities needed for the implementation and administration of Cheshire Community Power.

Over the course of 2020-2022, members and advisors of the Coalition have actively participated in the informal and formal rule drafting processes by providing initial and subsequent sets of draft rules for review and refinement, arranging and facilitating bilateral meetings with utilities and other stakeholders, and leading stakeholder workshop discussions and editing sessions at the request of Public Utilities Commission staff.

Coalition members worked with legislators and utilities to clarify Community Power authorities in House Bill 315 during the 2021 legislative session and Senate Bill 265 during the 2022 legislative session. On December 1, 2021, the Coalition submitted a petition for rulemaking to implement RSA 53-E for Community Power Aggregations, which was filed on behalf of the Coalition’s Members and other stakeholders that had been invited to join the petition. The Commission approved the

petition in Docket [DE 21-142](#)<sup>1</sup> and issued an Initial Proposal on February 3, 2022, putting forward the Coalition's recommended rules for public review and comment. Cheshire Community Power and the Coalition actively participated in the review and public comment process proceeding the Commission's issuance of a Final Proposal for CPA Administrative Rules. Cheshire Community Power will continue to coordinate with the Coalition to engage in the Commission's rule development process. On July 27, 2022, the Public Utilities Commission approved a final rules proposal.

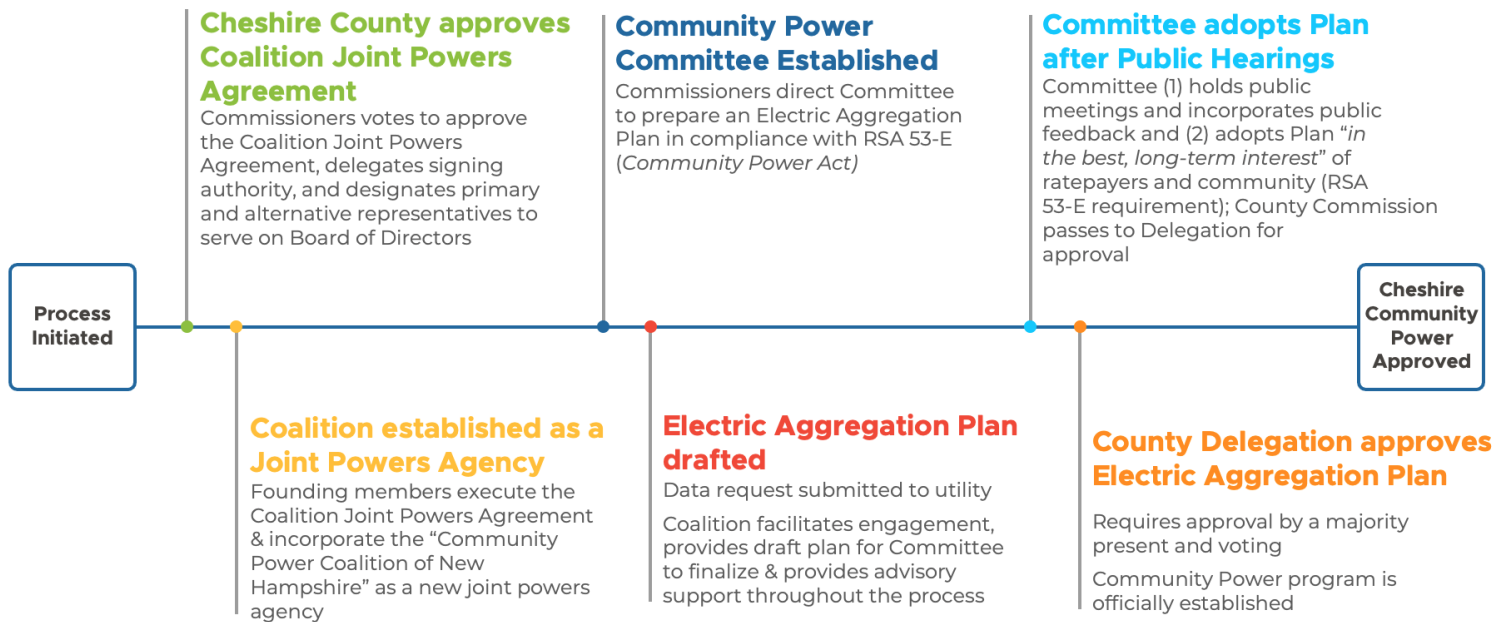
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<sup>1</sup> See: [https://www.puc.nh.gov/Regulatory/Docketbk/2021/21-142/LETTERS-MEMOS-TARIFFS/21-142\\_2022-03-14\\_CPCNH\\_COMMENTS.PDF](https://www.puc.nh.gov/Regulatory/Docketbk/2021/21-142/LETTERS-MEMOS-TARIFFS/21-142_2022-03-14_CPCNH_COMMENTS.PDF)

## Implementation Milestone Charts

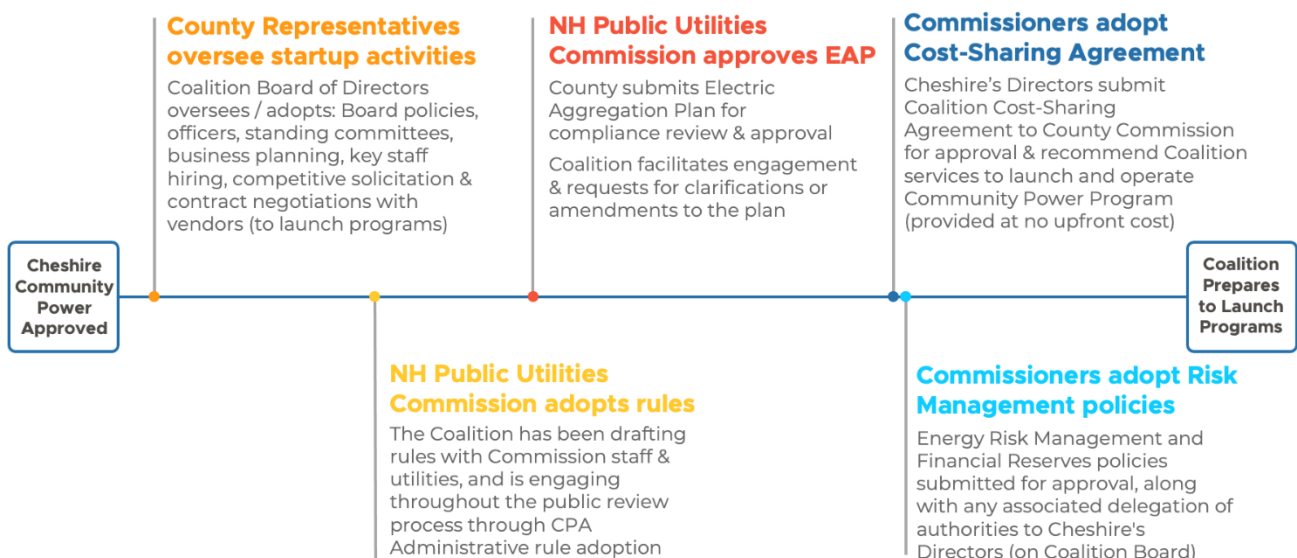
The milestone charts below summarize the anticipated approval, formation, and launch processes for the Coalition power agency and Cheshire Community Power program described in the proceeding sections. The first chart below summarizes the different categories of activities required to approve Cheshire Community Power and join the Coalition as a founding member to create the joint powers agency:

### County Approval Process for Coalition Agency & Cheshire Community Power



Cheshire's directors on the Coalition Board are now overseeing startup activities, including engagement at the Public Utilities Commission to finalize the administrative rules governing the Community Power market, and will bring forward the Coalition's cost-sharing agreement along with Energy Risk Management and Financial Reserve policies for approval by the County Commissioners:

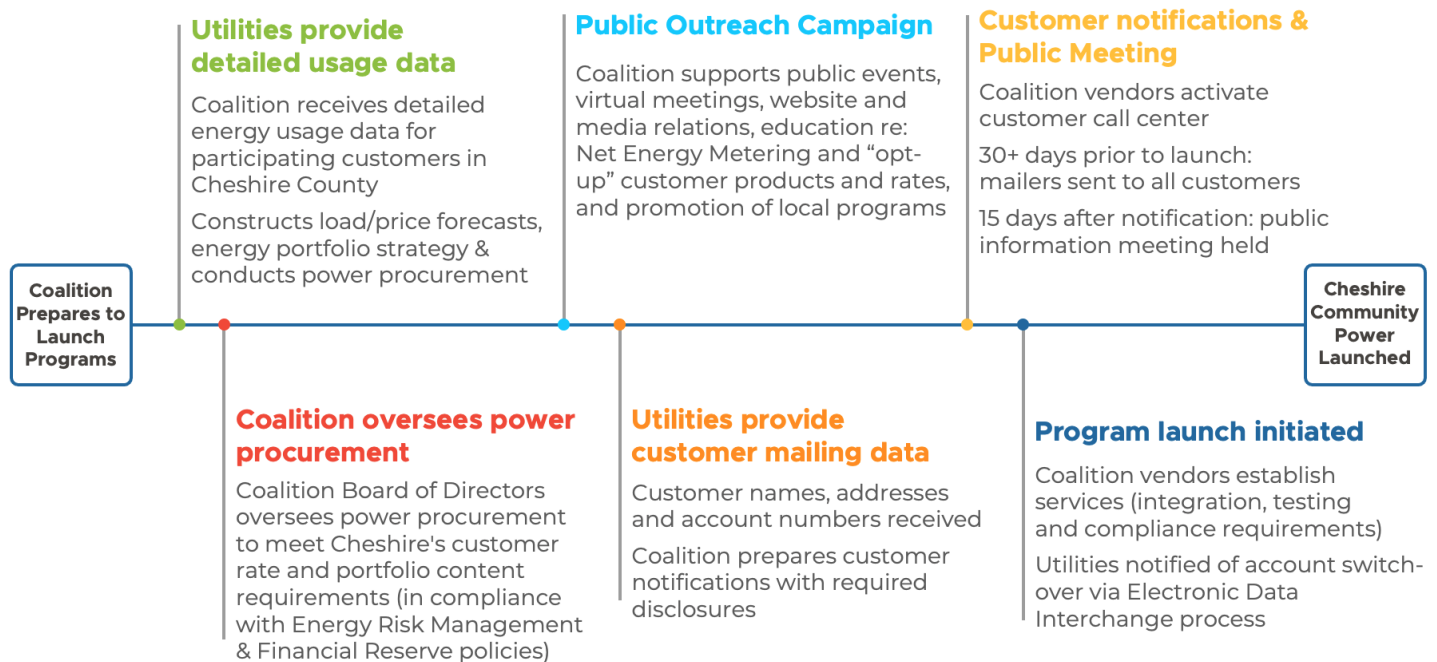
### Coalition Startup, Rule Making, and Risk Management Policy Approval Process



After the Public Utilities Commission adopts rules and opens the market, the Coalition will be allowed to launch Cheshire Community Power (and the programs of other participating municipalities and counties).

The milestones below summarize the process by which the Coalition will structure and conduct data collection, forecasting, power procurement solicitations, and rate setting exercises – in compliance with the Energy Risk Management and Financial Reserve policies adopted by the County Commissioner and with oversight provided by Cheshire’s representatives on the Coalition’s Board of Directors – and the local outreach, customer notification mailings and public meeting process that culminates in the launch of Cheshire Community Power.

### Cheshire Community Power Launch Process



## OVERVIEW OF THE COMMUNITY POWER COALITION OF NEW HAMPSHIRE



The County is a founding member of the [Community Power Coalition of New Hampshire](#), a nonprofit joint powers agency authorized under RSA 53-A.

Refer to [Attachment 2](#) for details regarding the County's role in its formation of the Coalition.

The Coalition was created so that towns, cities and counties across New Hampshire could:

1. Access the resources and support required to streamline the process of establishing an Electric Aggregation Committee, drafting an Electric Aggregation Plan and approving a new Community Power program.
2. Jointly solicit and contract for third-party services and staff support to launch and operate Community Power programs.
3. Participate in joint power solicitations and local project development opportunities.
4. Share knowledge and collaborate regionally on clean energy and resilient infrastructure development at the community level throughout the state.
5. Speak with one voice at the Legislature and Public Utilities Commission on public advocacy issues related to energy and Community Power.

Based on the Coalition's design and projected size, the Electric Aggregation Committee anticipates that participation will result in cost savings, lower staff requirements, and enhanced quality of services for Cheshire Community Power and other participating municipalities.

The sections below describe key features and attributes of the Coalition.

### Economies of Scale

The Coalition is designed to achieve significant economies of scale in terms of the oversight and management of Community Power program operations.

### Voluntary Participation

The Electric Aggregation Committee anticipates relying upon the Coalition's member services to launch and operate Cheshire Community Power, but approval of this plan does not commit the County to doing so.

County Commissioners retain the authority to contract for any and all required program services and electricity supplies and to pursue projects independently of the Coalition.

### Community Governance

County Commissioners have appointed a primary and alternate representative to the Coalition's Board of Directors. All members will be directly represented on the Coalition's Board until more than twenty-one (21) members join, at which point directors will be elected by vote of the members at annual meetings (with a Board size of between 11 and 21 representatives, at the members' direction).

All meetings of the Coalition will comply with New Hampshire's Right-to-Know Law (RSA 91-A), the purpose of which is to *"ensure both the greatest possible public access to the actions, discussions*

*and records of all public bodies and their accountability to the people,” based on the recognition that “openness in the conduct of public business is essential to a democratic society.”*

## Cost Sharing

The Coalition’s costs will be tracked in three distinct categories: direct project costs, member services, and general and administrative costs (which are overhead costs that are not incurred by any specific project or member service).

These costs will be allocated in accordance with cost-sharing agreements executed by each member, which will be the same in all material respects. General costs will be allocated based on each Community Power program’s share of total electricity usage each year, while members will choose and separately pay for the costs of specific shared services and projects. These expenses will be factored into the electricity rates set by each member and paid for out of the revenues received from participating customers in each Community Power program.

Additionally, the debts, liabilities, and obligations of the Coalition and other participating Community Power programs will be non-recourse to the County (unless expressly agreed to by the Commissioners under the Coalition cost-sharing agreement or a Project Contract).

## Member Services

The Coalition intends to contract with qualified vendors and credit-worthy suppliers to provide the services, credit support, and electricity required to launch and operate Community Power programs. These third parties are expected to fund the upfront cost of implementing Community Power programs, the expense of which would be amortized and recovered for a specified term, along with ongoing operating costs, in customer rates.

The Coalition’s business model has been designed to provide Community Power programs with expert guidance on energy risk management and the procurement of a diversified portfolio of energy contracts, rate setting, and financial reserves; local program options to offer innovative rates and services to participating customers; and joint contracting opportunities for the construction of new renewable and battery storage projects financed under long-term contracts.

The extent of services offered by the Coalition is expected to expand over time in response to new market opportunities and ongoing regulatory rule reforms and to meet the local objectives of participating Community Power programs.

The Coalition also plans to hire a small number of qualified staff to ensure effective oversight of operations, as well as to provide enhanced transparency and expert management as the Coalition’s competitive business model evolves over time.

The following sections explain how the Coalition’s member services — comprised of local programs and customer services, new energy project development solicitations, and energy risk management services — are related in ways that combine to ensure that participating Community Power programs remain operationally stable, competitive, and able to achieve their full range of local policy goals over the long-term.

### *Innovative Local Programs & Customer Services*

Cost-effective local programs are designed to offer new retail products and services that enable customers to:

- Intelligently moderate their use of electricity from the grid during times of high wholesale

power prices and when the physical grid is constrained (at-risk of not being able to deliver enough power to meet all customers' usage requirements during the hours of "peak demand");

- Increase their use of electricity from the grid when wholesale prices are relatively low, and the physical grid is not constrained.

Examples of innovative retail products and services that enable customers to do so include time-based rate options, new individual and group net metering rates, targeted efficiency, distributed generation and energy storage programs, electric vehicle charging rates, and other offerings that empower customers directly and enable the services of third-party energy companies that are helping customers adopt and use new technologies.

Local programs that enable the intelligent use of electricity will help Community Power programs:

- Lower electricity supply costs and risk for the program in aggregate, along with the electricity bills of participating customers from a "full bill" perspective (inclusive of transmission and distribution charges);
- Strengthen customer relationships and local brand recognition; and
- Protect against customer attrition (the risk that customers opt out of the program by choosing an alternative supplier) and potentially grow the program's customer base over time.

Local programs, in order to be cost-effective, need to be designed in ways that relate to and actively help manage the various sources of cost and risk involved in operating a competitive power agency.

As explained in the proceeding section below, the Coalition will adopt a structured approach to monitoring, analyzing, and actively managing energy cost and risk — both to enable the design of a cost-effective local program and provide additional benefits such as long-term financial stability.

#### *Energy Risk Management & Financial Reserve Policies, Procedures and Practices (the "3Ps")*

Maintaining competitive rates, as market prices and utility-provided default rates change over time, will significantly reduce the risk that customers opt out of Community Power programs and allow participating municipalities and the County to achieve our medium- to long-term goals.

Working with the other members of the Coalition, Cheshire Community Power will adopt Energy Risk Management and Financial Reserve policies. The purpose of these policies is to:

- Ensure that Cheshire Community Power allocates customer revenues in ways that balance the County's goals and objectives over the short-to-long term; and
- Define how the Coalition will conduct energy risk management, procurement, and market operations on behalf of Cheshire Community Power (so that the agency remains in compliance with our adopted policies).

These policies, combined with the operational procedures and practices of the Coalition's business model — referred to as the "3Ps" of energy risk management — are designed to ensure that Cheshire Community Power and all participating members of the Coalition will be able to:

- Foresee, forecast, and adequately plan for adverse contingencies (such as power supply shocks, economic downturns and changes in policy and regulations);
- Structure and manage a diversified portfolio (or "book") of physical and financial energy contracts in order to (1) hedge risk in an optimal fashion, (2) transact quickly to take advantage of changing market conditions, and (3) layer in energy contracts from a variety of preferred sources (e.g., renewables and battery storage assets, local generators, customer-generator,s



and demand response programs, etc.);

- Maintain competitive rates and additionally set aside funds to accrue financial reserves while also implementing local programs (designed in ways that lower portfolio costs and risk factors);
- Draw on financial reserves or credit support sufficient to maintain (1) rate stability for participating customers and (2) adequate cash flow for the Coalition's operations over the course of any adverse events and periods.

As Cheshire Community Power accrues financial reserves, the Coalition will be able to facilitate additional ways to lower costs, create new value, and further enhance the financial stability of the program. As one example, the accrual of sufficient reserves will allow Cheshire Community Power to begin self-providing the collateral required for wholesale power market transactions and power purchase agreements. This will lower the capital costs and risk premiums otherwise embedded into the price of power contracts negotiated by the Coalition. Similarly, the Coalition also intends to facilitate pooled power procurement across participating Community Power programs and to explore opportunities to jointly satisfy collateral obligations within these arrangements.

Lastly, as explained further in the section below, the combination of the Coalition's approach to energy portfolio risk management and the accrual of sufficient financial reserves by participating members is what will enable Community Power programs to enter into long-term contracts — in order to construct new renewable and battery storage projects in New Hampshire.

#### *Development of Renewable and Battery Storage Projects*

As Cheshire Community Power and other participating Community Power programs demonstrate the ability to accrue reserves sufficient to ensure our collective financial stability — and maintain or grow our collective customer base by offering competitive rates and innovative local programs over time — the Coalition will be able to facilitate new project developments for the County and other Community Power programs that elect to jointly participate in long-term contracting solicitations. As context:

- Project developers and financiers require long-term power purchase agreements (typically 10 years or longer in duration) to justify the upfront cost of constructing renewables and battery storage facilities;
- Consequently, project financiers will not execute long-term contracts with a Community Power program if they do not believe that the program is likely to remain a stable, credit-worthy counterparty (i.e., the program has to be perceived as unlikely to default on its payment obligations over the contract term).

Achieving the ability to execute long-term contracts to construct new renewables and battery storage projects is a priority for Cheshire Community Power and the other Community Power programs joining together to create the Coalition. This objective is an important policy goal for the County and will additionally diversify the energy supply portfolio managed by the Coalition.

Portfolio diversification will help to further stabilize operating margins by intelligently hedging Cheshire Community Power's exposure to wholesale market dynamics and price fluctuations over time. The objective is to enter into contracts that help to manage risk and maximize revenues for the program from a total portfolio management perspective in order to further strengthen our program's financial performance and stability over the long term. As context:

- When bidding on joint project development solicitations, developers will submit different

combinations of technologies, project locations, prices, term lengths, and contractual clauses with operational and financial implications.

- Selecting which contracts to enter into — and effectively negotiating contract terms and prices — requires analyzing the different contracts being offered, individually and in combinations, and simulating the impact that the new contracts would have on the Community Power programs' cashflow, total portfolio costs and risk profile over the length of the contract.
- This exercise is referred to as “contract valuation” or “deal valuation.” The simulations allow Community Power programs to quantify the value of the contract (from a portfolio risk management perspective), compare the value against the price being offered by developers, negotiate for better terms and prices as necessary, and enter into contracts that are likely to cost less than the value created at the program portfolio level.

As described in the preceding section above, the Coalition's business model has been designed to actively manage a diversified portfolio of energy contracts at launch — which requires understanding and analyzing energy cost and risk factors on a continuous basis, conducting contract valuation simulations, and negotiating contract terms and prices with a variety of counterparties to construct a portfolio of contracts that are afterward actively, and continuously, managed in response to market price movements. Note that:

- At launch and over the near term, the Coalition's portfolio is expected to be composed primarily or exclusively of shorter-term contracts (with layered terms spanning from months to several years out, depending on the contract).
- Conducting contract valuation simulations on longer-term contracts requires a similar approach but relies partly on a different type of simulation software because the contracts may span ten years or more in length — and simulating market conditions over such time horizons is different from simulating what happens a few months or even three years out.

Regardless, conducting longer-term contract valuation simulations for project development solicitations will be relatively straightforward — because the Coalition's business model provides the foundation required to deploy these capabilities at relatively low-cost and short-notice.

## Regulatory and Policy Advocacy

Changes in law and regulations that adversely impact Community Power programs are a source of risk for Coalition members. Furthermore, extending and maintaining the full range of benefits that Cheshire Community Power could create for customers will require informed participation and advocacy on energy issues at the Legislature and Public Utilities Commission.

Coordination with other municipalities and Community Power initiatives on matters of common interest have already produced meaningful results in these areas. Cheshire Community Power will continue to support these activities through the Coalition.

## COUNTY GOALS AND OBJECTIVES

The County's goal in forming Cheshire Community Power and joining the Community Power Coalition of New Hampshire as a founding member spans short, medium, and long-term objectives.

### **Primary Goal: Demonstrate the Benefits of Joint Action Governance**

The County's overarching goal is to provide a replicable model for other counties to implement in order to encourage Community Power programs across the state and to demonstrate that joint action governance structures can yield many benefits to participating municipalities in general.

Successful application of joint action here, in the new Community Power market taking shape in New Hampshire, would provide a potential high-profile success story that could encourage collaborative models across different local governance areas, infrastructure planning, and regional economic development.

Such initiatives could coordinate to create value in new ways. The rural broadband model that appears to be scaling, for example, may provide the opportunity for the Coalition to develop a more innovative market for energy services in these communities. Counties are ideally situated to identify and encourage these sorts of cross-industry collaborations at the local government level.

Certain significant benefits have already become apparent to the stakeholders involved in the Coalition's formation process — and accrued to the County staff involved — in terms of facilitating knowledge sharing, lowering and sharing the workload for the staff and volunteers involved, developing situational awareness regarding crucial industry issues, and understanding and coordinating on regulatory and legislative advocacy to successfully defend (and expand) the local control authorities of municipalities, counties, and Community Power programs.

These types of activities will help to ensure that participating members make more informed decisions in the future, leading to successful strategic initiatives and more cost-effective energy risk management overall.

There is a correspondingly high degree of commitment to the joint action model across the Coalition's participants. Additionally, members are increasingly adept at articulating the various benefits of the model to other communities. They have convened relatively large numbers of municipalities, local government associations, civic and community-based organizations, and other stakeholders for educational events — and to support successful interventions at the Legislature and Public Utilities Commission, including at relatively short notice — during the past year.

This indicates that the Coalition has begun to build reputational awareness and achieve positive recognition, which will lower the effort required to support robust membership growth.

### **Near-Term Objectives: Local Innovation & Operational Excellence**

In the short term, due to both the scale of the Coalition's initial member programs and the Coalition's approach to structuring solicitations, the County and other Community Power programs should be able to benefit from relatively advanced energy risk management advisory and operational services at low marginal cost.

This could result in a higher quality of service (e.g., more accurate assessment of risk, nimbler execution of market opportunities, etc.) and corresponding potential cost savings on wholesale commodity hedging and electricity costs for the County's facilities. Similar potential cost savings may be achieved in retail services and other areas of program operations. There will also be

opportunities to pool procurement requirements and to assess whether risk could be spread and hedged across members in new ways to lower overall exposure and elevate risk-adjusted returns.

The timing of member rate-setting decisions, compensation to customer-generators under Net Energy Metering generation rates, and, to a certain degree, the procurement of electricity will need to take into account utility tariffs, processes, and timing in regard to these activities. Refer to [Attachment 3](#), [Attachment 4](#), [Attachment 5](#), and the section “[Net Metering and Group Net Metering Policies](#)” for additional documentation and discussion of these factors.

In the short- to medium term, there will likely be opportunities to apply innovations from other municipalities to lower county facilities costs. For example, the City of Lebanon was able to significantly reduce electricity costs for two large municipal accounts by intelligently scheduling load and onsite generation at the right points in time, such that their capacity tags and associated costs were ‘zeroed out in one case, and nearly so in the other.

Extending more innovative services to all customers by sharing insights and enabling technologies and services provided through the Coalition is a primary motivation for Lebanon and the other participating municipalities.

These activities can simultaneously lower costs for individual customers, enhance local resilience and reduce the overall cost and risk profile for Community Power programs. Distributed energy and demand response technologies, when intelligently dispatched, are the physical equivalent of hedging on the wholesale side of the portfolio. Consequently, overall price risk can be more cost-effectively managed through a combination of wholesale and retail hedging strategies. Simply put, it can be less costly to temporarily turn down electricity usage or turn up customer-sited storage and distributed generation than pay the ‘insurance cost’ of hedging more price risk through wholesale transactions.

If the Coalition successfully begins to facilitate these types of retail innovations, Cheshire Community Power may find opportunities to offer opt-in services to specific groups of customers within the County (provided they are not already served by any municipalities’ Community Power program). For example, customer-generators with distributed energy assets that are not being fully utilized could be offered new enabling rates and services on an opt-in basis.

Expanding the number of customers with technologies that respond to price and peak-demand signals can create new customer value and new portfolio value for the program — and can additionally lower the cost of the entire electricity system (e.g., by avoiding having to increase the capacity of a circuit or substation transmission line and generating units within a given region).

In terms of the system-level benefits that these activities can create:

- Certain benefits may be monetized under current market rules and would produce revenues for the program, such as bidding aggregated demand response into ISO-NE forward capacity markets for a generation.
- Other benefits, such as the avoided costs of foregone distribution grid investments, are socialized under current market rules and would require regulatory changes to allow the program to receive full compensation for the benefits being created.

The Coalition could facilitate unlocking these additional revenue streams for Cheshire Community Power, and other participating programs, by providing the joint scale and sophistication required

to navigate the different compensation mechanisms as well as the political coordination and informed engagement required to reform market rules, policies, and regulations.

### **Medium-Term Objectives: Joint Energy Project Development**

Over the medium term, the Coalition intends to facilitate the joint development of local energy projects. Joint solicitations would likely streamline and lower the cost of development solicitations and enhance the negotiating power of the programs participating in the project. There will probably be development opportunities on county properties, presenting a win-win for the County and other off-taking Community Power programs.

Developing energy projects is a common goal of participating members and was explicitly anticipated in the cost-sharing structure developed in the Coalition Joint Powers Agreement. As discussed in the “[Member Services](#),” section, the Coalition’s business model has been designed to provide participating programs with the long-term financial stability and energy risk management capabilities required to contract for the development of new energy projects.

This is a valuable design feature of the Coalition. It is worth noting that while there are over 1,000 Community Power programs operating across the country, most have not been designed to effectuate much if any, new project development. However, Community Power programs that have relied upon joint action governance and a business model similar to the one chosen for the Coalition have proven able to contract for the construction of significant volumes of new renewable and battery storage projects in recent years. Several of these joint action agencies have also gained investment-grade credit ratings.

### **Long-Term Objective: Nimble Governance & Operational Evolution**

Over the longer term, the Coalition has been designed to evolve its operations more quickly than the regulated utilities are permitted. This speed will increasingly be a valuable competitive advantage (e.g., a source of cost savings and value creation for communities), given the broader context of technological change disrupting the industry and impacting market price patterns.

This practical ability to innovate in response to changing market conditions will be reinforced and guided by the Coalition’s governance and management structure — if it performs as intended by maintaining transparency in operations, facilitating knowledge sharing across communities, and enabling coordinated, informed engagement at the Legislature and Public Utilities Commission for the purpose of protecting and expanding the authorities of Community Power programs.

In these ways, the Coalition’s joint action model may enable participating members to develop both the practical ability to evolve along with the awareness required to evolve in the right direction.

## **ELECTRIC AGGREGATION PLAN STATUTORY REQUIREMENTS**

The following requirements for this Electric Aggregation Plan, in compliance with RSA 53-E:6, are addressed below:

- A. The organizational structure of the program;
- B. Methods of entering into and terminating agreements;
- C. Operation and funding;
- D. Rate setting, costs, and customer enrollment process;
- E. Rights and responsibilities of program participants;
- F. Net metering and group net metering policies;
- G. Ensuring discounts for Electric Assistance Program participants; and
- H. Termination of program.

### **A. Organizational Structure of the Program**

Upon approval of this Plan, Cheshire Community Power will be authorized to provide electricity and other related services to participating residents, businesses, and other customers in the County on an opt-in basis. The program intends to serve the County's facilities and offer opt-in service to any residents, businesses, and other entities within the County who voluntarily request to participate if directed to do so by the Commissioners. Upon request of one or more municipalities within Cheshire County, by a majority vote of their respective governing bodies, and with approval by the County Commissioners, the program may offer default electricity service on an opt-out basis to customers on utility default service within those municipalities pursuant to RSA 53-E:6, I.

The Commissioners will have overall governance authority over the program. Decisions regarding Cheshire Community Power, such as adopting Energy Risk Management and Financial Reserve policies and approval of rates, will be made at duly noticed public meetings.

The Commissioners have adopted the Coalition's Joint Powers Agreement and appointed a primary and alternate representative to the Community Power Coalition of New Hampshire's Board of Directors, who are overseeing agency start-up and program operations and are responsible for:

- Participating in the Coalition's collaborative governance;
- Assessing and reporting on program performance;
- Exercising any authorities delegated by the Commissioners.

### **B. Methods of Entering Into and Terminating Agreements**

This Electric Aggregation Plan authorizes the Commissioners to negotiate, enter into, modify, enforce, and terminate agreements as necessary for the implementation and operation of Cheshire Community Power.

### **C. Operation and Funding**

To ensure the successful launch of Cheshire Community Power, the Coalition will contract with qualified vendors to provide the services required to operate the program and credit-worthy suppliers to provide electricity.

The Coalition’s contractors will be expected to fund the upfront cost of implementing Cheshire Community Power, the expense of which is scheduled to be amortized and recovered in the program’s rates and charges to participating customers for a specified term. The County may also seek opportunities to apply for grant funding, either independently or through the Coalition, to support various program initiatives and activities.

Services provided by third-party entities required to launch and operate the program may include portfolio risk management advisory services, wholesale Load Serving Entity (LSE) services, financial services, electronic data interchange (EDI) services with the utility, and customer notification, data management, billing, and relationship management (e.g., call center, website, etc.) services. Additional information on how Cheshire Community Power will implement Load Serving Entity (LSE) services is found in [Attachment 7](#), *How Load Serving Entity Services will be Implemented*.

Additional support services such as management and planning, budgeting and rate setting, local project development support, regulatory compliance, and legislative and regulatory engagement services (on matters that could impact the program and participating customers) will be addressed through a combination of staff support and contracted third-party services.

Cheshire Community Power will provide an “all-requirements” electricity supply for its accounts, inclusive of all of the electrical energy, capacity, reserves, ancillary services, transmission services, transmission and distribution losses, congestion management, and other such services or products necessary to provide firm power supply to participants and meet the requirements of New Hampshire’s Renewable Portfolio Standard. (Refer to [Attachment 3](#) for details regarding Renewable Portfolio Standard statute requirements, RSA 362-F.)

Electricity supply contracts will be executed or guaranteed by investment-grade entities, and suppliers will be required to use proper standards of management and operations, maintain sufficient insurance and meet appropriate performance requirements.

Additionally, RSA 53-E provides Community Power programs with authorities on meter ownership, meter reading, billing, and other related services. These authorities would provide the County with new ways of encouraging the adoption and use of innovative technologies (e.g., facility energy management systems, onsite battery storage systems, controllable electric vehicle chargers, etc.). Such initiatives will save money for customers, enhance local grid resiliency and decarbonize the County’s power supply.

However, the implementation of these authorities is expected to take some time. It requires action by the Public Utilities Commission to adopt enabling rules and coordination with the utilities to adapt existing meter and billing system processes.

#### **D. Rate Setting, Costs, Enrollment Process, and Options**

Any retail electricity customer taking service in the County may request to opt-in and take service from Cheshire Community Power. Municipalities within the County may request to participate in Cheshire Community Power by a majority vote of their respective governing bodies. The program may offer such customer service at the Commissioners’ direction, including increased renewable power content (in excess of the Renewable Portfolio Standard minimum requirements), distributed energy and intelligent device products or services, Net Energy Metering supply rates and credit mechanisms, time-varying rates, and other innovative energy products.

Retail electricity customers who do not participate in Cheshire Community Power shall not be responsible for any costs associated with the program other than incidental expenses incurred by

the County before the program starts producing revenue. (Examples of incidental expenses include the staff time involved in drafting this Plan and the cost for an attorney to review any contracts.)

As required by law, the program will ensure the equitable treatment of all classes of customers, subject to any differences arising from varying opportunities, tariffs, and arrangements between different electric distribution utilities in their respective franchise territories.

Customers will be treated the same based on their circumstances. For example, customers within the same class that request to join the program at different points in time may be offered different rates (based on how the market price for electricity has changed).

Rates will be set at a level such that revenues from participating customers are projected to be sufficient to cover the ongoing operating and capital costs of the program. Changes to the program's rates shall be set and publicly noticed at least 30 days before any rate change.

The County intends to maintain competitive rates while working to achieve the program's goals as outlined in this Electric Aggregation Plan. For this purpose, the Commissioners may adopt Energy Risk Management and Financial Reserve policies to govern the program's power procurement and rate-setting decisions.

To ensure the financial stability of Cheshire Community Power, a portion of revenues may be deposited in a financial reserve account. In general, the fund will be restricted for uses such as:

- **In the near-term:** maintain competitive rates in the context of price fluctuations in the electricity market and other factors;
- **In the medium term:** as collateral for power purchase agreements (including for the development of new renewable projects), and for additional credit enhancements and purposes that lower the program's cost of service; and
- **Over the long term:** to fund other program financial requirements or augment the financing for the development of new projects and programs in the later years of the program (subject to the Commissioners' approval).

#### *Enrollment Process and Options for Provision of Default Electricity Service on an Opt-Out Basis*

Cheshire Community Power may provide an alternative default electricity service to the utility-provided default service rate on an opt-out basis within Cheshire County municipalities that request to join the program. A Cheshire County municipality may request to join the program by a majority vote of its governing body, which request may be approved by Commissioners.

After approval of this Electric Aggregation Plan and before the launch of Cheshire Community Power default service within a city or town that requests access to the program, all customers within those municipalities will be sent notifications regarding the program and offered the opportunity to participate:

- **Customers currently on default service provided by the electric distribution utility** will be sent "opt-out" notifications — describing the program, its implications for the city or town, the rights and responsibilities of customers, and program rates and charges — with instructions on how to decline participation, and thereafter be transferred to Cheshire Community Power if they do not opt out of the program prior to launch.
- **Customers already served by Competitive Electric Power Suppliers** will receive "opt-in" notifications describing the program and may request to opt-in to the program.



Customers will be notified through a mailing, which will be posted not less than 30 days prior to the enrollment of any customers. All information will be repeated and posted on the County's Community Power website. A public information meeting will be held within 15 days of the notification to answer program questions or provide clarification.

Optional products, such as increased renewable power content in excess of the Renewable Portfolio Standard (RPS) requirements and other energy services, including time-varying rates, may be offered on an opt-in basis.

After launch and in accordance with any applicable rules and procedures established by the Public Utilities Commission, new customers will be provided with the default service rates of their electric distribution utility and Cheshire Community Power and will be transferred onto Cheshire Community Power's default service unless they choose to be served by their electric distribution utility or a Competitive Electric Power Supplier.

Customers who request to opt-in to the program may do so at their discretion and subject to the terms of Cheshire Community Power.

Residents, businesses, and other electricity customers may opt-out of participating in Cheshire Community Power default service at any time by submitting adequate notice in advance of the next regular meter reading by their electric distribution utility (in the same manner as if they were on utility provided default service or as approved by the Public Utilities Commission).

Customers that have opted-in to an optional product offered by Cheshire Community Power may switch back to their electric distribution utility or take service from a Competitive Electric Power Supplier subject to any terms and conditions of the optional product.

## E. Rights and Responsibilities of Program Participants

All participating customers will have available the customer protection provisions of the law and regulations of New Hampshire, including the right to question billing and service quality practices. Customers will be able to ask questions of and register complaints with the County, their distribution utility, and the Public Utilities Commission.

Cheshire Community Power shall maintain individual customer data confidentiality in compliance with its obligations as a service provider under RSA 363:38 ("*privacy policies for individual customer data; duties and responsibilities of service providers*") and other applicable statutes and Public Utilities Commission rules.

Confidential data includes individual customers' names, service addresses, billing addresses, telephone numbers, account numbers, payment information, and electricity consumption. This data will not be subject to public disclosure under RSA 91-A ("*access to governmental records and meetings*"). Suppliers and vendors for Cheshire Community Power will be contractually required to maintain individual customer data confidentiality according to RSA 363:38, V(b). [Attachment 8, Customer Data Protection Plan](#), details the reasonable security procedures and practices that the County and Cheshire Community Power will employ to protect individual customer data from unauthorized access, use, destruction, modification, or disclosure.

Aggregate data that does not compromise individual customers' confidentiality may be released at the discretion of Cheshire Community Power and as required by law or regulation.

Customers will continue to be responsible for paying their bills. Failure to do so may result in a customer being transferred from Cheshire Community Power back to their regulated electric distribution utility (as the provider of last resort) for default energy service, payment collections, and utility shut-offs under procedures subject to oversight by the Public Utilities Commission.

Customers are responsible for requesting an exemption from collecting any applicable taxes and must provide appropriate documentation of such exemption to Cheshire Community Power.

Participating customers may choose to switch suppliers, subject to any contractual obligations the customer previously entered into with Cheshire Community Power, by submitting adequate notice in advance of the next regular meter reading by their distribution utility.

## **F. Net Metering and Group Net Metering Policies**

Under the net metering process, customers who install renewable generation or qualifying combined heat and power systems up to 1,000 kilowatts in size are eligible to receive credit or compensation for any electricity generated onsite in excess of their onsite usage.

Any surplus generation produced by these systems flows back into the distribution grid and offsets the electricity that would otherwise have to be purchased from the regional wholesale market to serve other customers.

Currently, customer-generators are charged their full retail rate for electricity supplied by their distribution utility and receive credits for electricity they export to the grid based on the utility's Net Energy Metering (NEM) tariff.

Cheshire Community Power may offer a Net Energy Metering (NEM) supply rate and credit mechanism on an opt-in basis to customers with onsite generation eligible for net metering from their distribution utility. Customer-generators would continue to receive any non-supply related components (e.g., transmission and distribution credits) directly from their distribution utility, as specified under the terms of the utility's applicable net energy metering tariff.

Cheshire Community Power's exact terms, conditions, and rates for compensating and crediting different types of NEM customer-generators in the County would be set at duly noticed public meetings and fully disclosed to all prospective NEM customers that request to opt-in to take service.

Certain aspects of administering net energy metering require coordination between distribution utilities and Cheshire Community Power. The enabling services and strategies that Cheshire Community Power may pursue, in order to benefit and encourage customers to adopt distributed generation, include but are not limited to:

- Dual-billing customer-generators separately for supply services;
- Offering time-varying rates and alternative credit mechanisms to compensate customers for a surplus generation; and
- Streamlining the establishment of new Group Net Metering and Low-Moderate Income Solar Project groups;
- Facilitating interval meter and Renewable Energy Certificate (REC) meter installations for customer-generators; and
- Engaging at the Legislature and Public Utilities Commission to advocate for upgrades and reforms to metering and billing infrastructure and business processes to enable Net Energy Metering and other innovative services to benefit customer-generators.

For additional details regarding these enabling services and strategies, refer to:

- [Attachment 5](#) for an overview of the utilities' net energy metering tariffs in use today, including the "standard" and "alternative" tariffs for individual customer-generators as well as Group Net Metering and Low-Moderate Income Solar Project options, and tables showing the number of customer-generators on net metered service in each utility territory; and
- [Attachment 6](#) for an in-depth discussion regarding operational and strategic opportunities to enhance net metering and group net metering through Cheshire Community Power.

## G. Ensuring Discounts for Electric Assistance Program Participants

Income-eligible households can qualify for discounts on their electric bills under the Electric Assistance Program. In the event Cheshire Community Power begins accepting customers on an opt-in basis, the program would support income-eligible customers who enroll in the Electric Assistance Program to receive their discount.

Electric Assistance Program discounts are funded by all ratepayers as part of the Systems Benefits Charge, which is charged to customers and collected by the distribution utilities.

At present, the Public Utilities Commission and utilities only support the provision of the discount to individual customers when the customer's electricity supply charges are billed through their distribution utility.

Cheshire Community Power would consequently rely on the utilities to bill all customer accounts enrolled in the Electric Assistance Program. This represents no change in the provision or funding of this program.

This arrangement may be revisited if, at some point in the future, the Public Utilities Commission enables Community Power programs to provide Electric Assistance Program customers with their discount directly.

## H. Termination of the Program

There is no planned termination date for Cheshire Community Power.

The County Delegation may terminate Cheshire Community Power by majority approval of those present and voting. If so terminated, Cheshire Community Power would cease operations after satisfying any obligations contractually entered into before termination and after meeting any advance notification period or other applicable requirements in statute or regulation, at which point participating customers would either be transferred to default service provided by the utilities or to a Competitive Electric Power Supplier of their choosing.

Cheshire Community Power will provide as much advance notice as possible regarding the program's potential or planned termination to participating customers, the Coalition, the Public Utilities Commission, and the utilities.

Upon termination, the balance of any funds accrued in the program's financial reserve fund and other accounts, if any, would be available for distribution or application as directed by the Commissioners and under any applicable law and regulation.

## ATTACHMENTS

## Attachment 1: Legislative Background and Local Control Authorities

In 1996, New Hampshire led the nation in being the first state to pass an Electric Utility Restructuring Act ([RSA 374-F](#)), the purpose of which is excerpted in full below:

*I. The most compelling reason to restructure the New Hampshire electric utility industry is to reduce costs for all consumers of electricity by harnessing the power of competitive markets. The overall public policy goal of restructuring is to develop a more efficient industry structure and regulatory framework that results in a more productive economy by reducing costs to consumers while maintaining safe and reliable electric service with minimum adverse impacts on the environment. Increased customer choice and the development of competitive markets for wholesale and retail electricity services are key elements in a restructured industry that will require unbundling of prices and services and at least functional separation of centralized generation services from transmission and distribution services.*

*II. A transition to competitive markets for electricity is consistent with the directives of part II, article 83 of the New Hampshire constitution, which reads in part: "Free and fair competition in the trades and industries is an inherent and essential right of the people and should be protected against all monopolies and conspiracies which tend to hinder or destroy it." Competitive markets should provide electricity suppliers with incentives to operate efficiently and cleanly, open markets for new and improved technologies, provide electricity buyers and sellers with appropriate price signals, and improve public confidence in the electric utility industry.*

*III. The following interdependent policy principles are intended to guide the New Hampshire public utilities commission in implementing a statewide electric utility industry restructuring plan, in establishing interim stranded cost recovery charges, in approving each utility's compliance filing, in streamlining administrative processes to make regulation more efficient, and in regulating a restructured electric utility industry. In addition, these interdependent principles are intended to guide the New Hampshire general court and the department of environmental services, and other state agencies in promoting and regulating a restructured electric utility industry.*

Prior to this point, state regulators set retail customer rates to allow electric utilities to recover profits and prudently earned costs for “vertically integrated” monopoly service — spanning wholesale electricity generation, transmission, local distribution, and retail customer services (metering, billing, collections, call center operations and so on).

Restructuring sought to increase competition and technological innovation in the markets for wholesale electricity supply and retail customer services by requiring electric utilities to divest of their generation portfolios, creating a Federally regulated regional electricity market or “Independent System Operator” (ISO-NE is the market operator for New England), and allowing Competitive Electric Power Suppliers (CEPs) to offer electricity supply rates and other services to retail customers.

Customers that did not choose a competitive supplier were left on “default service” provided by the electric utilities — afterwards referred to as “electric distribution companies” — which continue to be regulated by the Public Utilities Commission. The distribution utilities periodically hold auctions for competitive suppliers to bid against one another for the right to supply electricity to

default service customers in large groups to competitive suppliers. (Refer to [Attachment 4](#) for additional details on this process.)

### Status of the Competitive Market

Nearly a quarter century has passed, and New Hampshire's competitive market has seen little growth since 2013. Four out of five customers remain on default service provided by the distribution utilities, and the customers that are on competitive supply only account for about half of total electricity usage.

Regulated distribution utilities continue to provide services that are not natural monopolies and should therefore be available by competitive means, such as default electricity supply, metering, meter data management, billing, and other retail customer services (such as demand response and energy storage for smaller customers).

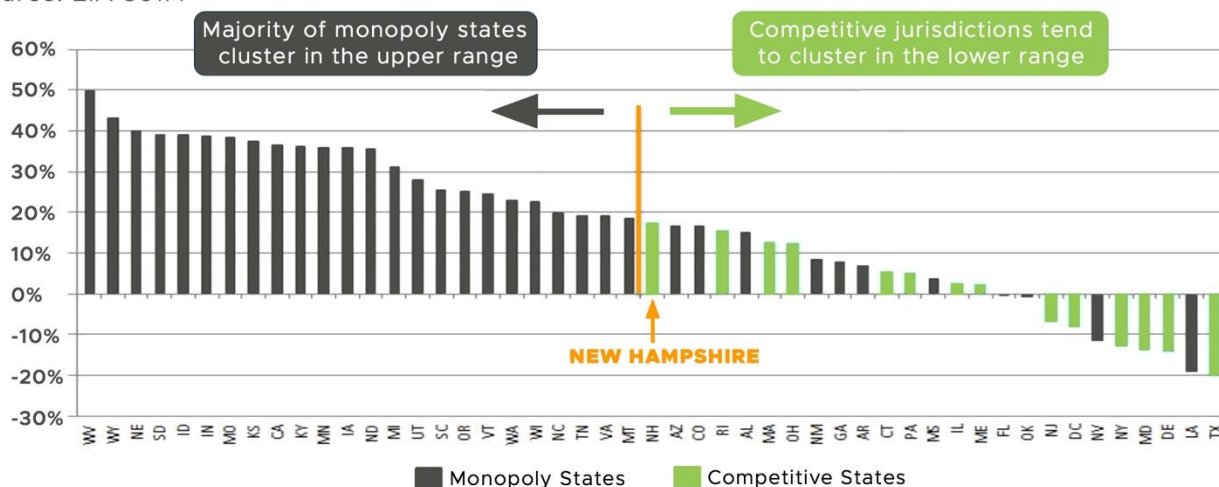
The continued reliance on utilities to provide these customer-facing services has necessitated state regulation over many aspects of the retail customer market. Utility regulation relies on administrative, regulatory proceedings, which are necessarily more slow-moving and unable to respond to changing customer technologies and wholesale market dynamics (such as the increased price volatility caused by higher levels of renewable generation) compared to the nimbler, market-based framework envisioned under the Electric Utility Restructuring Act.

Residential customers, in particular, are not offered many rate options or clean technology innovations today: out of the 29 competitive suppliers currently offering service in New Hampshire, only nine offer service to residential customers (and only four serve customers in every distribution utility territory).

As a consequence, New Hampshire has fallen behind every other state with a restructured electricity market in terms of price competition:

### All Sector Price % Price Change by State, 2008-2019

Source: EIA 861M



Credit: Retail Energy Supply Association, 2020.

### The Community Power Act

In order to support the growth of competitive market services in alignment with The Electric Utility Restructuring Act, Senate Bill 286 and [RSA 53-E:6](#) have authorized towns, cities, and counties to

launch Community Power programs that replace distribution utilities as default suppliers of electricity to retail customers. The purpose of RSA 53-E is excerpted below:

*“The general court finds it to be in the public interest to allow municipalities and counties to aggregate retail electric customers, as necessary, to provide such customers access to competitive markets for supplies of electricity and related energy services. The general court finds that aggregation may provide small customers with similar opportunities to those available to larger customers in obtaining lower electric costs, reliable service, and secure energy supplies. The purpose of aggregation shall be to encourage voluntary, cost effective and innovative solutions to local needs with careful consideration of local conditions and opportunities.”*

To achieve this purpose, RSA 53-E:3 allows Community Power programs to enter into agreements and provide for:

*“the supply of electric power; demand side management; conservation; meter reading; customer service; other related services; and the operation of energy efficiency and clean energy districts adopted by a municipality pursuant to RSA 53-F and as approved by the municipality's governing body.”*

RSA 53-E:3-a further provides Community Power programs with authorities and regulatory pathways to offer more advanced meters for customers and to provide for a more streamlined customer billing experience. Both metering and billing services are important means by which Community Power programs will be able to better engage customers and offer more innovative services that lower the energy expenditures and carbon emissions for individual customers and communities.

To enable all municipalities to work together to achieve this purpose, RSA 53-E:3 provides that *“such agreements may be entered into and such services may be provided by a single municipality or county, or by a group of such entities operating jointly pursuant to [RSA 53-A](#).”*

Community Power programs *“shall not be required to own any utility property or equipment to provide electric power and energy services to its customers.”* To ensure that utilities are fairly compensated for their continuing role in owning and operating the distribution grid, RSA 53-E:4(III) stipulates that:

*“Transmission and distribution services shall remain with the transmission and distribution utilities and who shall be paid for such services according to rate schedules approved by the applicable regulatory authority, which may include optional time-varying rates for transmission and distribution services that may be offered by distribution utilities on a pilot or regular basis.”*

Enabling locally controlled Community Power programs in order to exercise local control over these authorities and bring in third-party competitors to provide more innovative services on a community-wide scale represents a viable and stable pathway to animate competitive retail markets across New Hampshire — and thus realize a lower-cost, more innovative and sustainable future for our communities.

The County is committed to supporting the use of local control authorities granted under RSA 53-E to accelerate innovation, customer choice in electricity supply, the creation of new economic value, and a sustainable and resilient future for all communities across New Hampshire.



## Attachment 2: The Community Power Coalition of New Hampshire

The County is a founding member of the Community Power Coalition of New Hampshire (“the Coalition”). The Coalition operates as a nonprofit joint powers agency authorized under RSA 53-A and is governed by participating communities under the terms of the Joint Powers Agreement approved by Cheshire’s Commissioners on August 25, 2021.

- The Coalition’s webpage is online at: <http://www.cpcnh.org/>
- The Joint Powers Agreement, which is available for download on the Coalition’s website, includes the nonprofit’s Articles of Agreement and Bylaws of nonprofit and details the common purpose, authorities, structure, Board of Directors, committees, cost-sharing principals, liability protections, and other aspects of the organization.

The Coalition was created so that towns, cities, and counties across New Hampshire could:

1. Access the resources and support required to streamline the process of establishing an Electric Aggregation Committee, drafting an Electric Aggregation Plan and approving new Community Power programs.
2. Jointly solicit and contract for third-party services and staff support to launch and operate Community Power programs.
3. Participate in joint power solicitations and local project development opportunities.
4. Share knowledge and collaborate regionally on clean energy and resilient infrastructure development at the community level throughout the state.
5. Speak with one voice at the Legislature and Public Utilities Commission on public advocacy issues related to energy and Community Power.

The Coalition was incorporated on October 1, 2021, by the following founding local government Members: the cities of Lebanon, Nashua, and Dover; the towns of Hanover, Harrisville, Exeter, Rye, Warner, Walpole, Plainfield, Newmarket, Enfield, and Durham; and Cheshire County. Subsequent communities to have joined the Coalition’s Membership include the city of Portsmouth and the towns of Hudson, New London, Pembroke, and Webster.

Members have appointed Directors and Alternates to serve on the Coalition’s Board of Directors. The Board directly oversees the initial startup and implementation activities of the Coalition.

Municipalities that adopt the Joint Powers Agreement in the future may subsequently apply for membership in the Coalition under the terms and procedures provided for under the agreement.

The Coalition is designed to achieve significant economies of scale in terms of the oversight and management of Community Power program operations. The 18 city and town members of the Coalition represent more than 270,000 residents or ~20% of the population of New Hampshire. To put the anticipated electricity usage of all Coalition Members Community Power programs in context, at full enrollment of all eligible customers, the Coalition would be larger in size than the default service loads of Unitil, Liberty Utilities, and the New Hampshire Electric Coop on an individual basis, and smaller than Eversource (New Hampshire’s largest investor-owned distribution utility). Since incorporating, the agency has:

- Established an Executive Committee, Finance Committee, Member Operations & Engagement Committee, Risk Management Committee, Regulatory & Legislative Affairs Committee, and CEO & Staff Search Committee



- Received approximately \$135,000 in grants and donations to cover start-up administrative expenses and consulting services.
- Contracted for General Counsel legal services on an at-risk, deferred compensation basis (to be repaid after the launch of Community Power Aggregation (CPA) service) provided by Duncan Weinberg Genzer & Pembroke, P.C. with Eli Emerson from Primmer Piper Eggleston & Cramer as New Hampshire counsel.
- Contracted for technical consulting services provided by Community Choice Partners, Inc., with two-thirds compensation on an at-risk, deferred basis (to be repaid after the launch of CPA service).
- Contracted with Herndon Enterprises, LLC to provide organizational support and Member Services.
- Issued a Request for Information and subsequent Request for Proposals for Comprehensive Services and Credit Support, both of which received numerous competitive responses from candidate service providers.

CPCNH intends to contract with qualified vendors and credit-worthy suppliers to provide the services, credit support, and electricity required to launch and operate member Community Power programs.

## County Participation in the Design Process

County staff actively participated in the exploratory “Organizing Group” process that preceded the formation of the Coalition. This process began in December 2019, with communities interested in Community Power meeting regularly to research national best practices and explore the viability of establishing a collaborative nonprofit to share services across municipalities and counties:

- The Coalition’s initial Organizing Group consisted of the cities of Lebanon and Nashua, the towns of Hanover and Harrisville, and Cheshire County;
- Technical and community advisors included representatives from both Thayer School of Engineering and Tuck School of Business at Dartmouth, the Monadnock Sustainability Hub, Clean Energy New Hampshire, Growing Edge Partners, and Community Choice Partners;
- Activities were carried out in four working group tracks: Governance Agreements, Regulatory and Policy Engagement, Design and Implementation, and Community Engagement.

Members of the Coalition’s Organizing Group have:

- Participated in the Community Power informal rule drafting process, including providing the initial and subsequent draft rules for discussion, arranging bilateral meetings with utilities and other stakeholders, and leading significant portions of the subsequent stakeholder workshops at the request of Public Utilities Commission staff;
- Intervened in regulatory proceedings and legislative hearings to represent the interests of communities and customers, such as by advocating for expanded data access in the Commission’s Statewide Data Platform docket, DE 19-197, and successfully negotiating the clarification and expansion of key Community Power authorities in Assembly Bill 315;
- Assessed power agency design best practices — in terms of public governance and competitive operating models — by interviewing elected officials, senior staff, and vendors operating Community Power programs in other states, along with representatives from public power associations (such as the American Public Power Association and the Vermont Public Power

Supply Authority) and other industry experts; and

- Hosted a virtual summit on Community Power that was attended by over eighty representatives from thirty-one municipalities, collectively representing one-quarter of the state's default electricity market.

In 2021, the City of Lebanon, using grant funding and in collaboration with the Organizing, Group, executed legal, community engagement, and professional service contracts to help formally establish and implement the Community Power Coalition of New Hampshire.

## Joint Powers Agreement Drafting Process

The Coalition's Joint Powers Agreement includes the nonprofit's Articles of Agreement and Bylaws of the nonprofit and establishes the common purpose, authorities, structure, Board of Directors, committees, cost-sharing principles, liability protections, and other aspects of the organization.

Municipalities that adopt the Joint Powers Agreement may apply for membership.

The Organizing Group surveyed other Community Power states and the broader public power industry, assessed the legal and governance structure of a selection of successful nonprofit power agencies that provide services to multiple municipal members, and interviewed staff and elected officials involved.

County staff led the governance working group. After discussing joint governance issues and reviewing the governance documents of comparable entities, the Organizing Group created a draft Joint Powers Agreement for the Coalition in August 2020.

In September 2020, the City of Lebanon and Town of Hanover, in collaboration with the Organizing Group, reviewed six responses to a Request for Qualifications and retained the legal services of Duncan, Weinberg, Genzer & Pembroke (DWGP). The firm was hired to provide advice on key aspects of joint power agency governance and to finalize the Coalition's Joint Powers Agreement, in compliance with RSA 53-A., with additional support provided by New Hampshire counsel on a sub-contracted basis. DWGP are national leaders with over 50 years in public power legal guidance, and the project was led by DWGP President Michael Postar Esq.

The Joint Action Agreement was finalized in December 2020.

## Implementation Process

In February 2021, the City of Lebanon, using previously secured grant funding and in collaboration with the Coalition's Organizing Group, contracted with Henry Herndon (formerly the Director of Local Energy Solutions at Clean Energy New Hampshire) and Samuel Golding of Community Choice Partners, Inc., to provide implementation support services prior to launch.

Mr. Herndon was enlisted to advise on regulatory and legislative affairs, branding and communications, draft and execute an outreach strategy, compile resources for prospective members, and support the fourteen founding members to incorporate the agency on October 1, 2021.

Mr. Golding was enlisted to advise on Community Power rule development at the Public Utilities Commission, support municipalities in drafting and adopting Electric Aggregation Plans, draft a business plan and budget for the Coalition, advise on Board policies and staffing, prepare vendor surveys and a request for proposals for the services and financing required to launch Community Power programs, and assist in the bid evaluation, award, and contracting process.

## Launch Process

The Coalition intends to contract with qualified vendors and credit-worthy suppliers to provide the services, credit support, and electricity required to launch and operate member Community Power programs.

These third parties are expected to fund the upfront cost of implementing Community Power programs, the expense of which is expected to be amortized and recovered in the program's rates and charges to participating customers for a specified term. Similar at-risk and performance-based contract structures have been used to successfully launch and operate new joint powers agencies in other Community Power markets.

To ensure effective management of operations, as well as enhanced transparency and oversight, the Coalition plans to hire a small number of qualified staff.

Services will also include advisory support services to enhance the fiscal stability of participating Community Power programs, such as adopting Energy Risk Management and Financial Reserve policies.

## Attachment 3: New Hampshire's Renewable Portfolio Standard

New Hampshire's Electric Renewable Portfolio Standard ("RPS") statute, RSA 362-F, established the renewable energy policy for the State.

The RPS statute requires each electricity provider, including Cheshire Community Power and all utilities (on behalf of default service customers), to meet a certain percentage of customer load by purchasing, generating, or otherwise acquiring Renewable Energy Certificates ("RECs"):

- One REC represents the renewable attributes of one megawatt-hour of electricity or the equivalent amount of thermal energy.
- RECs are generated by certified renewable energy facilities for power that is physically delivered into the New England wholesale electricity market operated by ISO-New England (which means the power can come from within New England, New York, or eastern Canada).
- The New England Power Pool Generation Information System (NEPOOL GIS) issues and tracks RECs for the region.
- RECs are generally used for compliance in the same year as the renewable power was generated, though suppliers may "bank" RECs for up to two years to meet up to 30% of compliance requirements.

There are four distinct "classes" of renewable certificates under the RPS, each distinguishing between different technologies and dependent upon the year that the generators came online:

1. Class I is divided between thermal and non-thermal renewables:
  - Class I non-thermal electricity, from generators that came online after January 1, 2006: wind, solar, small hydroelectric, methane (biologically derived such as from anaerobic digestion of organic materials), biomass, hydrogen (from methane or biomass), ocean thermal, current, tidal or wave energy and also biodiesel (if produced in-state).
  - Class I thermal energy, from generators that came online after January 1, 2013 (and are producing thermal energy rather than electricity): geothermal, solar thermal, biomass and methane.
2. Class II: solar generation that came online after January 1, 2006
3. Class III: biomass & methane that came online before January 1, 2006
4. Class IV: small hydroelectric that came online before January 1, 2006

Electricity suppliers must obtain RECs for each of the four classes of renewables as a set percentage of their retail electric load, which increase on an annual basis (until plateauing after 2025, unless the RPS is raised in future):

<b>Compliance Year</b>	<b>Total RPS Requirement</b>	<b>Class I Non-Thermal</b>	<b>Class I Thermal</b>	<b>Class II Solar</b>	<b>Class III Biomass &amp; Methane</b>	<b>Class IV Small Hydro</b>
<b>2020</b>	<b>20.70%</b>	8.90%	1.60%	0.70%	8.00%	1.50%
<b>2021</b>	<b>21.60%</b>	9.60%	1.80%	0.70%	8.00%	1.50%
<b>2022</b>	<b>22.50%</b>	10.30%	2.00%	0.70%	8.00%	1.50%
<b>2023</b>	<b>23.40%</b>	11.00%	2.20%	0.70%	8.00%	1.50%
<b>2024</b>	<b>24.30%</b>	11.90%	2.20%	0.70%	8.00%	1.50%
<b>2025 onwards</b>	<b>25.20%</b>	12.80%	2.20%	0.70%	8.00%	1.50%

Note the following flexibilities in meeting Class I requirements:

- Class I non-thermal requirements may be met with Class I thermal biomass and methane resources;
- Class I requirements may also be met with Class III (biomass & methane, thermal and non-thermal) or Class IV (small hydroelectric, non-thermal) resources that have been restored through significant investment or have otherwise begun generating in excess of historic baselines; and
- Solar that came online after January 1, 2006, may be used to satisfy Class II or Class I requirements.

Additionally, net-metered customers (primarily customers with solar photovoltaics) that meet certain registration and administrative requirements can track and sell their RECs (which are accounted for in NEPOOL's Generation Information System). Not all customers do, however, and the REC production from such customer-generators is estimated by the Public Utilities Commission each year and applied to lower the Class I and Class II procurement requirements of the utilities and other suppliers.

If the electricity providers are not able to meet the RPS requirements by purchasing or acquiring renewable energy certificates, they must pay alternative compliance payments (ACPs). The funds are used for a variety of renewable programs in New Hampshire.

The result is that these alternative compliance payment prices essentially act as a price ceiling for the REC market in New Hampshire. The ACPs for RECs by class in recent years are:

<b>Inflation Adjusted Alternative Compliance Payment Rate (\$ per Megawatt Hour)</b>					
	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
<b>Class I (Non-Thermal)</b>	\$ 56.02	\$ 56.54	\$ 57.15	\$ 57.61	\$ 57.99
<b>Class I Thermal</b>	\$ 25.46	\$ 25.69	\$ 25.97	\$ 26.18	\$ 26.35
<b>Class II</b>	\$ 56.02	\$ 56.54	\$ 57.15	\$ 57.61	\$ 57.99
<b>Class III</b>	\$ 55.00	\$ 55.00	\$ 55.00	\$ 34.54	\$ 34.99
<b>Class IV</b>	\$ 27.49	\$ 28.00	\$ 28.60	\$ 29.06	\$ 29.44

For example, Eversource, Unitil, and the New Hampshire Electric Cooperative have recently made alternative compliance payments instead of purchasing certain categories of RECs:

For additional information on the Renewable Portfolio Standard, refer to:

- [New Hampshire's RPS statute \(RSA 362-F\)](#)
- [Public Utilities Commission RPS Website](#)
- [New Hampshire Renewable Energy Fund Annual Report \(1 October 2020\)](#)
- [UNH Sustainability Institute Study: New Hampshire RPS Retrospective 2007 to 2015](#)

<b>2019 Company</b>	<b>Alternative Compliance Payments (ACPs)</b>					
	<b>Class I</b>	<b>Class I Thermal</b>	<b>Class II</b>	<b>Class III</b>	<b>Class IV</b>	<b>Total</b>
Liberty Utilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
New Hampshire Electric Cooperative	\$ -	\$ 187,192	\$ -	\$ -	\$ -	\$ 187,192
Eversource Energy	\$ -	\$ 519,893	\$ -	\$ -	\$ -	\$ 519,893
Unitil Energy Systems, Inc.	\$ -	\$ -	\$ 1,029	\$ -	\$ -	\$ 1,029
<b>Distribution Utilities Subtotal</b>	<b>\$ -</b>	<b>\$ 707,085</b>	<b>\$ 1,029</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 708,114</b>

## Attachment 4: Utility Default Procurement Cycles and Rate Setting

Cheshire Community Power has a goal of maintaining competitive rates for the County's facilities, as compared to utility-provided default service, and may also offer voluntary rates and products in the future for other retail customers in the County that request to be enrolled in the program.

The timing of the program's rate-setting decisions and, to a certain degree, the procurement of electricity will need to consider when the utilities conduct these same activities.

As context, Eversource, Liberty Utilities, and Unitil all issue requests for proposals (RFPs) twice annually for competitive suppliers to assume load-serving entity obligations and supply default customers with electricity for 6-month "strip" periods, with suppliers bidding to serve individual "tranches" or segments of customers by class.

The procurement schedules, tranches, and rate practices for each distribution utility are:

- **Eversource** (Public Service Company of New Hampshire): issues RFPs in May and November with bids due in early June and December for suppliers to begin serving customers in August and February, offering four ~100 MW tranches to serve small customers and a single tranche to serve large customers (five tranches in total). Retail rates are fixed over the 6-month period for small customers and vary by month for large customers.
- **Liberty Utilities**: follows the same supplier RFP schedule and retail pricing as Eversource but (1) solicits supply for small customers in a single 6-month block tranche and for large customers in two consecutive three-month block tranches (3 tranches total), and (2) allows bidders to include and price RPS compliance obligations separately (as an additional product).
- **Unitil**: issues RFPs in March and August for delivery beginning in June and December, offering tranches of residential, small commercial, outdoor lighting, and large customers classes (four tranches). The large customer RFP is structured in a distinct fashion, in that it passes through market costs for energy, and so suppliers compete to price capacity, congestions, ancillary services, etc. for the large customer tranche over the 6-month term; retail rates reflect these load-serving entity costs along with the pass-through of real-time locational marginal market prices (which are load-weighted by the entire class's hourly load shape, i.e., not the individual large customer's usage profile). Retail rates for the residential, small commercial and outdoor lighting classes are fixed over the 6-month term, though customers have the option to choose variable monthly pricing if the election is made prior to the start of the next 6-month term.

Supplier bids are priced in dollars per megawatt-hour (\$/MWh) on a monthly basis and generally exclude Renewable Portfolio Standard (RPS) compliance obligations (called "Renewable Energy Certificates" or "RECs"), though Liberty Utilities allows RECs to be bid as a separate product. Distribution utilities typically procure most or all of their supply of RECs through competitive solicitations held separately from the auctions for default electricity service.

New Hampshire's RPS requires all electricity suppliers to procure or otherwise obtain RECs for four distinct "classes" of renewables, each distinguishing between different technologies and dependent upon the year that the generators came online.

For 2021, the utilities are required to include 21.6% renewable energy in their energy supply. This minimum compliance requirement will increase incrementally to 25.2% by 2025 and remain fixed thereafter, absent an increase in the RPS.

Refer to [Attachment 3](#) for further details on the RPS.

## Attachment 5: Overview of Utility Net Energy Metering Tariffs

### Utility Net Metering, Group Net Metering, and Low-Moderate Income Solar Project Tariffs

Under the net metering process, customers who install renewable generation or qualifying combined heat and power systems up to 1,000 kilowatts in size are eligible to receive credit or compensation for any electricity generated onsite in excess of their onsite usage.

Any surplus generation produced by these systems flows back into the distribution grid and offsets the electricity that would otherwise have to be purchased from the regional wholesale market to serve other customers.

The credits and compensation customer-generators receive for electricity exported to the grid are defined under Net Energy Metering (NEM) tariffs offered by Eversource, Liberty Utilities, and Unitil.

The Public Utilities Commission regulates the distribution utilities' Net Energy Metering (NEM) tariffs in accordance with [PUC Rule 900](#) and [RSA 362-A:9](#) (refer to [RSA 362-A:9, XIV](#) specifically for Group Net Metering statutes). Note that:

- NEM tariffs offered by the utilities underwent a significant change several years ago;
- Customer-generators that installed systems before September 2017 may still take service under the "NEM 1.0" tariff ("standard" or "traditional" NEM); whereas
- Systems installed after August 2017 must take service under the "NEM 2.0" tariff ("alternative NEM")
- NEM 1.0 customers are allowed to switch to taking service under the NEM 2.0 tariff, but cannot subsequently opt back to NEM 1.0 (with limited exceptions, e.g., participation in certain pilot programs).

Under both tariffs, customer-generators are charged the full retail rate for electricity supplied by their utility and receive credits for electricity that they export to the grid for some (but not all) components of their full retail rate. Refer to the next subsection for tables comparing NEM 1.0 to 2.0 tariffs.

To appropriately measure and credit customer-generators taking service under a NEM tariff, the customer's utility installs a bi-directional net meter that records each kilowatt-hour (kWh) supplied to the customer from the grid and also each kWh that flows back into the grid. This data is recorded and collected on a monthly billing-cycle basis.

For NEM 1.0 tariff systems (installed before September 2017), any kWh exported to the grid is netted against kWh consumed. If there is a net surplus of kWh at the end of the monthly billing period (i.e., more power was exported to the grid by the customer-generator than was consumed), those surplus or negative kWh are carried forward and can be used to offset future kWh consumption (so the customer only pays for their "net" energy consumption).

For NEM 2.0 tariff systems (installed after August 2017), all customer-generators receive a monetary credit for each kWh that is exported valued at 100% of their default electricity supply rate component for the month. Smaller systems (up to 100 kilowatts in size) additionally receive credits for 100% of the transmission component and 25% of the distribution component of their retail rate. (Larger systems, up to 1,000 kilowatts in size, only receive full credit for the electricity supply rate component.)

Note that most customer-generators in the County are expected to be taking service under NEM 2.0 tariffs going forward.

Any credits that accumulate over time are tracked and used to offset the customer-generator's future electricity bills. Customers may also request to cash out their surplus credit once a year after their March billing cycle if the balance exceeds \$100 (or any balance in the event of moving or service disconnection). NEM 1.0 surplus balances are tracked as kWh credits and are converted to dollars at wholesale avoided costs, while NEM 2.0 surplus balances are tracked as monetary credits directly (in dollars). Note that these cash-outs are treated as taxable income by the Internal Revenue Service (IRS). Payments of \$600 or more remitted to the customer are accompanied by a 1099 form for the IRS. Utilities may also issue IRS Form 1099s for smaller amounts.

Alternatively, Group Net Metering is a process that allows any customer-generator to share the proceeds of their surplus generation credits to directly offset the electricity bills of other customers, which is financially more advantageous and can increase the effective value of the system. All the members in the group need to be within the same distribution utility service territory but may be served by different suppliers. The credits are calculated based on the host site's NEM tariff and retail rate, and payments are credited to offset the electricity bills of each member directly by their utility (if the customers are billed for supply by the utility). These allocations are governed by a Group Net Metering Agreement between the host customer-generator and group members, which is part of the registration process overseen by the Public Utilities Commission.

Note that larger systems (up to 1,000 kilowatts in size) actually have to register as group hosts in order to qualify for net metering in the event that the customer-generator exports more than 80 percent of the power produced onsite to the distribution grid. Additionally, if the electricity exported from larger systems exceeds the total electricity usage of the group on an annual basis, the credit for the residual amount (e.g., electricity exported in excess of the group's total usage) is re-calculated based on their utility's avoided cost of electricity supply. This rate is lower than the NEM credit based on the customer-generators retail rate and results in a downward payment adjustment issued by the utility to the host customer. Residential systems under 15 kilowatts, however, are not subject to this adjustment.

Most recently, a Low-Moderate Income (LMI) Community Solar Project option has been implemented under Group Net Metering. The program currently provides an incentive of 3 cents per kWh (dropping down to 2.5 cents after July 2021) in addition to the host site's NEM credits, and solar systems may be either rooftop or ground-mounted systems. To qualify, groups must include at least five residential customers, a majority of which are at or below 300 percent of the federal poverty guidelines, and non-residential customers cannot account for more than 15 percent of the total projected load in the group.

Lastly, all group hosts (except for residential systems under 15 kilowatts) must file an annual report with the Public Utilities Commission and their utility that includes the annual load of the host and members, annual total and net surplus generation of the host site system, and additional information for Low-Moderate Income Community Solar Projects.

In addition to NEM credits, all customer-generators have the option of selling the Renewable Energy Certificates (RECs) produced by their systems. This can provide an additional revenue stream to customer-generators but requires a separate REC meter, registration, and ongoing reporting requirement.



Alternatively, the Public Utilities Commission estimates the RECs that could be produced by all customer-generators who do not separately meter and sell their RECs and lowers the Renewable Portfolio Standard procurement requirements for all load-serving entities by an equivalent amount.

## Comparison of Utility “Standard” and “Alternative” Net Energy Metering Tariffs

The tables below compare the two tariff structures, which offer different credits to customers depending on the size of their installed system:

**Net Energy Metering (NEM) Credit on Net Monthly Exports to Grid**

	<b>NEM 1.0</b> <i>“Standard NEM”</i> <i>Offered prior to 9/1/2017</i>	<b>NEM 2.0</b> <i>“Alternative NEM”</i> <i>Effective 9/1/2017</i>
<b>Large Systems</b> <i>100 Kilowatts to 1 Megawatt</i>	Full credit (at the customer’s retail rate) for electricity supply <u>only</u> .	
<b>Small Systems</b> <i>≤ 100 Kilowatts</i>	Full credit for electricity supply, distribution, transmission, System Benefits, Stranded Cost & Storm Recovery charges	Full credit for electricity supply and transmission; 25% credit for distribution & no credit for other charges

As shown in the table above, levels of compensation for small customer-generators (with systems up to 100 kilowatts) were lowered, such that these customers no longer receive full compensation on their distribution rate component or several other small charges (e.g., the System Benefits, Stranded Cost and Storm Recovery charges).

Additionally, the NEM 2.0 tariff modified the type of credit and the ways credits for surplus generation are tracked and refunded for both small and large customer-generators:

- Under NEM 1.0, any surplus generation would be tracked as a kilowatt-hour (kWh) credit, which was carried forward to offset the customer’s consumption (and bill) in future months. For any kWh credits remaining on an annual basis (at the end of March each year), such customers have the option of either continuing to bank their credits to offset future usage or to convert the kWh credit into a monetary credit at a rate set by the Public Utilities Commission (typically ~3-4 cents per kilowatt-hour) and to apply the amount to their account or receive a check for the amount owed.
- Under NEM 2.0, kWh credits are automatically converted into a monetary credit every month, valued at the customer’s retail rate for that specific month. Customers have the option of either carrying the credit forward to offset their electricity bill in future months or may receive the refund directly as a check.

The crediting mechanism under NEM 1.0 was relatively more advantageous for customers in one respect. Solar systems generate more power in the spring and summer months relative to other seasons; consequently, the credits that customer-generators would accrue during the summer months would offset their consumption in the winter months on a one-to-one kWh per kWh basis. This is advantageous because winter supply rates are above summer rates on average.

In another respect, NEM 2.0 offers an advantage to customers that accrue surplus credits over the course of the year because the surplus is calculated based on components of the customer's retail rate — which is higher than the ~3-4 cents per kilowatt-hour value that is applied to convert NEM 1.0 kWh credits into a monetary credit whenever customers elect to cash-out their surplus.

These changes are summarized in the table below and apply to all customer-generators regardless of system size:

<b>NEM 1.0</b> <i>"Standard NEM"</i> <i>Offered prior to 9/1/2017</i>	<b>NEM 2.0</b> <i>"Alternative NEM"</i> <i>Effective 9/1/2017</i>
kWh credit carried forward.  May be refunded at a rate calculated by the Public Utilities Commission (typically ~3-4¢ per kWh).	kWh is converted to monetary credit automatically each month.  Monetary credit is carried forward as a bill credit or refundable.

Additional details may be found in the Eversource, Liberty Utilities, and Unitil tariffs and the Public Utilities Commission website:

- [Eversource Tariffs](#)
- [Unitil Tariffs](#)
- [Liberty Utilities Tariffs](#)
- [PUC overview of Net Metering](#)
- [PUC graphic explanation of NEM 1.0 vs. NEM 2.0.](#)

## Net Energy Metering Systems by Utility Territory

According to the most recent [Energy Information Agency \(EIA\) Form 861m data](#), there are about 11,000 customer-generators taking service under Net Energy Metering tariffs in New Hampshire, with a cumulative installed capacity of approximately 140 megawatts (in terms of nameplate capacity in alternating current, or "AC"). Estimated numbers of customer-generators and installed capacity by technology are summarized below:

- Solar photovoltaics: ~120 megawatts (MW) and 10,760 customer-generators; note that:
  - Group Net Metering accounts for an additional ~1.5 MW serving 56 customers; and
  - Sixteen residential customers, in addition to solar photovoltaics, also have battery storage systems with a cumulative capacity of 175 kilowatts (an average size of ~11 kilowatts per customer).
- Onsite wind: 412 kilowatts (kW) and 72 customer-generators.
- "Other" technologies (presumably, qualifying combined heat and power systems, or "CHP"): ~17.5 megawatts (MW) and 55 customer-generators.

The table below provides the number of customer-generators in each distribution utility territory:

### Number of Net Metered Customer-Generators by Technology

Eversource  Unitil  Liberty Utilities  NHEC  Total	Customer-Generators by Technology				Subsets of Solar PV Customers	
	Total	Wind	Other (CHP)	Solar PV	Group Net Metering	Battery Storage
	7,949	37	52	7,860	21	0
	1,066	3	1	1,062	0	0
	724	1	0	723	22	16
	1,204	31	2	1,171	13	0
	10,943	72	55	10,816	56	16

The number of customer-generators by customer class with onsite solar photovoltaic systems, total installed capacity, and average solar system size in each utility territory are provided for reference in the tables below.

Note that these tables do not include Group Net Metered systems and participating customers within groups and reflect only installed solar photovoltaic system capacity (i.e., exclusive of onsite battery storage capacity).

### Net Metered Solar Photovoltaic Systems: Number of Customer-Generators

	Residential	Commercial	Industrial	Total Customer-Generators
<b>Eversource</b>	7,195	630	35	7,860
<b>Unitil</b>	973	61	6	1040
<b>Liberty Utilities</b>	633	77	0	710
<b>NH Electric Coop</b>	1,065	81	4	1,150
<b>Total</b>	9,866	849	45	10,760

### Net Metered Solar Photovoltaic Systems: Total Installed Capacity (MW-AC)

	Residential	Commercial	Industrial	Total Installed Capacity (MW-AC)
<b>Eversource</b>	54.15	29.66	5.09	88.91
<b>Unitil</b>	7.40	2.30	0.73	10.43
<b>Liberty Utilities</b>	4.78	5.12	0.00	9.90
<b>NH Electric Coop</b>	7.61	2.46	0.60	10.66
<b>Total</b>	73.94	39.54	6.42	119.90

### Net Metered Solar Photovoltaic Systems: Average System Size (kW-AC)

	Residential	Commercial	Industrial	Average System Size (kW-AC)
<b>Eversource</b>	7.5	47.1	145.5	66.7
<b>Unitil</b>	7.6	37.8	121.2	55.5
<b>Liberty Utilities</b>	7.6	66.5	N/A	24.7
<b>NH Electric Coop</b>	7.1	30.3	149.0	62.2
<b>Average</b>	<b>7.5</b>	<b>45.4</b>	<b>138.6</b>	<b>52.3</b>

## Attachment 6: Cheshire Community Power Net Metering, Group Net Metering, and Low-Moderate Income Solar Project Opportunities

Please refer to [Attachment 5](#): Overview of Utility Net Metering Tariffs as context for this section.

[RSA 362-A:9, II](#) grants Community Power programs broad statutory authority to offer customer-generators new supply rates and terms for the generation supply component of Net Energy Metering (NEM). The relevant statutory authority is quoted in full below:

*“Competitive electricity suppliers registered under RSA 374-F:7 and municipal or county aggregators under RSA 53-E determine the terms, conditions, and prices under which they agree to provide generation supply to and credit, as an offset to supply, or purchase the generation output exported to the distribution grid from eligible customer-generators. The commission may require appropriate disclosure of such terms, conditions, and prices or credits. Such output shall be accounted for as a reduction to the customer-generator’s electricity supplier’s wholesale load obligation for energy supply as a load service entity, net of any applicable line loss adjustments, as approved by the commission. Nothing in this paragraph shall be construed as limiting or otherwise interfering with the provisions or authority for municipal or county aggregators under RSA 53-E, including, but not limited to, the terms and conditions for net metering.”*

Cheshire Community Power intends to offer a NEM generation rate and terms to customers with onsite renewable generation eligible for net metering from their utility. Note that any non-supply-related components of the Net Energy Metering tariff (e.g., credits for transmission and distribution) will continue to be provided to customer-generators directly by their utility.

How Cheshire Community Power calculates, accounts for, and provides NEM credits to participating customer-generators for the different types of eligible system sizes, customer types, and group configurations will have a number of important financial and practical implications for the program and customers in the County.

Cheshire Community Power also anticipates encountering practical challenges of an operational nature in administering net metering and group net metering programs. This is partly because net energy metering continues to evolve in response to new policy and regulatory requirements, and the day-to-day processes that govern the coordination between the program, participating customers, and distribution utilities are subject to refinement and change over time.

Cheshire Community Power will maintain close coordination with distribution utilities to expeditiously resolve any such issues that may occur due to the metering, billing, and data management requirements of this subset of customers.

For example, Cheshire Community Power may decide to separately issue supply bills to customers that have installed systems after September 2017.

The advantage in dual-billing this subset of customers stems from what is essentially an accounting irregularity in how the utilities’ billing systems currently treat customer-generators taking service under the NEM 1.0 tariff, which applies to systems installed before September 2017, versus the NEM 2.0 tariff, which applies to all systems installed after that date. As context:

- The cumulative surplus generation exports of net metered customer-generators will decrease the amount of electricity that Cheshire Community Power will have to purchase from the regional power market to supply other customers in the program. The surplus generation from both NEM 1.0 and NEM 2.0 customer-generators is tracked and netted out from the program’s

wholesale load obligations by utilities for this purpose.

- However, for the purpose of netting out of the program's Renewable Portfolio Standard (RPS) compliance requirements, the surplus generation from NEM 1.0 customers is tracked and accounted for differently than it is for NEM 2.0 customers:
  - Surplus generation from NEM 1.0 customers is tracked as a kWh credit that is carried forward to offset the customer's future electricity supply requirements; these kWh credits will be counted as an offset that decreases the total electricity supplied by the program to retail customers in aggregate — which lowers the program's RPS compliance obligation.
  - Surplus generation from NEM 2.0 customers is tracked as a monetary credit that is carried forward to offset the customer's future electricity bills; even though the monetary credit is calculated each month based on every customer's kWh surplus generation, the monetary credit is treated as a re-sale or delivery of power generated by NEM 2.0 customer and provided to other participating customers through the program — it is not treated, in other words, as an offset that decreases the total electricity supplied by the program to retail customers in aggregate — and therefore does not lower RPS compliance obligations in the same way.

The practical consequence of this accounting treatment is that Cheshire Community Power would have to purchase Renewable Energy Certificates for the amount of surplus generation supplied by NEM 2.0 customer-generators (but not NEM 1.0 customer-generators) in the same way as if the program had imported that amount of electricity from the regional wholesale market.

- Taking on the responsibility of billing this subset of NEM 2.0 customers directly may allow Cheshire Community Power to track and account for the impact of their surplus generation in ways that lower the program's RPS compliance obligations and costs. Specifically, the program could credit customers currently on the utility's NEM 2.0 tariff in the same way that NEM 1.0 customers are credited (i.e., using kWh credits to track surplus generation on the supply portion of the bill). Note that RSA 362-A:9, II explicitly grants Community Power programs the flexibility to offer net metered customers either:
  - A *"credit, as an offset to supply"* for their surplus generation, which is equivalent to the NEM 1.0 tariff accounting; or
  - To *"purchase the generation output exported,"* which is equivalent to how the NEM 2.0 tariff tracks surplus generation.

Exercising the first option listed above by offering NEM 2.0 customers a kWh credit tracked as an offset to supply would allow Cheshire Community Power to harmonize the accounting treatment of NEM 1.0 and 2.0 surplus generation for the purpose of program RPS compliance reporting. This would lower program rates and is an option that the program may therefore find cost-effective to implement.

Additionally, certain customer-generators currently receiving IRS Form 1099 taxable income from monetary credits under the utilities' NEM 2.0 tariff may benefit financially from receiving kWh credits for the supply portion of their monthly surplus generation instead.

While dual billing is typically avoided — as it is less convenient for most customers to receive a separate bill from their utility and supplier — customers with onsite generation systems tend to be

highly informed on energy issues and respond positively to more active engagement with both their utility and supplier.

Consequently, dual billing may enhance customer satisfaction, awareness, and ongoing participation in the program for customer-generators. Furthermore, dual billing could be done electronically, which is more convenient for the customer and less costly for the program than sending paper bills.

Furthermore, Cheshire Community Power may be able to create additional value for customer-generators through a combination of dual billing, assistance with metering upgrades, and time-varying rate structures. For example:

- Many customer-generators with solar systems may benefit from local programs that help them reduce their full energy bill costs;
- Providing the customer with a separate supply-only bill would allow Cheshire Community Power to also offer a time-varying rate (which may not otherwise be available through the utilities' billing system);
- Upgrading to an interval meter (if the customer does not have one) and installing onsite battery storage, combined with a time-varying rate, may enable the customer-generator to further lower their overall bill by shifting their pattern of electricity usage at times of high-power prices and constrained generation and transmission capacity. This could also help to manage and lower the program's electricity supply costs in aggregate as well, and thus benefits all participating customers.

Similarly, Cheshire Community Power may be able to streamline the process and cost of installing REC production meters, registering customer-generators, and purchasing their RECs for the onsite power generated to satisfy part of the program's overall RPS compliance requirements. This would allow the program to source RECs locally and would provide an additional source of revenue for customer-generators in the County.

Cheshire Community Power also intends to evaluate ways to enhance the value of the NEM credits that customers receive overall, from both the program and from their utility. For example, customer-generators may benefit by becoming hosts in Group Net Metering, including by establishing a Low-Moderate Income Solar Project group. The program may be able to streamline the process required to do so, which entails:

- Matching customers interested in becoming members with prospective group hosts;
- Executing a Group Net Metering Agreement together;
- Registering the group with the Public Utilities Commission and the customers' utility; and
- Thereafter filing annual compliance reports.

Lastly, NEM tariffs are subject to revision and Cheshire Community Power, through the Coalition, intends to work with the distribution utilities, participate in Public Utilities Commission proceedings and engage at the Legislature on issues that impact how the tariffs evolve going forward. Customers are increasingly adopting new energy technologies and expect to be offered rates and services that provide them with new choices and fair compensation based on their investment; the program's ability to assist customers in these ways is heavily dependent on how state policies and utility regulations evolve over time. Cheshire Community Power will seek to represent the interests of the County and customers participating in the program in these matters.

## Attachment 7: How Load Serving Entity Services will be Implemented

Cheshire Community Power will implement Load Serving Entity (LSE) services for the purpose of procuring or selling electricity on behalf of customers participating in the aggregation.

This plan assumes but does not require that the County will participate fully in and rely on the services provided through the Community Power Coalition of New Hampshire (CPCNH) for the purposes of implementing and operating Cheshire Community Power.

### The Role & Responsibility of Load Serving Entities

A Load Serving Entity (LSE) is an entity that has registered with ISO New England (ISO-NE, the nonprofit regional wholesale electricity market operator) as a market participant and assumes responsibility for securing and selling electric energy and related services to serve the demand of retail customers at the distribution level (i.e., homes and businesses).

As context, every retail customer in New Hampshire (and across New England) is assigned to a specific Load Serving Entity at all times:

- Customers on utility default service are periodically re-assigned to whichever Competitive Supplier has won the utility's most recent auction or the utility as LSE. Refer to [Attachment 4](#) for an overview of utility default procurement solicitations.
- Similarly, customers are assigned to a different Load Serving Entity whenever they are transferred to CPA service on an opt-out default basis, choose to opt-in to take service from the CPA, or switch to a Competitive Supplier of their choosing.

Consequently, all Competitive Suppliers and Community Power Aggregators (CPAs) in New Hampshire are required to either:

1. Register as a Load Serving Entity with ISO-NE; or
2. Contract with a third party that has agreed to be the Load Serving Entity responsible for the Competitive Supplier's or CPA's customers.

To ensure that customers receive firm power supply, there are a variety of services that need to be performed and electrical products that must be procured or otherwise provided. The required products and services are referred to as "all requirements energy" (or alternatively, "full requirements service").

The role of Load Serving Entities is to provide, arrange for, or otherwise pay for the cost of providing all requirements energy to customers. The majority of these requirements are defined by the ISO-NE wholesale market operator, which is subject to Federal oversight, but certain requirements are defined by the state in which the LSE registers to serve customers (Renewable Portfolio Standard requirements, for example).

In New Hampshire, full-requirements energy is defined as the provision or cost of (1) electrical energy, capacity, and reserves (including transmission and distribution losses); (2) ancillary services, congestion management, and transmission services (to the extent not already provided by the customer's utility); (3) the costs associated with complying with New Hampshire's Renewable Portfolio Standard (i.e., the cost of purchasing Renewable Energy Credits or, if an insufficient number of credits is procured, the cost of Alternative Compliance Payments, as detailed in [Attachment 3](#)); and (4) other services or products necessary to provide firm power supply to



customers (i.e., because the definition and requirements of the above products and services are subject to change over time).

Each of the above products and services is procured, provided, and accounted for in different ways through market mechanisms and regulated processes that have been designed to accommodate the unique characteristics of the product or service in question.

Given the complex and capital-intensive nature of providing all requirements electricity to customers, Load Serving Entities are subject to significant state and Federal oversight in terms of registration, reporting, and financial security requirements.

The web pages below provide current information regarding Load Serving Entity registration, financial security, and renewal requirements to operate in ISO-NE and New Hampshire:

- ISO-NE: [New Participant Registration Instructions](#)
- NH PUC: [Forms for Competitive Electric Power Suppliers and Electric Load Aggregators](#)
- Eversource: [Electric Information for Suppliers & Aggregators](#)
- Unitil: [Energy Supplier Resources](#)
- Liberty Utilities: [Become a Liberty Utilities Approved Supplier](#)
- New Hampshire Electric Cooperative: [Supplier Information](#)

### **Responsibilities of the Community Power Coalition of New Hampshire (CPCNH)**

The County currently anticipates that it will contract with CPCNH, as an all-requirements joint powers agency, for the provision of LSE services, all requirements energy supply, and all other energy services required to implement and operate Cheshire Community Power.

### **CPCNH Competitive Solicitation for Comprehensive Services and Credit Support**

On behalf of the County and CPCNH's eighteen other Member communities, each of which is in various stages of authorizing Community Power Aggregations, CPCNH issued a Request for Proposals (RFP) for Comprehensive Services and Credit Support on April 25, 2022, and is currently conducting a solicitation process *"to select a qualified entity or group of entities to provide comprehensive services and credit support to enable CPCNH to develop, finance, launch, and operate of Community Power Aggregation (CPA) programs."*<sup>2</sup> As context:

- For an overview of CPCNH's authorities as a Joint Powers Agency, the RFP, proposal evaluation and contracting process, and the process by which CPCNH's Board of Directors and participating Member communities, including the County, plan to draft and adopt enabling agreements, contracts and policies (such as the Energy Risk Management and Financial Reserves policies) refer to "Responsibilities of the Community Power Coalition of New Hampshire (CPCNH)" in Attachment 10: Customer Data Protection Plan below.
- CPCNH's RFP is primarily based upon the solicitation and contracting strategy pioneered by the [Redwood Coast Energy Authority](#) (RCEA), a CPA Joint Powers Authority in California that is similar in size to CPCNH and which successfully contracted for comprehensive services and

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<sup>2</sup> CPCNH's Request for Proposals for Comprehensive Services and Credit Support, and additional supporting reference documentation, including the draft Business Plan for CPCNH, are posted online here: <https://www.cpcnh.org/solicitations>.

credit support (inclusive of LSE services) on an at-risk, deferred compensation basis.

- RCEA subsequently launched the CPA program service and began providing LSE services and all-requirements supply to CPA customers in 2017 and has operated continuously while accruing financial reserves and enabling numerous local programs and new project developments.
- The three Professional Services Agreements that RCEA negotiated and executed subsequent to their RFP process provided (1) LSE and portfolio risk management services and credit support, (2) retail data management, billing, and customer care services, and (3) various support services (e.g., administration, marketing, etc.). All three contracts are available for review [online here](#).
- Subsequent CPA Joint Powers Agencies have employed similar solicitation and contracting strategies in order to successfully contract for and implement LSE and portfolio management services for participating CPA customers.
- CPCNH previously issued a Request for Information for Comprehensive Services and Credit Support in December 2021 and received numerous submissions from well-established third-party vendors that provide LSE services, portfolio management services, and credit support in response. (CPCNH's Board of Directors has designated the responses as confidential due to the fact that the competitive solicitation is ongoing.)<sup>3</sup>

The scope of operational services requested under CPCNH's RFP is to broadly "*provide all required services and credit support necessary to operate the agency and supply all-requirements electricity to CPA customers.*" The specific scope of operational functions requested in CPCNH's RFP is provided below:

1. *Retail Data Management and Billing Services*
  - a. *Utility Electronic Data Interchange (EDI)*
  - b. *Customer Data Validation and Error Resolution Management*
  - c. *Billing Calculations*
  - d. *Utility Payment Receipt*
  - e. *Revenue Oversight and Tracking*
2. *Retail Customer Solutions*
  - a. *Customer and Program Analytics and Insights*
  - b. *Rate Design Development, Pricing, and Product Structuring*
  - c. *Grid Edge Enablement and Portfolio Integrations*
  - d. *Key Account Relationship Management*
  - e. *Inbound and Outbound Call Center Operations*
  - f. *Digital Engagement and Orchestration*
3. *Portfolio Risk Management Services*
  - a. *Energy Portfolio Planning and Development*
  - b. *Contract Valuation and Procurement*
  - c. *Deal Capture, Contract Management, and Counterparty Monitoring*
  - d. *Trading, Position Management, and Reporting*
  - e. *Forecasting, Scheduling, and Settlements*
  - f. *ISO shadow settlements and dispute resolution*

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<sup>3</sup> CPCNH's Request for Information for Comprehensive Services and Credit Support is available online at: <https://www.cpcnh.org/solicitations>

- g. *ISO monitoring, stakeholder processes, collateral posting, and onboarding support*
4. *Banking and Financial Services*
  - a. *Credit Support*
  - b. *Secure Revenue Account Administration*
  - c. *Accounting Support and Controls*
  - d. *Financial Statement Setup and Review*
  - e. *Revenue Forecasting and Budgeting*
  - f. *Invoice Validation*
5. *Enterprise Data Management: to support the development of an in-house central repository of customer and other data for use by CPCNH staff and authorized third parties for the purpose of enabling research and development of new energy services.*
6. *Additional Services: respondents should provide additional descriptions of services not provided for above.*

#### **CPCNH Proposal Evaluation Process and Contracting Timeline**

As detailed in [Attachment 10](#), CPCNH’s Risk Management Committee is responsible for evaluating, ranking, and scoring proposals and recommending an award to the Board of Directors.

To ensure that the committee fully evaluates proposals to provide LSE and portfolio management services, CPCNH has contracted with independent experts with domain expertise in:

- Managing and overseeing power supply portfolios and LSE services for an operational CPA Joint Power Agency;
- Evaluating proposals, interviewing proposers, and recommending an award for LSE and portfolio management services on behalf of a CPA Joint Power Agency that subsequently launched the CPA program service, has operated continuously since 2018, and recently gained an industry-first “A” credit rating from S&P Global Ratings on the basis of its fiscal discipline and approach to energy portfolio risk management; and/or
- Working for an established publicly owned nonprofit enterprise that maintains three operational control centers to support 24/7/365 operations across multiple ISO/RTO markets in order to provide LSE and portfolio management services to substantial numbers of public and private sector clients that serve retail end-use customers.

CPCNH expects to conclude the RFP process, enter into contract negotiations in July-August, and execute contracts to provide comprehensive services and credit support (inclusive of LSE services) from August to September 2022.

Thereafter, CPCNH’s Board of Directors expects to finalize and approve the agency’s Cost Sharing Agreement and Energy Risk Management and Financial Reserves policies, which Cheshire’s appointed Directors expect to provide to the County Commissioners for approval between October – December 2022.

At this point, the County may contract for and authorize CPCNH to provide comprehensive services and credit support (inclusive of LSE services) to implement and operate Cheshire Community Power.

## Responsibilities of the County of Cheshire

The County expects that CPCNH's solicitation and contracting strategy will be successful and that CPCNH and the third-party contractors contracted by CPCNH will implement LSE services and all other services required to launch and operate Cheshire Community Power.

Depending on the result of CPCNH's solicitation and contract negotiation process, LSE services may be implemented as follows:

- CPCNH may contract directly for LSE services with a third party that is registered or will register with ISO-NE as a market participant, and Load Serving Entity, satisfies all applicable financial security and other registration requirements with ISO-NE, the Commission, and NH's distribution utilities, and has contractually agreed to assume responsibility for providing all requirements energy on behalf of Cheshire Community Power's customers.

Typically, such a third party would additionally provide portfolio management services and credit support and assist CPCNH in structuring and maintaining a portfolio of physical and financial contracts to provide all requirements energy to participating customers. At a certain future point, CPCNH may be positioned to register with NEPOOL and ISO-NE as a market participant and Load Serving Entity directly.<sup>4</sup>

This implementation option would essentially replicate the same approach and structure employed by the New Hampshire Electric Cooperative, which actively manages an all-requirements energy portfolio, accrues financial reserves, and provides LSE services for default service customers.

Additionally, note that the Town of Hanover (whose Member director and alternate director are both participating on CPCNH's Risk Management Committee and proposal evaluation) is already a market participant and Load Serving Entity for the Town's load obligations.

- CPCNH may alternatively contract with one or more Competitive Electric Power Suppliers to provide LSE services and all requirements electricity to customers at a pre-specified rate for a set length of time. Under this arrangement, the Competitive Supplier would either be the designated Load Serving Entity or would contract with a third-party that has agreed to be the Load Serving Entity responsible for the CPA's customers.

This implementation option would essentially replicate the same approach and structure employed by NH's regulated distribution utilities (Eversource, Unitil, and Liberty Utilities), under which customers are periodically re-assigned to whichever Competitive Suppliers have won the utilities' default service solicitations. Refer to [Attachment 4](#) for an overview of utility default procurement solicitations.

- CPCNH may also propose a combination of the above approaches for the County's consideration.

In the event that the County does not contract with CPCNH to provide LSE and other services to Cheshire Community Power, then the County may contract to implement LSE services independently, either with a third-party LSE acting as the County's agent or with a Competitive

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<sup>4</sup> Refer to CPCNH's draft Business Plan for further details, available under RFP Reference Materials online at: <https://www.cpcnh.org/solicitations>

Electric Power Supplier (CEPS) that contracts to provide LSE services for customers taking service from Cheshire Community Power.

The County will ensure that contracts entered into provide for the implementation of LSE services and full requirement energy supply for customers participating in Cheshire Community Power.

## Attachment 8: Customer Data Protection Plan

Cheshire Community Power will protect and maintain the confidentiality of Individual Customer Data in compliance with its obligations as a Service Provider under RSA Chapter 363 ( [RSA 363:38](#) and [RSA 363:37](#) (*“privacy policies for individual customer data; duties and responsibilities of service providers and definitions”*) and other applicable statutes and Public Utilities Commission rules.

Individual Customer Data (ICD) includes information that is collected over the course of providing energy services to customers participating in Cheshire Community Power and that, singly or in combination, can be used to identify specific customers, including individual customer names, service addresses, billing addresses, telephone numbers, account numbers, electricity consumption data, and payment, financial, banking, and credit information.

As described herein, the County of Cheshire is responsible for ensuring that reasonable security procedures and practices are implemented and maintained to protect the confidentiality of Individual Customer Data from unauthorized access, destruction, modification, disclosure, or use.

This plan assumes but does not require that the County will participate fully in the Community Power Coalition of New Hampshire (CPCNH) for the purposes of implementing and operating Cheshire Community Power.

### Responsibilities of the Community Power Coalition of New Hampshire (CPCNH)

CPCNH is a Joint Powers Agency authorized under RSA 53-A (*“Agreements Between Governments: Joint Exercise of Powers”*) and RSA 53-E:3 (*“Municipality and County Authorities”*). CPCNH’s [Joint Powers Agreement](#) expressly authorizes the agency to:<sup>5</sup>

- *“[C]omply with orders, tariffs, and agreements for the establishment and implementation of community power aggregations and other energy related programs”;*
- *“Make and enter into contracts” and “[m]ake and enter into service agreements relating to the provision of services necessary to plan, implement, operate, and administer CPCNH’s affairs”;* and
- *“[D]o all acts permitted... as well as any act necessary, consistent with New Hampshire law to fulfill the purposes”* set forth under the agreement, which include assisting *“member municipalities and counties in complying with the provisions of NH RSA 53-E in developing and implementing ... Community Power Aggregations”*.

CPCNH has begun the process of soliciting and hiring third parties to provide comprehensive services and credit support to launch Member CPA programs and is drafting various related enabling agreements, policies, and internal protocols necessary to do so.

### ***CPCNH Request for Proposals for Comprehensive Services and Credit Support***

CPCNH issued a Request for Proposals for Comprehensive Services and Credit Support on April 25, 2022, and is currently conducting a solicitation process *“to select a qualified entity or group of entities to provide comprehensive services and credit support to enable CPCNH to develop, finance,*

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<sup>5</sup> From Section 2.3, Powers, of the By-Laws of CPCNH, found at pages 21-22 of the JPA, available here: [https://www.cpcnh.org/files/ugd/202f2e\\_601bfada901c4a89a1c2812a0638090a.pdf](https://www.cpcnh.org/files/ugd/202f2e_601bfada901c4a89a1c2812a0638090a.pdf), and more specifically §2.3.11, §2.3.6, §2.3.9, and §2.3 introductory paragraph. Similar language is also in the Articles of Agreement.

launch, and operate of Community Power Aggregation (CPA) programs”<sup>6</sup> on behalf of CPCNH’s nineteen Member communities, each of which is in various stages of authorizing Community Power Aggregations.

For additional information regarding the use of customer data and expected operational needs of CPCNH, refer to (1) the RFP at pp. 20-23<sup>7</sup> and to (2) the RFP Addendum #2 (issued May 24, 2022), at pp. 11 in response to Questions 15.<sup>8</sup> The latter is excerpted below and provides a concise summary of CPCNH’s requirements to ensure the confidentiality of ICD:

**Regarding Customer Privacy Compliance:**

*[RSA 53-E:4](#), VI requires CPAs to maintain the confidentiality of individual customer information in compliance with their obligations as service providers under [RSA 363:37](#) (Definitions) and [RSA 363:38](#) (“Privacy Policies for Individual Customer Data; Duties and Responsibilities of Service Providers”). [RSA 53-E:7](#), X also requires the Public Utilities Commission to adopt Administrative Rules for CPAs governing “access to customer data” and other matters.*

*The selected Proposer will be expected to demonstrate physical, and cybersecurity readiness sufficient to ensure customer data is held in strict confidence — e.g., through audits in accordance with the American Institute of Certified Public Accountants Statements on Standards for Attestation Engagements No. 16 (SSAE 16) Service Organizational Controls (SOC) Reports, periodic network vulnerability assessments, etc. — and will be contractually required to maintain the confidentiality of individual customer data pursuant to [RSA 363:38, V\(b\)](#) and applicable Public Utilities Commission rules.*

*As previously noted, Administrative Rules for CPAs are under development. Refer to the PUC’s [Initial Proposal for CPA Administrative Rules](#) (Chapter Puc 2200), specifically the definitions in Puc 2202.07 (“Confidential customer information”) and Puc 2202.02 (“Anonymized”), and Puc 2205.02 (“Application of Puc 2000 to CEPS When Providing Electricity Supply to CPA Customers”).*

*The selected Proposer, as applicable, should expect to comply with relevant portions of the PUC’s current Administrative Rules for Competitive Electric Power Suppliers and Aggregators (Chapter Puc 2000). Refer to [Chapter Puc 2000](#), Puc 2002.09 (definition of “Confidential Customer Information”) and Puc 2004.19 (“Protection of Confidential Customer Information”), which is proposed to apply to CEPS providing electricity supply service to CPA customers pursuant to Puc 2205.02 under the PUC’s Initial Proposal for CPA Administrative Rules.*

The Request for Proposals and evaluation process is being overseen by CPCNH’s Risk Management Committee, composed of CPCNH Member municipality representatives, with additional support from (1) independent experts with experience operating Community Power Aggregation Joint Powers Agencies and (2) CPCNH’s General Counsel, DWGP, P.C., a nationally recognized law firm with substantial expertise in the Community Power and broader public power industry.

CPCNH’s Risk Management Committee will evaluate, rank, and select vendors with a proven track record of successful qualification for EDI transactions, protection of confidential customer information, including what is characterized as ICD under RSA 363, and other relevant factors.

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<sup>6</sup> CPCNH’s Request for Proposals for Comprehensive Services and Credit Support, and additional supporting reference documentation, including the draft Business Plan for CPCNH, are posted online here:

<https://www.cpcnh.org/solicitations>.

<sup>7</sup> [https://www.cpcnh.org/files/ugd/202f2e\\_e781638c123d4cf3977358f845081313.pdf](https://www.cpcnh.org/files/ugd/202f2e_e781638c123d4cf3977358f845081313.pdf)

<sup>8</sup> Pages 11-12 at [https://www.cpcnh.org/files/ugd/202f2e\\_8ceed8824453482c902a8a0fa1ab826c.pdf](https://www.cpcnh.org/files/ugd/202f2e_8ceed8824453482c902a8a0fa1ab826c.pdf).



- Refer to CPCNH’s RFP at p.2 for a summary of the substantial domain expertise participating on the Risk Management Committee and proposal evaluation process.
- For example, the committee includes a Member Director who previously worked for Eversource for 26 years, where he was responsible for deploying and/or operating Eversource’s Customer Information System and day to day interface with competitive electric suppliers and was most recently the Director of Eversource’s Customer Center Operations.

CPCNH expects to conclude the solicitation process and execute contracts in August to September 2022.

### ***CPCNH Enterprise Risk Management & Customer Data Policies***

After CPCNH has executed service contracts, CPCNH’s Board of Directors will finalize and approve the agency’s Cost Sharing Agreement and Energy Risk Management and Financial Reserves policies. CPCNH’s Energy Risk Management and Financial Reserves policies will be subsets of CPCNH’s Enterprise Risk Management Policy, which will additionally cover relevant elements of cybersecurity and data confidentiality requirements and other topics.

- CPCNH’s Joint Powers Agreement requires CPCNH’s Risk Management Committee to draft and recommend the Enterprise Risk Management Policy for consideration and adoption of CPCNH’s Board of Directors on or before October 1, 2022.<sup>9</sup>
- Between October and December 2022, Cheshire’s appointed Directors are expected to provide CPCNH’s Cost Sharing Agreement and Energy Risk Management and Financial Reserves policies to the County Commissioners for approval between October – December 2022.
- At this point, the County will contract for and authorize CPCNH to provide specific services on behalf of Cheshire Community Power.

CPCNH’s Board of Directors has been recently presented with a plan to develop additional specific policies, and CPCNH’s Treasurer has prepared a budget to allocate sufficient funding to support the drafting and review process over the summer and fall. Two relevant such policies are listed below:

- Record Retention & Disposal Policy: to provide a process that ensures compliance with the proper retention, protection, and timely destruction of all records created or obtained by, or otherwise in the possession and control of, CPCNH, consistent with all legal requirements.
- Data Security and Privacy Policy: to define the specific goals, requirements, and controls necessary to safeguard the confidentiality, integrity, and availability of confidential information.

### ***CPCNH Requirements to Access and Use of Individual Customer Data***

In CPCNH’s capacity as a service provider to the County, the agency and third parties contracted through CPCNH to provide services to Cheshire Community Power will need to access and use ICD for operational needs and for the research, development, and implementation of new rate structures and tariffs, demand response, customer assistance, energy management, or energy efficiency programs on behalf of Cheshire Community Power.

Third parties under contract to CPCNH that may require access to ICD on behalf of Cheshire Community Power may include CEPS (Competitive Electric Power Suppliers) functioning as Load

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<sup>9</sup> CPCNH’s Risk Management Committee is also responsible for (1) reviewing major risk exposures and monitoring the steps taken to control risk exposures and (2) commissioning an independent agent to conduct and deliver an evaluation of the operational performance of the agency relative to the Enterprise Risk Management Policy every two years (starting three years after the commencement of CPA service, and as otherwise requested by the Board).



Serving Entities (LSEs) for the supply of all requirements energy or other third-party vendors providing Load Serving Entity (LSE) services on behalf of CPCNH, as well as portfolio management, Electronic Data Interchange (EDI), Customer Information System (CIS), billing, accounting, and related services, and other contractors and academic institutions under contract to support the research and development of potential new energy services to offer to customers participating in Cheshire Community Power.

Specific types of ICD that Cheshire Community Power, CPCNH, and third parties under contract are expected to receive and possess include:

- Name, address, account number, and other information about electric customers within the County for purposes of sending required notification of Cheshire Community Power Commencement of Service and enrollment of customer in Cheshire Community Power, consistent with initially proposed Puc 2204.04, .05, and .06, as they, or equivalent rule provisions, may be adopted by the PUC and the requirements of [RSA 53-E:7](#), III, V, and VI.
- Individual customer information used for the operation of Cheshire Community Power, such as that in the initially proposed Puc 2205.13, most of which may be accessed through the EDU EDI. The need and use for such information, and a proposed modification of this particular rule, are addressed in CPCNH's 3/14/22 Comments on the PUC's initial rule proposal for CPAs, in docket # [DE 21-142](#) and in its 3/28/22 Reply Comments.<sup>10</sup>
- Other confidential customer information that may be received or collected directly by Cheshire Community Power or CPCNH, or through sources other than the EDU due to customer participation in particular related programs or services, billing operations, other customer services, or that may be volunteered by customers, will likewise only be used for statutorily authorized purposes as ICD.

Ongoing collection and use of individual customer data of the types described in proposed Puc 2205.13 will be used for both:

1. **General operational needs** for retail power supply and related energy services operational needs, such as load and supply forecasting, portfolio management, billing and audit processes, and for research and development of potential new energy services to offer to customer participants; and
2. **Programmatic and customer-specific services and offerings**, such as responding to customer account queries, opt-in rates or demand side management for customers with flexible demand, distributed generation or storage, and interval meters; and other energy services that may be offered, including programs for LMI participants that are qualified in the Electric Assistance Program (EAP).

In compliance with [RSA 363:38](#) and [RSA 363:37](#), CPCNH and third parties contracted through CPCNH that require access to ICD to provide services to Cheshire Community Power will be contractually required to:

- Implement and maintain reasonable security procedures and practices appropriate to the nature of the ICD.

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<sup>10</sup> See p.4-11, and Comments on proposed Puc 2203.02(b)(1) on p. 13, Puc 2204.02(a)(1)-(4) on pp. 16-17, and Puc 2205.13 p. 23 [https://www.puc.nh.gov/Regulatory/Docketbk/2021/21-142/LETTERS-MEMOS-TARIFFS/21-142\\_2022-03-28\\_CPCNH\\_OCA\\_CENH-COMMENTS.PDF](https://www.puc.nh.gov/Regulatory/Docketbk/2021/21-142/LETTERS-MEMOS-TARIFFS/21-142_2022-03-28_CPCNH_OCA_CENH-COMMENTS.PDF).

- Protect ICD from unauthorized access, use, destruction, modification, or disclosure.
- Use ICD solely for primary purposes, such as: complying with the provisions of RSA 53-E:7, II; providing or billing for electrical service; meeting system, grid, or operational needs; researching, developing, and implementing new rate structures and tariffs, demand response, customer assistance, energy management, or energy efficiency programs; and for research and development of potential new energy services to offer to customer participants.
- Collect, store, use, and disclose only as much ICD as is necessary to accomplish the aforementioned primary purposes.
- Not use ICD for a secondary commercial purpose unrelated to the aforementioned primary purposes of the contract without the express consent of the customer.
- Return or permanently delete all ICDs after contract termination and deliver a certificate, signed by an authorized representative, stating that all ICDs have been returned or permanently deleted and that all materials based on ICDs have been destroyed, as appropriate (i.e., except for copies necessary for tax, billing, or other financial purposes).

Additionally, if CPCNH contracts with one or more Competitive Suppliers to provide Load Serving Entity services to participating customers or brokers to support operations in a capacity that would require access to ICD, then the Competitive Suppliers and/or brokers would additionally be required to comply with the requirements of Puc 2004.19 (*Protection of Confidential Customer Information*), which are excerpted below in the section “Statutory and Rule Requirements” for reference.

### Responsibilities of the County of Cheshire

The County currently anticipates that it will contract for all requirements electricity supply and related energy services through CPCNH, as a joint powers agency, and that the primary acquisition and use of ICD will be through CPCNH and the vendors placed under contract to provide comprehensive services for the operation of Cheshire Community Power.

The County Administrator shall review and confirm that CPCNH has adequate policies, procedures, and measures in place to protect confidential information and that contractual requirements are consistent with the County’s obligations to protect ICD as required under [RSA 363.37](#), [RSA 363:38](#), and [RSA 53-E:4](#), VI, and consistent with PUC rules, including Puc 2004.19 and its non-disclosure restrictions, are incorporated into any contracts with CPCNH, or any other third parties that are authorized to access ICD on behalf of the County before executing any such contracts.

The County expects contracts and policies to provide for:

- Third-party security assessment requirements regarding Information Security Management, Personnel Security; Systems Development and Maintenance; Application Security; System Security; Network Security, Data Security and Integrity, Access Control, and Vulnerability Management.
- Third-party security requirements including (1) User Account and Access Controls to ensure that only authorized individuals have access to ICD for legitimate primary purposes under RSA 368:38, which may include the need for non-disclosure agreements; (2) Handling of Sensitive Data Protocols to protect confidential customer information from unauthorized access, use, destruction, modification, or disclosure; (3) Breach Reporting, including obligations to report

a security breach as defined in [RSA 359-C:19](#), V and required by [RSA 359-C:20](#) and any other applicable laws, rules, or utility requirements for data breach reporting; (4) Plan for deletion and destruction ICD when it is no longer necessary to accomplish primary purposes pursuant to RSA 368:38; and (5) Prohibitions on use of ICD for a secondary commercial purpose not related to the primary purpose of vendor's contract without the express consent of the customer.

- Third-party documentation and reporting requirements regarding, as applicable: Audit Reports (e.g., SSAE 16/SOC Report); Documentation describing Control practices used to review sub-vendors; Maintenance of an Information Security Program; Training Program for Employees on Cyber Awareness; Background checks performed for all employees with access to ICD; Immediate Data Breach reporting to appropriate parties; and any material changes in Data Security practices since prior review and approval.

Lastly, in the event that the County does not contract with CPCNH to provide energy services to Cheshire Community Power, then the County will develop and adopt policies and contracts that ensure compliance with the County's obligations as a Service Provider to protect and maintain the confidentiality of ICD under [RSA 363:38](#), [RSA 363.37](#) and other applicable statutes and Public Utilities Commission rules prior to directly collecting, storing, using, or disclosing any ICD or contracting with other Competitive Suppliers, brokers and/or other third-party vendors that require access to ICD.

### Additional References: Statutory and Regulatory Requirements

The sections below are provided for additional reference and summarize the different requirements that apply to (1) Community Power Aggregators and Service Providers, (2) brokers and Competitive Electric Power Suppliers (CEPS) that provide Load Serving Entity services under contract to Community Power Aggregators, and (3) access to ICT through the Multi-Use Energy Data Platform authorized under RSA 378:50-54 (if and when it becomes operational).

#### *Statutory Requirements for Community Power Aggregators & Service Providers*

Statutory requirements regarding the use of Individual Customer Data for Community Power Aggregators are summarized below:

- [RSA 363:37](#), I defines Individual Customer Data (ICD) as *"information that is collected as part of providing electric, natural gas, water, or related services to a customer that can identify, singly or in combination, that specific customer, including the name, address, account number, quantity, characteristics, or time of consumption by the customer."*
- [RSA 363:38](#), IV requires Service Providers to *"use reasonable security procedures and practices to protect individual customer data [ICD] from unauthorized access, use, destruction, modification, or disclosure."*
- [RSA 53-E:4](#), VI provides that Community Power Aggregations (CPAs) *"shall be subject to RSA 363:38 as service providers and individual customer data shall be treated as confidential private information and shall not be subject to public disclosure under RSA 91-A"*.
  - The definition of Service Provider under [RSA 363:37](#), II includes *"an aggregator, as defined by RSA 53-E:2, II...and any other service provider that receives individual customer data [ICD]..."*

- [RSA 53-E:2](#), II defines an “aggregator” in this context as “any municipality or county that engages in aggregation of electric customers within its boundaries.”
- [RSA 53-E:2](#), VI further defines “municipality” in this context as “any County, town, unincorporated place, or village district within the state.”
- [RSA 363:38](#), II requires Service Providers to: “(a) Collect, store, use, and disclose only as much individual customer data [ICD] as is necessary to accomplish primary purposes, and (b) Use individual customer data solely for primary purposes.”
- [RSA 363:37](#), III defines “[p]rimary purpose” as “the main reason for the collection, storage, use, or disclosure of individual customer data [ICD], which is limited to (a) Providing or billing for electrical or gas service. (b) Meeting system, grid, or operational needs. (c) Researching, developing, and implementing new rate structures and tariffs, demand response, customer assistance, energy management, or energy efficiency programs.”
- [RSA 53-E:4](#), VI further authorizes approved Community Power Aggregations to “use individual customer data to comply with the provisions of [RSA 53-E:7](#), II and for research and development of potential new energy services to offer to customer participants.”
- [RSA 363:38](#), V(b) further makes clear that a Service Provider may disclose ICD “to a third party for system, grid, or operational needs, or the research, development, and implementation of new rate structures and tariffs, demand response, customer assistance, energy management, or energy efficiency programs” — provided that the Service Provider “has required by contract that the third party implement and maintain reasonable security procedures and practices appropriate to the nature of the information, to protect the personal information from unauthorized access, use, destruction, modification, or disclosure, and to prohibit the use of the data for a secondary commercial purpose not related to the primary purpose of the contract without the express consent of the customer.”
- [RSA 363:38](#), V(c) provides that “[n]othing in this section shall preclude a service provider from disclosing electric, natural gas, or water consumption data required under state or federal law, or which is identified as information subject to warrant or subpoena or by an order of the commission.”
- [RSA 363:38](#), V(a) makes clear that ICD may be aggregated and used for “analysis, reporting, or program management after information that identifies an individual customer has been removed.”

#### *Additional Requirements Specific to Brokers & Competitive Suppliers*

Pursuant to Puc 2205.02 under the PUC's Initial Proposal for CPA Administrative Rules, brokers and Competitive Suppliers that are hired by municipalities to manage and operate Community Power Aggregations and provide Load Serving Entity services to participating customers must comply with the requirements of Puc 2004.19 (*Protection of Confidential Customer Information*), which is excerpted below for reference along with Puc 2002.09 (*Confidential Customer Information*).

Note that the use of the term “aggregator” throughout Puc 2004.19 below refers to brokers and does not refer to or otherwise apply to Community Power Aggregators.

As context, these requirements are part of the Commission’s [Chapter Puc 2000 rules](#) (“*Competitive Electric Power Supplier and Aggregator Rules*”), which apply to Competitive Suppliers and brokers—

referred to as “CEPS” and “aggregators” below, respectively — and are expressly not applicable to “municipalities or counties providing electricity or aggregating within the boundaries of participating municipalities under RSA 53-E” (Community Power Aggregators) per Puc 2001.02 (application of rules).

***Puc 2002.09 “Confidential customer information” means information that is collected as part of providing electric services to a customer that can identify, singly or in combination, that specific customer and includes the customer name, address, and account number and the quantity, characteristics, or time of consumption by the customer, and also includes specific customer payment, financial, banking, and credit information.***

...

***Puc 2004.19 Protection of Confidential Customer Information.***

*(a) No CEPS or aggregator shall, except as permitted under (c) below or as otherwise required by law, release confidential customer information without express written authorization from the customer.*

*(b) A CEPS or aggregator shall implement and maintain reasonable security procedures and practices appropriate to the nature of the information, to protect confidential customer information from unauthorized access, use, destruction, modification, or disclosure and to prohibit the use of the confidential customer information for a secondary commercial purpose not related to the primary purpose of the service provided to the customer, without the express written consent of the customer.*

*(c) A CEPS or aggregator may disclose to a third party subject to non-disclosure restrictions confidential customer information as necessary for any one or more of the following purposes:*

- (1) Billing for electric service;*
- (2) Meeting electric system, electric grid, or other operational needs;*
- (3) Implementing any one or more of the following programs:*
  - a. Demand response;*
  - b. Customer assistance;*
  - c. Energy management; and*
  - d. Energy efficiency.*

*(d) For purposes of this section, the term “non-disclosure restrictions” means that the CEPS or aggregator has required by contract that the third party implement and maintain reasonable security procedures and practices appropriate to the nature of the information, to protect the confidential customer information from unauthorized access, use, destruction, modification, or disclosure, and to prohibit the use of the confidential customer information for a secondary commercial purpose not related to the primary purpose of the contract without the express consent of the customer.*

*(e) A customer granting authorization to release confidential customer information for purposes described in the terms and conditions of service shall satisfy the requirement in (a) above.*

*(f) A CEPS or aggregator granted agency authority shall be deemed authorized to obtain customer usage information when it has received customer authorization as described in Puc 2004.08 or Puc 2004.09.*

*(g) In the event of a dispute about the release of confidential customer information, including whether the information is or should be confidential, a CEPS, aggregator, or customer may file a complaint with the commission for resolution.*

***Additional Requirements for the Multi-Use Energy Data Platform***

If and when the Multi-Use Energy Data Platform (Platform) authorized under RSA 378:50-54 becomes operational, Cheshire Community Power and any third parties under contract that require access to ICD sourced from the Platform — such as CPCNH and third parties contracted through CPCNH — will be required to comply with any Platform User Requirements, Privacy Standards, Annual Attestations, and obligations to report a security breach pursuant to terms of Settlement Agreement conditionally approved by the PUC in [DE 19-197](#) and detailed in Exhibit C of the Agreement found in [Exhibit 1B](#) and as may be actually implemented.