

New Hampshire Electric Cooperative, Inc.
Minutes of the Meeting of the Power Resources and Access Committee
Zoom Meeting
February 20th, 2024, 8:30AM

Present:

Committee Members: Bill Darcy (Chair), Alana Albee, Carolyn Kedersha, Madeline McElaney

Other Board Members: Tom Mongeon, Sharon Davis, Harry Viens

NHEC Employees: Mike Jennings, Rob Howland, Carla Munoz, Kristen Taylor, Jeremy Clark, Colleen Dunion, Alyssa Clemens Roberts, Sonja Gonzalez, Kiana Pino (Recording)

Others Present:

Meeting Called to Order

Chair Darcy called the meeting to order at 8:30 a.m.

Agenda Review/Minutes Approval

Ms. Albee requested adding the Time of Use Analysis in relation to TER to the agenda. Mr. Jennings responded that this would be discussed in the Corporate Services Committee meeting in March.

No changes made.

Current Events

Mr. Jennings discussed the increased need for synergy and the subsequent structural reorganization that resulted in the Engineering, Safety & Emergency Preparedness, and Power Resources & Access departments combining to create the Energy Delivery group. Mr. Jennings is now the Vice President for Energy Delivery. Mr. Howland has been promoted to Director of Power Resources & Access.

PR&A Department Update

Mr. Howland reported the prices for natural gas have decreased from an unprecedented spike, returning to pre-2021 levels. There is still potential for volatility, but the market indicates that prices will remain low in the coming months.

Chair Darcy asked if these price predictions are due to data indicating that the US and Europe have sufficient inventory levels to support variance in demand without causing an increase in price. Mr. Howland confirmed this statement to be true and reiterated the importance of natural gas prices is due to the positive correlation between natural gas prices and electricity prices.

Mr. Howland utilized a graph of forward prices for electricity and a table of annual locational marginal prices (LMP) to support the statement that prices are returning to historical levels after the aforementioned price spike.

Discussion:

- Chair Darcy asked for a clarification on the 2023 YTD price from the LMP table.
 - Mr. Howland clarified it was for January of 2023 and not January of 2024.
- Chair Darcy asked for clarification on the meaning of LMP and what factors go into this price.
 - Mr. Howland clarified that the numbers are based on the ISO-NE system wide average price sold from the Mass Hub which approximates the cost of electricity in New England. Mr. Howland also clarified that the numbers reflect the average cost of electricity if bought from ISO-NE at the stated point in time.
- Ms. Albee asked how close NHEC historical power purchase prices come to the numbers listed in the LMP table.

1 ○ Mr. Howland explained that NHEC historical power purchase prices are higher
2 than these numbers due to paying “risk premiums” or “insurance” on power bought
3 ahead of time.

4 • Ms. Albee clarified she wants to quantitatively know the difference between the real
5 purchase average and the market average.

6 ○ Mr. Jennings responded that the historical numbers are considered, but purchase
7 prices are above them due to the aforementioned reasons by Mr. Howland.

8 ○ Chair Darcy added that purchasing power ahead of time can result in the average
9 price listed in the LMP being higher price than the NHEC contract price or vice
10 versa depending on when the power was purchased relative to the state of the
11 market.

12 ○ Mr. Jennings agreed with Chair Darcy’s comment and added that table
13 demonstrates that January and February prices are much higher than the rest of the
14 year due to the increased demand of natural gas during those months.

15
16 Mr. Howland discussed the impact of forecasted weather on electricity prices. The forecast for 2024
17 suggests that the summer and winter will be warm contributing to continued lower electricity prices in
18 the winter but potentially higher summer prices due to the heat.

19 Mr. Jennings presented the ISO-NE Capacity, Energy, Load, and Transmission (CELT) study for
20 2023-2032. This study projects a significant increase in transportation summer/winter peaks and the
21 heating winter peak. Mr. Jennings supported these findings by commenting on electrification adoption
22 trends due to state legislation in surrounding New England states and high adoption rates of heat pump
23 programs, including NHEC’s program.

24
25 Discussion:

26 • Ms. Kedersha asked why there is a large discrepancy in the transportation summer and
27 winter peaks.

28 ○ Mr. Jennings explained that in the winter electric vehicles (EVs) have
29 inefficiencies that result in a higher charge demand.

30 • Mr. Darcy commented that these projections are reliant on consumer conduct.

31 • Ms. McElaney added that rates, policies, and financial incentives impact consumer
32 conduct and NHEC needs to consider these when setting rates and creating programs.

33 Mr. Jennings presented the ISO-NE 2050 Transmission Study that considers Heating Electrification,
34 Transportation Electrification, Air Conditioning, and Other Load. This study projects a significant
35 increase in winter peak demands. Mr. Jennings noted that heating electrification will cause a shift from
36 traditionally “summer peaking grid” to a “winter peaking grid.” This shift is challenging to
37 accommodate due to transmission, generation, and resource constraints. This will cause high price
38 volatility in the long term.

39
40 **ISO-NE & NEPOOL Markets Update**

41 Mr. Howland discussed two reliability programs, the Inventoried Energy Program (IEP) and the
42 Mystic Reliability Agreement. These are intended to resolve fuel shortages during critical winter
43 events. Since an event has not happened, NHEC does not expect to be charged the full amount
44 budgeted for IEP.

45 Chair Darcy asked how the IEP works. Mr. Howland explained that without the IEP generators do not
46 pre-buy fuel if it is not guaranteed to be used, because they must sell it at a loss. The program removes
47 this risk for generators and ensures adequate supply by paying them for keeping fuel on hand.

1 **Energy Markets Update**

2 Mr. Howland discussed proposed changes to the market including the Day-Ahead Ancillary Services
3 Initiative and a transition to a Prompt/Seasonal Market rather than the Forward Capacity Auction.
4

5 **RECs and Power Contract Updates**

6 Mr. Howland advised of on-going discussions for the Waste Management landfill gas contract
7 extension with the possibility of a longer contract extension that would provide energy, capacity, and
8 Class III RECs. He reported that two hydroelectric generation contracts providing energy and Class IV
9 RECs will expire this spring and the owners do not wish to renew. Also, one wind power contract
10 providing energy and Class I RECs has expired and will not be renewed. NHEC will pursue other
11 agreements.

12 Chair Darcy asked about the significance for our contract negotiations of one of the hydroelectric
13 facilities pursuing a Group Net Metering arrangement. Mr. Howland explained Group Net Metering
14 allows them to receive a retail price versus a wholesale energy price, so the Generators are getting a
15 higher return in the Group Net Metering program than NHEC would be willing to pay.

16 Chair Darcy asked if these contracts are economical for us, and Mr. Howland confirmed they are
17 despite trending higher than the market.
18

19 **Fall 2024 Rate Planning**

20 Mr. Jennings stated that the renewable generation contract discussions that will be reviewed by the
21 Board will be a factor in the fall rate. The planning processes for procuring power will stay the same to
22 take advantage of low prices and ensure stability. Future processes will take the ACES evaluation
23 results into consideration.

24 Chair Darcy asked if the longer-term contracts would be entering into a generator power purchasing
25 agreement or if NHEC will continue to work with energy suppliers to get a multiyear contract.

26 Mr. Jennings confirmed that ideally both strategies will be used.
27

28 **Green Energy Rate Proposal**

29 Mr. Clark reviewed the history of the Renewable Choice Program (RCP), which allows members to
30 purchase blocks of renewable attributes. Pursuant to a Board vote in December 2023, NHEC staff are
31 developing renewable energy rate options that would replace this program. 50% and 100% renewable
32 options would be made available to members in the basic residential class who purchase Co-op power.
33 This proposal is intended to be presented at the Corporate Services Committee meeting.
34

35 Discussion:

- 36 • Chair Darcy asked why there is a renewable percentage option listed below the required
37 percentage.
 - 38 ○ Mr. Clark answered that it is due to an expected Class III REC requirement
39 reduction.
- 40 • Chair Darcy asked what Class III RECs are.
 - 41 ○ Mr. Clark and Mr. Howland explained they include methane/landfill gas and
42 biomass usage.
 - 43 ○ Mr. Jennings added that there is a deficit of available Class III RECs which is
44 why there will be a requirement reduction and we budget for this reduction.
- 45 • Ms. Albee asked if the billing for these rates will be done electronically or manually
46 resulting in higher administration costs.
 - 47 ○ Mr. Clark noted that the rate would use existing billing functionality and that an
48 activity code would be used to track administrative costs, so it will not require a
49 manually intensive process.

- 1 • Chair Darcy asked how many members purchase more than 100% of their usage in
2 renewable attributes in the Renewable Choice Program.
 - 3 ○ Mr. Clark said about 1/3 of the 158 members in the program.
- 4 • Ms. Albee asked for clarification on the PUC order to not market default power.
 - 5 ○ Mr. Clark clarified that default power is “a last resort” power so the utility
6 should not compete against other utilities to get more business.
 - 7 ○ Mr. Jennings added that the intention of deregulation was to create a competitive
8 environment for members to shop around and purchase electricity from competitive
9 suppliers. Default power was intended as a safety net, so members are guaranteed
10 power.

11 **ACES Services Agreement Update**

12 Mr. Jennings reviewed the ACES 3 project scope and phases that address power procurement policies.
13 This aligns directly with the strategic plan and balanced score card goals.
14

15 Discussion:

- 16 • Chair Darcy asked what the strategic plan says about power purchases.
 - 17 ○ Mr. Jennings noted that the strategic plan goal includes creating a short term,
18 long term, and hedging policy and addresses affordability.
- 19 • Chair Darcy asked if phase 1 will look at the internal organization of power
20 procurement and how power is purchased.
 - 21 ○ Mr. Jennings confirmed this and added that it will be developing the plans and
22 policies.
- 23 • Chair Darcy asked if the board will be informed of updates in later PR&A committee
24 meetings.
 - 25 ○ Mr. Jennings and Ms. Clemesen Roberts confirmed updates will be provided at
26 various meetings throughout the year.

27 **Transactive Energy Rate (TER) Pilot Update and Discussion**

28 Mr. Jennings discussed the logistics of the TER program, and that the pilot is coming to an end. This
29 has been a great pilot in theory but challenging in design and implementation due to lack of
30 standardization and prohibitive costs. It will be proposed at the Corporate Services Committee and to
31 the Board that the TER pilot be discontinued.
32

33 Discussion:

- 34 • Ms. Albee questioned why the number of participants decreased.
 - 35 ○ Mr. Jennings and Ms. Clemesen Roberts confirm that this is due to Generac
36 members no longer participating.
- 37 • Ms. Albee asked for the real cost of this pilot.
 - 38 ○ Ms. Clemesen Roberts answered that it is between \$500,000 and \$1,000,000.
- 39 • Ms. Kedersha asked if the rate can continue to be published despite the program
40 ending.
 - 41 ○ Mr. Jennings confirmed this is not an issue and the pricing information can
42 continue to be collected regardless of the program.
- 43 • Mr. Mongeon asked what strategic plan says about this program, is this a program we
44 can resume later if members need it.
 - 45 ○ Ms. Clemesen Roberts answered that the strategic plan does not address this
46 program.

- 1 • Ms. Clemens Roberts cautions against conducting projects that require extensive
2 research and development. NHEC should position itself as a “fast follower” rather than a
3 “bleeding-edge” approach to new technologies.

- 4 ○ Ms. Albee would like this position to be brought to the Board to create a policy.

5 **Power Supply Information Request Discussion**

6 Mr. Jennings reported that this information is now available in the Pemi building. Chair Darcy will
7 present his findings at the next executive session.

8
9 **Committee Meeting**

10 The next PR&A committee meeting will tentatively be held September 17, 2024, to discuss department
11 updates, current events, dashboard annual review, procurement process annual review, the
12 Moultonborough Solar and Battery Update, and a load management update.

13
14 **Adjournment**

15 Chair Darcy motioned to adjourn the meeting at 10:19AM, seconded by Ms. Albee and Ms.
16 McElaney.