

Approved 12/13/2022

NEW HAMPSHIRE ELECTRIC COOPERATIVE, INC.
Minutes of the Meeting
Power Resources & Access (PR&A) COMMITTEE MEETING
October 6, 2022

Attendees: **PR&A Committee Members:** Bill Darcy – Chair, Carolyn Kedersha, Tom Mongeon, Harry Viens
 Other Board of Director Members: Alana Albee, Leo Dwyer, Ed French, Madeline McElaney
 NHEC Employees: Alyssa Clemesen Roberts, Jim Bakas, Brian Callnan, Drew Dunagin, Steve Kaminski, Geoff Ziminsky
 Attorney: Paul Phillips

Chair Darcy called meeting to order at 8:30 am.

Agenda Review

Chair Darcy asked if anyone had any comments. It was asked why the January minutes were not approved previously. Chair Darcy replied that it has been requested to delay approval to allow committee members to have additional time to review the minutes.

Chair Darcy asked for motion to approve. Carolyn Kedersha made a motion to approve the Consent Agenda. The motion was approved.

Renewable Power Options

Mr. Callnan presented two renewable options to meet the August 30, 2022 Board resolution:

- 100% renewable energy option at the lowest practical cost
- 100% renewable energy option that will encourage new renewable projects

The first option shown was the purchase of Maine Existing Hydro Renewable Energy Credits (RECs) to meet 100% of the obligation. Based on current rates this would be \$0.1782/kWh. The rate would be 5% higher than the current default rate. It was noted that the Maine Hydro option does not incent new renewable projects but instead provides revenue for existing hydro projects. As a result, it does not help reduce carbon emissions by supporting new renewable generation.

The second option was for support of Local Solar development through incentives. The rate was shown to be approximately the same at \$0.1783/kWh. The rate would establish a fund that members could apply for to incent their solar projects. The example used a \$2,000 incentive per installation.

The third option shown was for 100% NH New Renewables. Based on current rates this rate would be higher, \$0.1985/kWh due to the purchase of more expensive Class I RECs. This would be a 17% higher than the current default rate. This option supports the development of new 100% renewable energy options.

It was asked if there was a definition of local for the “Local Solar” option and Mr. Callnan replied that local means NHEC members.

Chair Darcy commented that he would like to add some context as to why this is being looked into. NHEC currently has only one competitive supplier, and that supplier does not offer a 100% renewable option to our members. Eversource has a radically different situation. Eversource customers have multiple options to choose from including a renewable option with a rate being offered that is below the default rate of Eversource. Chair Darcy asked if Mr. Callnan knows how many Eversource customers use the competitive renewable energy option. Mr. Callnan responded that he is not aware of that number.

Mr. Callnan continued the presentation related to a question asked at a previous committee meeting regarding 15% of NHEC members selecting a renewable energy option. If 15% of our members took Maine Hydro option, NHEC would need to purchase 60,450 recs at a cost of \$650,000 and If 15% of our members took the Local Solar option it would mean 331 households could receive a \$2,000 incentive to support their solar installation from member collected revenue of \$662,000.

Mr. Callnan mentioned that he did not think that NHEC would have 15% of the membership go to one of these alternative rates. He would be surprised if we would hit a 5%. Past programs have been less than 5%.

Mr. Mongeon stated that large hydro is not considered GHG free and asked if the hydro in the Maine Hydro option was. Mr. Callnan responded that these were mostly small hydro that are run of the river and should be GHG free, but he has not verified if there are any large reservoirs included.

The committee asked if there is a fixed cost to the members if we pursued these options. Mr. Callnan stated that there would be administrative expenses.

Ms. Kedersha mentioned that her concern is communicating with members. She feels the board would need to see the message before it is approved.

Ms. Albee asked how the local solar option compares to that of what members currently have solar are paying. She mentioned that the member survey highlighted lack of support for solar. It was explained that the local solar rate is an option for members to support additional development of solar within the community and not a net-metering rate.

It was asked if there would be another PR&A meeting prior to rate setting for the next rate period. Mr. Callnan stated that the rates could be brought to the Corporate Services Committee in December for the February rate adjustment. Mr. Callnan further stated that the renewable options would need to be worked out in more detail prior to December.

Chair Darcy stated that he believes the committee should at least recommend the renewable option 1. The resolution was for two renewable rate options, but Chair Darcy would like to move forward with option 1 at this time. He would also recommend making the local solar a 50% solar option rather than 23%. This would provide a larger separation in the rates.

Ms. McElaney reiterated that Ms. Kedersha's comment regarding messaging is important. What is the value for a member to participate in the local solar program? How does that value translate to reliability in the future and supporting a distributed generation network for our membership?

Chair Darcy stated that he did not think that the messaging could be resolved at today's meeting but rather to give Mr. Callnan and NHEC staff a direction forward.

Mr. Viens said that from a numbers standpoint it may not be meaningful. The benefit of this program will be all about messaging. He feels that Chair Darcy's recommendation would be good to move forward with.

Ms. Kedersha is inclined to support the local solar option as she feels that people would respond to investing in their community but will go with whatever the committee decides.

Mr. Clark mentioned that this would need to be scoped out if it would apply to every rate class or if it would be narrowed down to just a residential offering.

Chair Darcy stated that he believes that they are focusing on residential.

Mr. Dwyer mentioned that with the local solar there would be the chance for mismatch. If 100 people sign up for the rate but 1,000 people sign up for the incentive, there may be a need to write checks for revenue that we have not received. He feels that this is very complicated as there would be more people interested in the \$2,000 than the solar rate.

Mr. Mongeon stated that he is generally supportive and that good points have been made regarding messaging. Mr. Mongeon went on to say that he realized that the administrative costs to support this program were not available but asked if we should do a further dive as to what are the expenses and what are we trying to accomplish here, asking is this the best use of money.

CEO Clemens Roberts feels that the local solar option is great and the most impactful option for members but would be the hardest to administer. She asked for time to scope this out. She also stated that it may be good to wait until the Strategic Plan is completed.

Chair Darcy agreed that the local solar does present administrative difficulties but feels that the committee should recommend one option.

CEO Clemens Roberts said that she is not against this but feels that it should be a part of the strategic planning.

Mr. Mongeon agreed that as we are on the verge of strategic planning, he would like to see some additional scoping out of the administrative costs. He is fully in support of CEO Clemens Roberts comments.

Ms. Kedersha felt that it should be put off until strategic plan but suggested incentivizing the commercial rather than residential. She feels this would provide more scale.

Mr. Darcy feels that by waiting until we do the strategic planning we would likely not have a 100% renewable option for another one or two rate periods. He feels it would be helpful to have two default options – the regular default options and a renewable option.

Mr. Callnan and the NHEC staff will review this further in the hopes of having a renewable option rate available for consideration at the December rate setting.

Presentation by Scott Bradtmiller from NRCO

Mr. Bradtmiller stated that NRCO is a cooperative of cooperatives. Mr. Bradtmiller provided a renewables market update. This update focused on solar, wind and BESS (battery energy storage systems). NRCO provides pricing information to their membership related to solar, wind and BESS future resources development.

NRCO conducts an annual RFI – Request for Information. They solicit information from over 150 developers. This year they received 48 replies to their RFI. NRCO compiles a listing of available projects to their membership.

Mr. Bradtmiller mentioned that the Standalone Energy Storage Credit is newly enacted from the Inflation Reduction Act. The ITC definition has been expanded to include standalone storage for the utilities industry. This goes into effect on 1/1/2023.

Mr. Callnan explained that NRCO and NHEC have been discussing a new Battery RFP. The Moultonborough project has been successful economically. The RFP would be for three to four sites within the NHEC territory and that staff is currently looking for good sites. He mentioned that the project would be roughly the same size as Moultonborough but possibly slightly larger. The original focus would be to find the same type of contract structure as Moultonborough. NHEC pays a monthly fee for storage services which has helped NHEC avoid some of the difficulties with the development and operations of the project while still providing the expected economic benefits. He further explained that due to the IRA it will be researched to see if an ownership model would be more beneficial. He highlighted that this project would not be operational until 2025.

Chair Darcy mentioned that there may be some policy decisions that would need to be addressed related to this and it may need to be reviewed as a part of the strategic plan process. He also mentioned that the RFP results may be in prior to the next PR&A Committee Meeting and the Committee should have an opportunity to review any agreements prior to them being signed.

Current Events

Mr. Howland presented current events to the Committee.

- An update related to Community Power Aggregation was provided. CPCNH issued a RFP in April. NHEC responded to the RFP but was not selected to provide services. Chair Darcy asked if there

were any communities in the CPC group that were in the NHEC territory. Mr. Clark responded that there are several communities that are partially in their areas of CPCNH. Ms. Kedersha stated that she would like to know the percentage of load. Mr. Clark responded approximately 1% of residential membership load so far.

- Grid reliability for the coming winter - ISO-NE stated that under normal winter conditions the system should be fine. An extreme cold event could affect grid reliability. ISO-NE is beginning to discuss what out of market solutions may be needed to maintain reliability in future winters.
- The annual cost of purchasing a yearly strip of power was reviewed. Prices have risen in almost all years due to the increase in Natural Gas prices.

Over/Under Recovery Account Discussion

Mr. Callnan reviewed how the over/under account is used. NHEC provides a 100% passthrough of costs to its members for default service. If monthly costs are higher than what is collected in revenue, then money must be pulled from the line of credit and a receivable is moved into the over/under account. If costs are lower than collected, the money must be put into the over/under account to be returned to the members in the next rate periods. During the next rate period calculations the over or under collection amount is spread over the next 12-month period when rates are set for Co-op power and Regional Access. An example of that is the under recovery adder for the August adjustment was just over 2 cents.

Mr. Callnan discussed the three leading reasons for the high under collection amount.

- Lack of natural gas storage in Europe
- Russian invasion of Ukraine
- Lack of coal plant availability

Mr. Callnan went on to explain what is being done to alleviate this balance. There was a mid-term rate adjustment in August which helped recover some of the under collection. Mr. Callnan explained that the current under recovery balance should be zeroed out in the Fall of 2023.

Mr. Callnan explained how other utilities in New Hampshire manage their purchases and load. The larger Investor-Owned Utilities (IOUs) offer six-months of their customer load to be served by alternative suppliers. These suppliers then bid for this load and the IOUs select the lowest cost for their members. This moves the risk of price and loads onto the supplier removing the need for an over/under recovery mechanism. This method of procuring energy supplies may cause suppliers to charge premiums to cover higher costs from uncertainties on future power costs or load volumes during the rate period they are agreeing to cover. NHEC procurement policies have helped to minimize these supplier premiums which may explain NHEC's often lower costs for its default service Co-op Power product.

CEO Clemens Roberts stated that historically when the market operates well the current NHEC system works well. The market is not currently operating normally. One of the questions that we will continue to ask ourselves is what is our philosophy regarding hedging? What is our philosophy on short, mid-term and long contracts? How do we want to procure our power? CEO Clemens Roberts feels that there will

be more influx coming in the future. This is a conversation that needs to continue internally. We need to decide what our bookends will be. She is not comfortable with the level of under collection at this time. She has requested time to discuss this with Mr. Callnan, Mr. Clark and Mr. Dunagin for ideas on how to address it.

Draft Environmental Disclosure Label

Mr. Callnan mentioned that during the June meeting there was a request for graphs on the Environmental Disclosure Label. Mr. Callnan reviewed the legal requirements related to the Environmental Disclosure Label. The NHEC Environmental Disclosure Label was modified in 2021 to make our label the similar to other utilities. There is no uniform label that all the utilities use. Mr. Callnan showed the label as updated in 2021 and one with the requested historical graph.

Mr. Callnan stated that they recommend not to change the label as the current label meets the requirements and there were no members questioning the new format of the label. Mr. Callnan asked for committee input related to the label.

Ms. Kedersha suggested that we use the current label but going forward look into reporting Scope 1 and Scope 2 emissions information in its operations and we focus on education of the members on this

Ms. McElaney suggested that whatever we decided to use for comparisons we would need to focus on marketing and communications so that members understand what the comparison is showing.

Mr. Viens mentioned that none of our members have asked for the additional graphs. He asked why are we looking into this if members are not asking for it. A separate report may be a better option than modifying the label.

Mr. Mongeon mentioned that the secondary issue is to educate our members but agree we should stay with current label.

The Committee agreed to stay with the current label design.

Transactive Energy Model Update

Mr. Callnan provided an update on TER Pilot. Significant effort and progress have been made with the expectation to be able to offer it members by January 1, 2023 per the Strategic Planning Goal.

NHEC is calculating and supplying the rate daily. PSU has been operating on the TER since July with its Nissan Leaf. Integration with Fermata Energy is complete. Fermata Energy controls the bi-directional chargers for PSU.

Bellawatt was selected to build the software which is in the production ready testing phase.

NICS is the billing and accounting software for NHEC and the Transactive Energy Rate components are now being integrated into the software and tested.

Approved 12/13/2022

The team is currently working on member awareness and the terms and conditions.

There had been a question related to the cost of the project. Overall costs for the project are expected to be around \$400,000.

Mr. Callnan reviewed some additional views of the website and SmartHub explaining how a member could audit their bill values. He then showed a bill sample of how the TER charges and credits will be presented to the member.

Mr. Callnan highlighted the efforts from all of the staff that has been working on the TER project and their ability to get most of the elements in place in order to meet the Strategic Planning goal of launching the Transactive Energy Business model by the end of the year. The progress made by IT, Finance, Metering, Consumer Accounting, Energy Solutions and all staff involved has been excellent.

Mr. Callnan asked Mr. French if they could bring this to the December Corporate Service Committee meeting.

PR&A Committee Schedule

Chair Darcy was fine with the next meeting date but mentioned that he would like to further discuss how some of the items would be reporting (written or verbally).

Adjournment

The meeting was adjourned at 11:10 am.