



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

**Approved by County Delegation on
December 12, 2022**

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INTRODUCTION TO COMMUNITY POWER

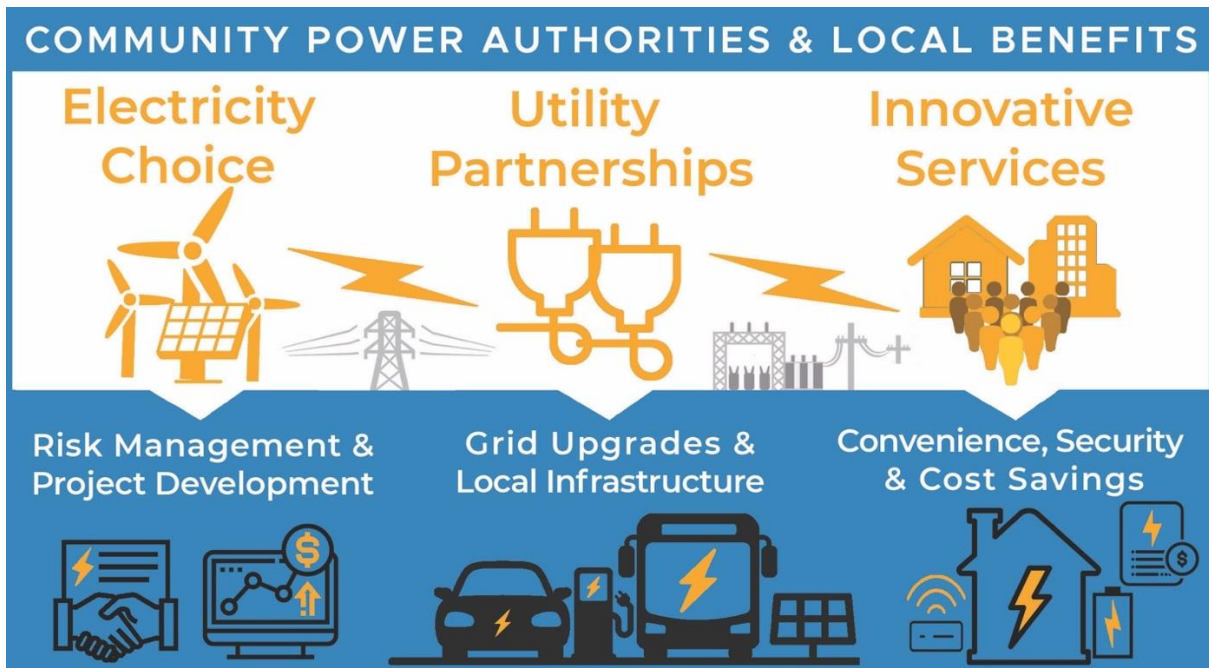
New Hampshire’s Community Power Act (SB 286; RSA 53-E) became effective October 1, 2019.

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 not 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

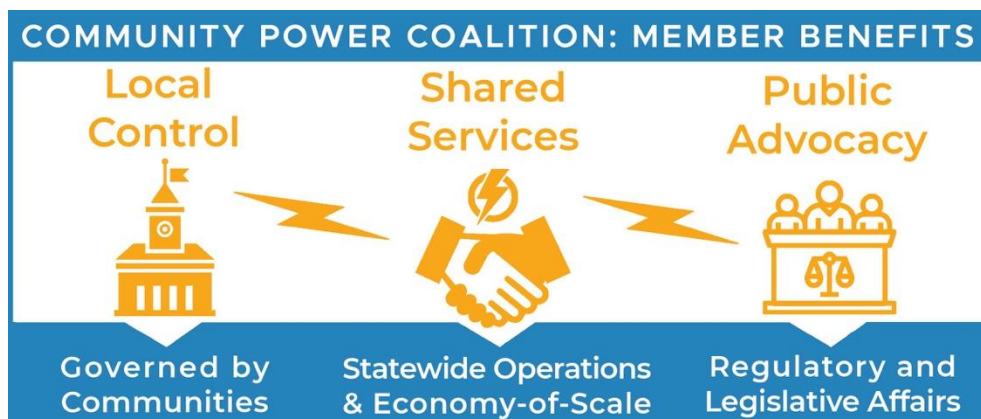
to serve on the Coalition’s Board of Directors and oversee the implementation of the power agency on August 25, 2021.

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

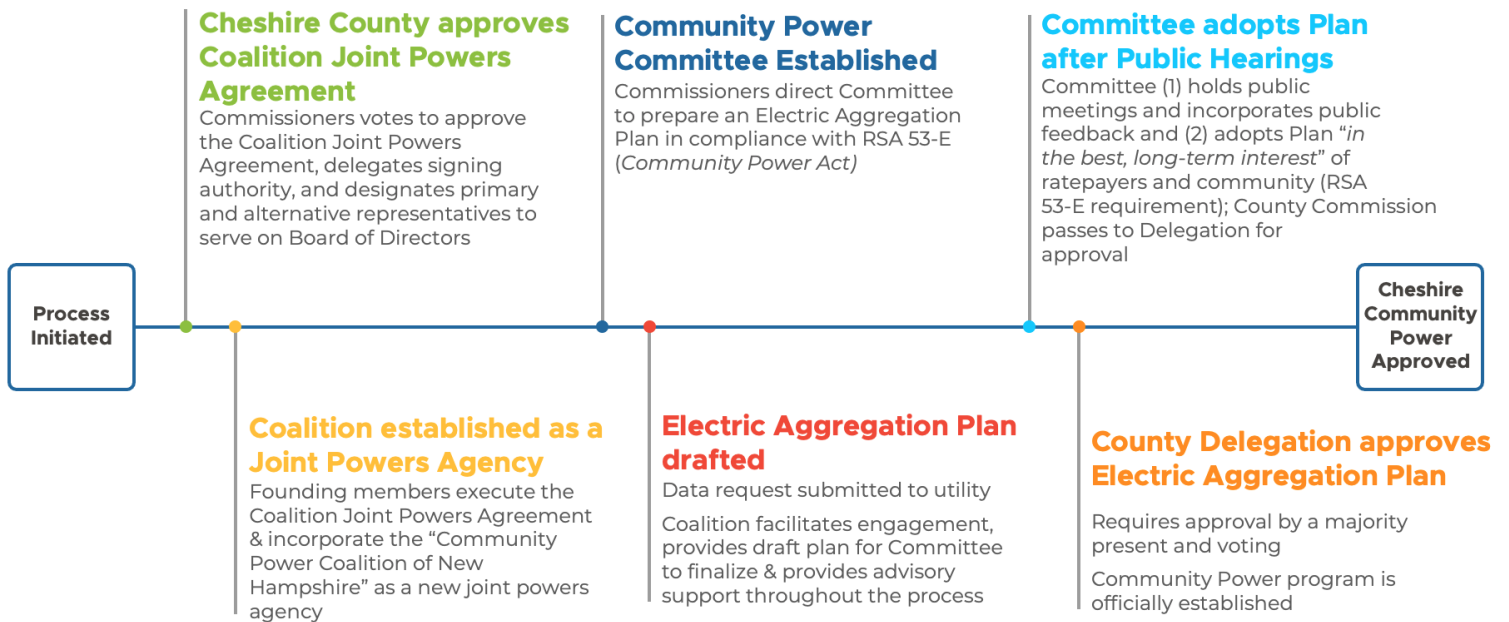
petition in Docket [DE 21-142](#)¹ and issued an Initial Proposal on February 3, 2022, putting forward the Coalition’s recommended rules for public review and comment. Cheshire Community Power and the Coalition actively participated in the review and public comment process proceeding the Commission’s 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.

¹ See: https://www.puc.nh.gov/Regulatory/Docketbk/2021/21-142/LETTERS-MEMOS-TARIFFS/21-142_2022-03-14_CPCNH_COMMENTS.PDF

Implementation Milestone Charts

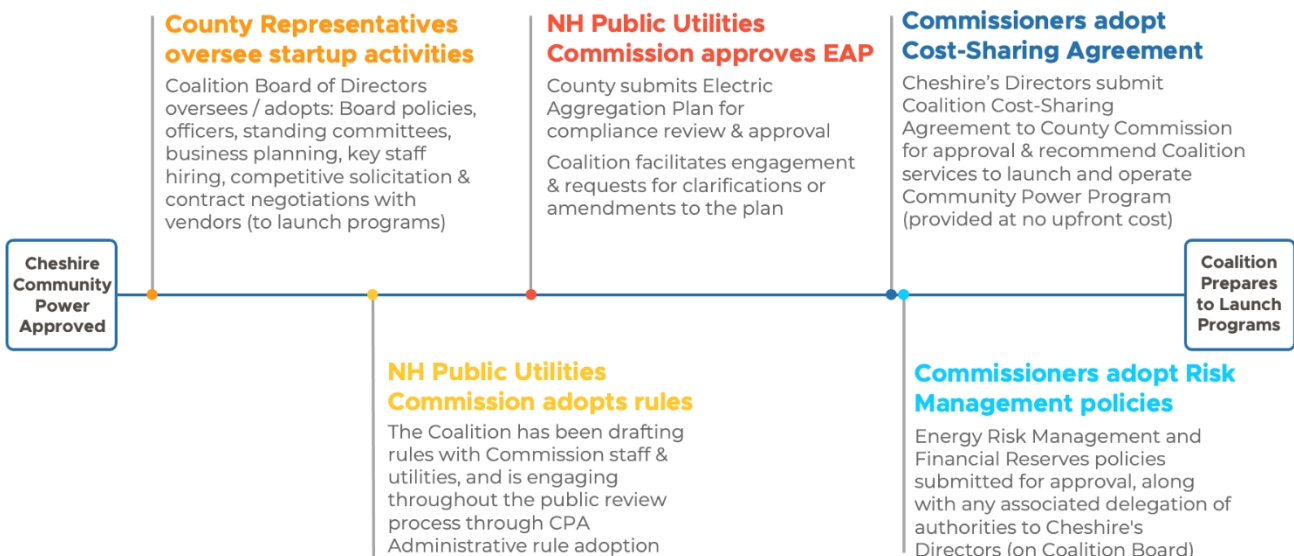
The milestone charts below summarize the anticipated approval, formation, and launch processes for the Coalition power agency and Cheshire Community Power program described in the proceeding sections. The first chart below summarizes the different categories of activities required to approve Cheshire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

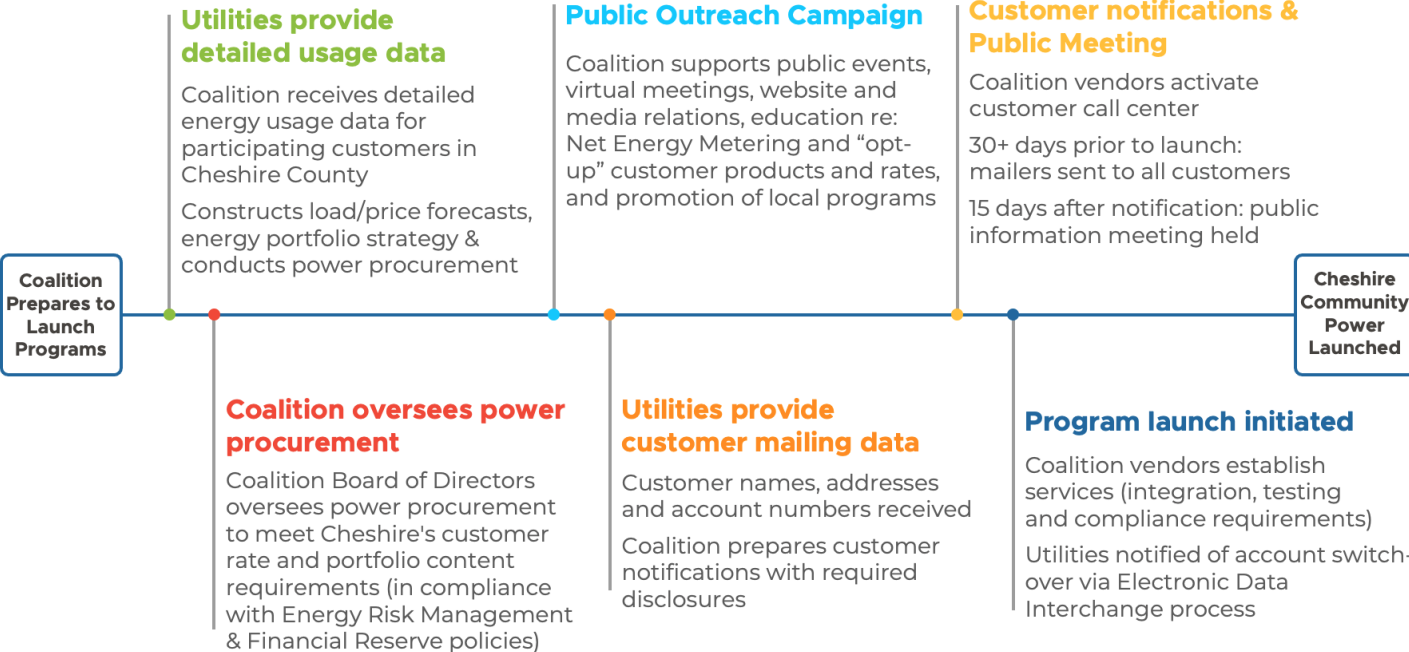
Coalition Startup, Rule Making, and Risk Management Policy Approval Process



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.