



NHEC Telephone Town Hall Transcript

10/25/17

Tonight's topics: Rate increase and the Moultonborough solar project.

Allison:

Welcome, and welcome everyone to our live New Hampshire Electric Co-op telephone town hall meeting that we have for you this evening. So again, you are live on the line with New Hampshire Electric. Tonight we are going to be discussing lots of information, so get ready. We'll be discussing rate increase as well as the Moultonborough solar project, so stay on the line for all that great information. These calls go really well when you participate. The way to participate is to press zero on the keypad on your phone. Again, zero on the keypad on your phone and that will get you in line with your question.

So again, I'll go through this a few more times as we get more and more neighbors on the line. I also have some survey questions I'd like to ask of you guys, so please stay on the line for those as well. So to everyone just joining our call, welcome. You are live on the line with New Hampshire Electric Co-op. Tonight we have a lot of information for you. We're going to be discussing rate increase as well as the Moultonborough solar project. So stay on the line so you can get all the important information. If you have a question now or at any time, you can press zero. That is zero on the keypad on your phone. That'll get you in line with a question. Come on now, don't be shy. Your participation is what really drives these calls.

I'll go through this a few more times. I have some polling questions I would like our audience, our listeners' opinions on, and I'll get to those in just a moment here, so stay on the line for those as well. So last time before we get to those polling questions, I want to welcome everyone who is just joining. Welcome to our live New Hampshire Electric Co-op telephone town hall meeting we have for you this evening. Lots of information coming your way, so definitely stay on the line. You don't want to miss a thing.

I'm going to kick the call off by asking our first polling question of the evening. You'll just simply vote on this by pressing the buttons on the keypad on your phone, and I will read the question a few times. The question goes like this: Do you know what comprises the member service charge on your bill? Press 1 if you do and 2 if you do not. So again, do you know what comprises the member

service charge on your bill? That is a 1 for yes and 2 for no. So while you weigh in on that I will remind everyone just joining the call, if you have a question please press zero on the keypad on your phone. We see some folks taking us up on that. We look forward to getting to those questions live a little bit later in this evening's call.

So to everyone just joining, you are joining our live New Hampshire Electric Co-op telephone town hall meeting we have for you this evening. I am doing a series of a couple of polling questions before I kick this off to Seth Wheeler in Communications. Our next polling question I've got up here. Before I do that, welcome again everyone who is just joining to our live telephone town hall meeting we have for you tonight with New Hampshire Electric Co-op. Press zero to get in line with that question. If you'd rather not go live on the air, that's okay, just let your operator know that and I will read your question over the air for you.

So now I have our second polling question up, again just simply voting on the keypad on your phone. We want to know how easy is it for you to understand your bill? Press 1 if it is easy for you, 2 if it is somewhat easy, and 3 if it is not easy at all. So again, the question goes like this: how easy is it for you to understand your bill? Press 1 if it is easy for you, 2 if it is somewhat easy, and 3 if it is not easy at all. And thank you all for weighing in on those. That really helps us know what is important to you. So to everyone just joining our call and everyone already on the line, please hang with me just a few more minutes as we keep dialing out. We're dialing out to thousands of households tonight, so bear with me here a few more minutes.

We want to welcome everyone just joining to our live New Hampshire Electric Co-op telephone town hall meeting we have for you this evening. You are live on the line with New Hampshire Electric. Tonight we'll be discussing lots of things. Two of the most prevalent things are the rate increase as well as Moultonborough solar project that is in the hopper. So stay on the line so you don't miss any of that information. Again, press zero on the keypad on your phone to get in line with a question. We'll be getting to those a little bit later on in the call, so stay on the line so we can answer those for you as well.

And I'm going to get to our third polling question of the evening now, again just weighing in on the keypad on your phone. Again, now the question goes like this: have you visited our Ways to Save section on our website? Press 1 if you have, 2 if you have not. So again, have you visited our Ways to Save section on our website? 1 if you have and 2 if you have not. So last time here before I turn this over to the main man of the evening, I want to welcome everyone. Welcome to our live New Hampshire Electric Co-op town hall meeting over the telephone that we have for you this evening. If you have any questions, please press zero on the keypad on your phone. Don't be shy. That is zero on the keypad on your phone. Your participation is really what drives these calls. So hop in line with that early or later on if a question comes up while you're listening to our information.

Tonight we're going to discuss rate increase as well as our Moultonborough solar project, so stay on the line for those. So again, last time here, press zero to get in line with that question. And with that, it is my pleasure to turn this over to Seth Wheeler. He is our Communications Administrator. Go ahead, Seth, take it away.

Seth Wheeler:

Okay, thank you Allison, and welcome everyone to New Hampshire Electric Co-op's telephone town hall meeting. My name is Seth Wheeler, as Allison mentioned, and I'm a Communications Administrator here at the Co-op. I'm joined tonight by members of senior management team, who will be answering your questions about winter electric rates as well as the Co-op's Moultonborough solar project, which is the state's largest solar array. Just a reminder, as Allison mentioned, at this point that you can press zero on your telephone keypad to ask us a question tonight about electric rates, the Moultonborough solar project or any other question you might have about your electric service.

So let's start our meeting tonight with a look at winter electric rates. Effective November 1st, 2017, NHEC's power supply and regional access rates will be adjusted for the winter season to reflect changes in the cost of power at the wholesale level. The impact on a typical residential member will be a total bill increase of about 8%. That amounts to an additional \$8.15 per month for a typical member using 500 kilowatt hours of electricity per month. Nearly all of this increase is occurring in the Co-op power portion of your bill. This is the line on your bill that lists the costs of the actual power you're using. We'll take a closer look at the reasons for this increase in a moment, but by way of background, electric rates in New England over the past few years have typically followed this pattern, a winter increase from November through April, followed by a decrease during the summer period of May through October.

So what's behind this winter's rate increase? Well, in short it comes down to the same old story, the price of natural gas for winter delivery in New England. About half the electricity produced in New England is generated using natural gas, and nearly all of that gas arrives here on a pipeline system that does not presently have the capacity to meet all of the higher winter demand. So in winter there is a competition for that limited pipeline capacity between electricity producers and the millions of New England homes and businesses that use natural gas for heating in the winter. This causes a significant winter increase in the price of natural gas delivered to New England, which corresponds in turn to an increase in the price of wholesale electricity.

This has been an ongoing problem now in New England for at least six years. And while this year's winter rate increase is less than it has been in years past, we know it's never good news when rates go up, and we want you to know what's driving these costs. We'll talk shortly about how the Co-op is moving to address these seasonal price swings, but first let's recap for anyone who might have just joined us.

Welcome, everyone. You're on the line with New Hampshire Electric Co-op telephone town hall meeting, and the topics of tonight's call are winter electric rates and the Co-op's Moultonborough solar project. As we mentioned earlier, a seasonal rate increase for Co-op members will take effect with bills rendered on or after November 1st. The impact on a typical residential member will be a total bill increase of about 8% or an additional \$8.15 per month. We also discussed the main cause of these higher winter rates, which is the seasonal increase in the sale of wholesale electricity that results largely from the region's limited natural gas pipeline capacity.

So while there's little the Co-op can do directly about these regional pricing trends, we are taking steps to lessen our dependence on power that is generated by natural gas. One of the biggest and most exciting ways we're doing this is taking shape in the town of Moultonborough, where the Co-op is set to commission the largest solar photovoltaic array in the state of New Hampshire later this year. The Moultonborough solar project consists of 7,200 solar panels on 12 acres of land. When it comes online later this year it is expected to produce about 3.3 million kilowatt hours of electricity annually for at least the next 25 years. Now that's about enough power for 600 homes, which is not a huge quantity of power. But because electricity from the array is going directly to our distribution system, we will avoid as much as \$200,000 a year in costs that we normally would incur to buy that power and have it sent to us on the regional transmission system.

In the electric industry price volatility is a fact of life. What the Moultonborough solar project provides is a reliable source of power at a reasonable cost that is essentially fixed for the life of the project. Now in addition to the value of providing clean, locally-produced renewable energy, the Moultonborough solar project will also provide us the opportunity to explore battery storage technology to meet peak demand periods. And here's how that could work. So let's say it's a sunny Saturday morning in the summer and the demand for power is low. Instead of sending power produced by the array out on the distribution system for use by our members, it could be used instead to charge large batteries located nearby at our Moultonborough Neck substation.

Later that afternoon when it gets hot and the demand for power goes up as well as the price of power, we can discharge the batteries instead of buying high-priced grid power to meet that peak demand. It's just one of the many opportunities the Moultonborough solar project will provide to serve you better. We look forward to sharing more information about this project, including pictures and videos of the solar field, on our website at www.nhec.com. And you're going to want to take a look at that. Visually it's an impressive sight, 7,200 panels over 12 acres of land. So at this point, Allison, I see we have some callers with questions, and I'm going to turn it back to you to get to them.

Allison:

Absolutely. Just want to remind everyone how to get in line with your question. You can press zero on the keypad on your phone at any time during this call to

get in line with your question. We've got John up first live. John, go ahead, tell us where you're from and what your question is.

John: I'm from Groton. My question is will the power from the solar panels be directly used for New Hampshire, or will that be funneled into other states?

Steve Kaminski: John, this is Steve Kaminski. I'm the Vice President of Power Resources here at the Co-op. Seth did a nice job introducing the whole concept of everything. I'm glad you raised that question. That's a very good question, because there's been, for you folks in Groton in particular, some concern about the fact that much of the Groton wind power goes out of state. The fact is with the Moultonborough project, it's going to be located on our side of the wholesale meter, so it will be going right into the homes of the folks that we serve in Moultonborough and it will actually offset purchases that we would otherwise have to make from the wholesale power grid from other places. So all going to stay right in our own backyard.

Allison: All right, excellent. Thank you so much for that question, John.

Again, press zero on the keypad on your phone to get in line with your own question. We've got Kathy up live next. Kathy, go ahead, you're live. Tell us where you're from and what your question is.

Kathy: Hi there. I'm from Acworth, and from everything I'm reading, the solar and the wind are basically the cheapest electricity options out there, and I'm wondering why there aren't more of these solar projects happening or wind projects happening to supplement our electricity so that our bills won't skyrocket from needing to import gas and things that are not sustainable.

Steve Kaminski: Another excellent question. Thank you, Kathy. The price of energy from wind projects and solar projects has really been coming down a lot but is still just getting to the point where really it kind of competes with the natural gas produced energy. These projects still cost a lot of money to build in the first place, and even though the energy itself ... There's no fuel going into these projects. Wind is free and so is sunshine. The overall cost over the life of the project is still a little bit higher than fossil sources at this point.

That's changing, and certainly there has been a huge increase in installation of both photovoltaics, even on our members' homes and around New England, particularly driven by some policies in Massachusetts that have really kind of stoked up the desire for Massachusetts to have a lot of new low-emission, no-emission resources installed and purchased for Massachusetts customers. So you're right, there's a trend and it's getting better all the time for the renewables, and we expect that trend to continue. But we still need sources like natural gas plants to kind of firm up the supply of power. Wind doesn't blow all the time. Sunshine doesn't happen all the time. So still a big need for baseload and fossil fuel resources.

Allison: All right, excellent. Thanks so much and thanks for that question, Kathy. We're going to go straight to our next live caller, David. David, go ahead, you're live on the line. Tell us where you're from and what your question is.

David: Hello. I am in Raymond, about to move from one side of Raymond to the other. Simple question, how many miles of transmission lines do we have running through the state, and if we've got these transmission lines running through the state ... I'm about to move over to an area where your lines are coming right up my backyard ... would that not be a perfect place to put solar cells, since the wire's right there?

Steve Kaminski: Thanks, David. The question's a little bit more complicated than a simple answer. First of all, New Hampshire Electric Co-op doesn't have any big transmission lines. We really rely on the big transmission lines of particularly Eversource Public Service Company of New Hampshire and the rest of the transmission owners around New England to get power to our little distribution system. Now the lines that run through your backyard are distribution lines and we've got about 5,000 miles of distribution lines around the state, overhead distribution lines. Some places on the system it's easier to install large solar projects.

Some places it's not so easy. Moultonborough's a good example. We're installing that project right at the substation, so it's a good sync for the output of the project and we can get that power right out onto our distribution lines. If you're in a more remote area and you try to stick a big solar project onto one of those lines, usually we have to do some beefing up of the lines, possibly changing a single line to a three-phase line. So every case is different. But certainly a lot of our members have taken advantage of putting solar rooftop on, solar panels on their rooftops, and that trend's continuing and we encourage everybody to look at the opportunity.

Allison: Absolutely, and thanks so much, David. We're getting great questions. If you have a question yourself, please press zero on the keypad on your phone to get in line with that, just like Eric did. Eric, you are live on the line. Tell us where you're from and what your question is.

Eric: Yeah, my name's Eric. I'm from Nottingham. I actually changed my question a little bit. I know you guys ... you have the wind farm up there. You said that these [inaudible 00:17:41] into the line in Massachusetts. What about hydro? Hydro is renewable. I know Eversource is selling off a lot of their coal burner as well as some of their hydro. Would that be something that we would be interested in, instead of looking at big, ugly ... those really big ugly fans that are up there off Kennedy Mountain Highway and solar panels. Hydro seems like the way to go, especially if you can buy a plant that's already up and running from like Eversource.

Steve Kaminski: Good question, Eric. We're getting great questions tonight. Yes, Public Service Company is sold off now under PUC orders, its fleet of generation that includes

some of their fossil fuel plants and also all their hydro plants. Those plants will still be here in New Hampshire generating power for use of the new owner to sell to whomever they want to. We don't buy power directly out of any of those particular plants, but we do buy power out of several hydro projects, much smaller, some located in our service territory, some not located in our service territory, to meet our requirements under the state's renewable portfolio standard. And we're always kind of looking around for new projects that are particularly kind of small and indigenous to New Hampshire and can provide us with what we need for renewable power.

Allison: All right, excellent. Thank you so much, and thank you again, Eric. We have Timothy up live next. Go ahead, sir. You're live on the line. Tell us where you're from and what your question is. Timothy, are you there? All right, looks like he might have walked away from his phone, so I'll just go ahead and read his question for him. What are the winter rates compared to the summer rates and why is there an increase? Who'd like to field that?

Steve Kaminski: Well, I'll keep talking. I can't stop talking, so Steve Kaminski still. The new winter rate for most of our members will be 9.075 cents per kilowatt hour for the power piece, the Co-op power piece. And this only applies, by the way, to members who are buying their energy from us, the Co-op power. If you have the line of your bill that says Co-op Power, then you're buying that energy from us. Some members have chosen to buy from competitive suppliers, and this particular rate change doesn't apply to them. That'd be a matter between the competitive supplier and the particular member as to what that rate is. So our 9.075 cents is an increase from 7.378 cents that was in effect since last May until November 1st.

As Seth described, that kind of reflects the pattern that we've seen here in New England for over a decade that winter rates are higher, particularly because of shortage of natural gas capacity into the region. I guess that kind of answers the question. There is a small increase also in what we call our regional access charge, and that's what we pay for transmission services to get energy from wherever, whether you're buying from a competitive supplier or buying Co-op power, we have to get power from the rest of New England onto our distribution system. That's what the regional access charge is about.

Allison: All right, excellent. Thank you so much. Press zero, again, to get in line with your question, as we go to Paul. Paul, go ahead, you're live. Tell us where you're from and what your question is.

Paul: I'm from Bridgewater, and my question is is there any federal or state money involved in the solar that you're doing?

Steve Kaminski: These are great questions. Another good one, Paul. We did take advantage of a particular financing option that's offered by the federal government. It's called clean renewable energy bonds, which basically gives tax-exempt entities like the Co-op and municipal organizations the opportunity to get kind of the same treat

as would be gotten by an investor-owned organization or a taxable organization in terms of tax credits. So it doesn't work exactly the same way, but it gives us a very highly discounted interest rate through the U.S. Treasury Department, and that's going to really help us as far as the costs of the project are concerned.

Allison: All right, excellent. Thank you so much, and thank you, Paul. We have Becky up live next. Becky, go ahead, you're live. Tell us where you're from and what your question is.

Becky: Hi, my name is Becky, and I live in Rumney. And I actually enjoy the view of the wind farm. I am all about renewable energy. But my question is a dollar and cents kind of thing. If we own the solar plant, will we see a reduction in our bills?

Steve Kaminski: Like any big capital investment in a power plant, Becky ... thank you for the question ... you don't get your return all back right away. It'll take a number of years for us to actually have the project pay itself back. Just kind of round numbers, the project itself will cost about \$5 million. We expect that the way it will be positioned and the way it will operate will save us a couple of hundred thousand dollars a year. We expect, by the way, that couple of hundred thousand dollars a year may go up as costs that are avoided by having the project there also go up. So it'll take us probably halfway through the expected life of the project before the project is totally paid back. But in the meantime we're using it for ... It's a good, clean renewable energy source. We're avoiding having to buy natural gas power on the marketplace.

Allison: All right, excellent. Thanks so much for coming in with that question, Becky. Quick reminder, to get in line with your question press zero on the keypad on your phone. And we have Bob up live next. Bob, go ahead, you're live. Tell us where you're from and what your question is.

Bob: Yes, I'm Bob from Moultonborough. Part of my question was answered by the kilowatt hour cost. The second part of my question is there's 4,500 residents in the town of Moultonborough. Are they all going to be served by the solar panel, solar array? In other words, how many people are going to be serviced by the solar system?

Steve Kaminski: Roughly, Bob, the output of the solar panel, the solar farm, solar array, will serve about 600 homes. But what happens physically with the electrons is they get pumped into our Moultonborough substation right there on Moultonborough Neck, and the electrons will go out onto the lines and it will be less electrons that have to come in from the outside world to serve the people of Moultonborough. I kind of like to look at it as you can't really follow the electrons through the wires and find out which ones came from the solar plant and where they landed, but everybody on that substation in Moultonborough will have kind of a little bit of the Moultonborough project in the pot of soup that is the total amount serving them.

Allison: All right, excellent. Thank you so much, Bob. Our next question comes in via email earlier today from Richard up in Moultonborough, and he says this: Regarding the Moultonborough solar array, NHEC has always stated it does not produce power but rather distributes power. Now that the NHEC is producing power with the array, are there any regulatory implications? Who'd like to answer that?

Steve Kaminski: Well, I'll take that one, too. That's a very astute question, I must say. Some of you who are old enough will remember that the last time we actually owned any generation was back when we owned the Seabrook nuclear plant, a small portion of that. And we ended up terminating that ownership through a bankruptcy, so we've been very careful ever since that experience to not necessarily invest in plants of our own. We do long-term contracts for output from generators and we do contracts for just kind of plain vanilla power that comes in from the whole marketplace. But ownership is something we take very carefully. So we looked very carefully at the Moultonborough project and doing an analysis of what it's going to cost us and what the benefits will be in savings over the course of time and how much actual risk there is involved in terms of our total portfolio. This project seemed to make sense.

Allison: All right, excellent. Thank you so much. We're going to go to our next live caller of the evening. Dick, you are live. Tell us where you're from and what your question is.

Dick: Hello, my name's Dick, from Tuftonboro. My question is this. You say that the major reason for the increase in electric bills is the increase in natural gas. But I follow the stock market and I remember that back in say 2015 natural gas was about \$4 per million Btu, and as of yesterday I think it was \$2.90 per million Btu. So the price of natural gas has come down substantially, and I haven't seen any decrease in my electric bill. Can you explain why if natural gas prices go down we don't see an increase, but if natural gas prices go up we do see an increase? Thank you.

Steve Kaminski: Great observations, Dick. You're absolutely right. Compared with 2015, natural gas at the wellhead is actually cheaper now, as you say about \$3 per million Btu. Turns out to get \$3 natural gas from the Marcellus shale fields in Pennsylvania it costs about \$6 per million Btu just for transportation. So during the winter time, this is only during the winter time, December, January, February, the price of natural gas in New England about triples. So that's kind of the problem with natural gas. There are a couple of other factors I probably should have mentioned that are just going into electric rates generally now, and we're starting to see them, they're going to show up in these winter rates and they're going to be sustained even beyond the winter period. The cost of a product called forward capacity that we have to buy in the New England marketplace, that is a charge that we pay, we all pay, all consumers in New England pay, just to pay the generators to have their plants online and available to produce power whenever we need it, has as of June 1st this past year about tripled from \$3 per kilowatt month up to almost \$9 a kilowatt month.

That higher charge is going to linger for another couple years at least, probably three or four years. So that's going to be built into the rates, and thus come next May, not only from New Hampshire Electric Co-op but for consumers all over England, when the summer rates come into play the rates will not go down as low as they were this past summer. And I guess one other cost factor that's important to mention is that here in New Hampshire we experienced this year a change by the Legislature in the requirements for us to purchase renewable power of one particular form actually from wood fire generation that's here in New Hampshire. That has added about a little over a million dollars to our annual costs just by virtue of that change in the requirement to buy that much renewable power. So there's other factor besides the natural gas. Natural gas seems to be the one we talk most about in the wintertime, but there are others that are just applying kind of general pressure on the rates. Great question, thanks.

Allison: All right. Absolutely. Thank you so much for that question, Dick. And with that, we have just about reached the end of our allotted time, so I'd like to turn this back to Seth for some closing remarks.

Seth Wheeler: Thanks, Allison. And thanks again everybody who joined us tonight. I'm always impressed by the quality of the questions we get here from our members. Again, as a reminder, we're going to be posting pictures of the completed Moultonborough solar project on our Facebook page and on our website at nhec.com. And as I mentioned, visually it's quite a sight. You'll want to have a look at this project. We're very excited about it as well. We've also got details about the winter rate adjustment that we discussed today. You can find that in our News & Events section on our website. And as always, you can call our member solutions department at 1-800-698-2007 with any questions about your electric account or the information you heard in tonight's call. So thank you again everybody and good night.