

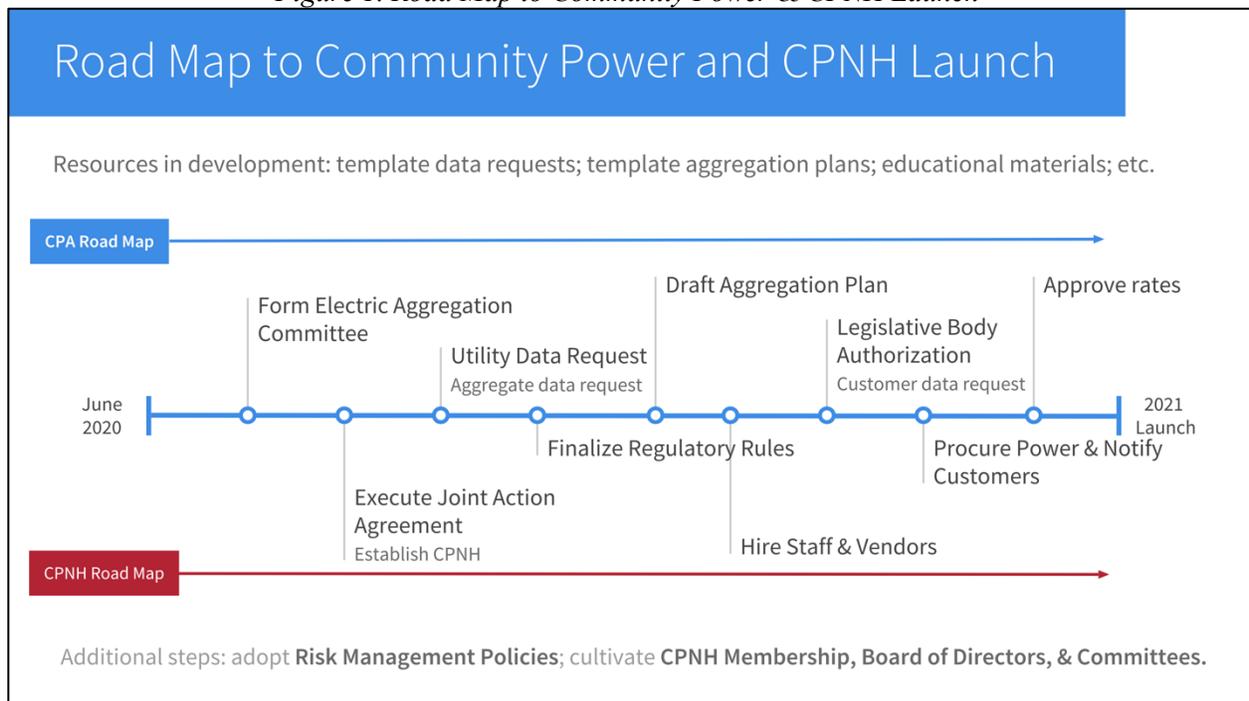
INTRODUCTION

This Frequently Asked Questions (FAQ) and Guidelines on Community Power Aggregations (CPAs) and Community Power New Hampshire (CPNH) was developed as a result of questions and feedback gathered during the June 5th, 2020 Community Power Summit. The FAQ is organized into the following sections:

1. CPA Formation
2. CPNH Formation & Governance
3. CPNH Operations, Costs, & Benefits
4. Miscellaneous

1. CPA FORMATION

Figure 1. Road Map to Community Power & CPNH Launch



Question: What is a Community Power Aggregation (CPA)?

Answer: [RSA 53-E](#),¹ Relative to Aggregation of Electric Customers by Municipalities and Counties, enables local governments to become the default electricity providers for their residents and businesses. Utility companies continue to own and operate the electric distribution and transmission grids.

¹ RSA 53-E Text: <https://www.gencourt.state.nh.us/rsa/html/III/53-E/53-E-mrg.htm>

Question: How does a city, town, or county form a CPA?

Answer: The process for implementing a CPA is as follows:

- **Step 1: Governing body of the community (e.g., select board, city council) forms an Electric Aggregation Committee (EAC).**
 - Example Language: *“In accordance with RSA 53-E:6, the governing body [select board, city council] forms an electric aggregation committee [or designates an existing committee as the electric aggregation committee] to conduct research and develop an electric aggregation plan.”*
- **Step 2: Request aggregate/community-wide data from utility.** The EAC is responsible for conducting research, including requesting aggregate, community-wide electricity usage from its electric distribution company(s). Utilities share data via a two-step process (see **Step 6**).
 - A local government or its EAC may obtain aggregate/community-wide data from local electric distribution utilities consisting of:
 - Town
 - Rate class (residential, commercial, industrial, outdoor lighting)
 - Aggregate load data by rate class by month for 12 to 36 months, distinguishing between customers taking utility supply or competitive supply.

CPNH is engaged in regulatory rule development conversations with utilities regarding the appropriate points of contact, procedures, and templates to use in requesting data.

For communities served by Eversource, data requests should be directed to Daryush Donyavi, Supplier Services, daryush.donyavi@eversource.com. Communities served by Unittel, Liberty Utilities, and the NH Electric Cooperative should contact their respective Account Representatives. Communities served by more than one distribution utilities must contact each utility individually to solicit data.

- **Step 3: EAC drafts Electric Aggregation Plan with public input through public hearings.**² Electric Aggregation Plans must detail:
 - (a) *Organizational structure of the program.*
 - (b) *Operation and funding.*
 - (c) *Rate setting and other costs to participants, including whether energy supply services are offered on an opt-in basis or on an opt-out basis as an alternative default service.*
 - (d) *Methods for entering and terminating agreements with other entities.*
 - (e) *Rights and responsibilities of program participants.*
 - (f) *How net metered electricity exported to the distribution grid by program participants, including for group net metering, will be compensated and accounted for.*
 - (g) *How the program will ensure participants who are enrolled in the Electric Assistance Program administered by the commission will receive their discount.*
 - (h) *Termination of the program.*

To sign up with CPNH and receive access to a template electric aggregation plan and other resources, complete the [CPNH Prospective Member Intake Form](#) by emailing info@communitypowernh.org.

- **Step 4: Approve Electric Aggregation Plan to authorize Community Power Aggregation (CPA).** Electric Aggregation Plans must be approved by the local legislative body (e.g., town meeting vote, city council vote).
- **Step 5: Set up the organizational structure of the CPA.** This is the point at which the organization described in the Electric Aggregation Plan comes into being, in order to provide formal governance and oversight over the subsequent stages of launching and operating the CPA.

² The Electric Aggregation Plan “shall provide universal access, reliability, and 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, and shall meet, at a minimum, the basic environmental and service standards established by the commission and other applicable agencies and laws concerning aggregated service.”

- **Step 6: Request customer data and contract for services.**^{3,4} Communities may choose to enlist service providers to:
 - Request confidential individual customer data from utilities to support customer notifications, power procurement, and rate setting.
 - Customer data for accounts on utility supply include:
 - Name
 - Rate class
 - Account number
 - Mailing address
 - Capacity tag (ICAP)
 - 12-36 months usage history
 - Service address
 - Name key
 - Cycle
 - Customer data for accounts on competitive supply include:
 - Name
 - Account number
 - Mailing address
 - Advise on energy risk management, procurement, and rate-setting:
 - Establish policies and procedures such as those relating to energy risk management;
 - Analyze customer electricity usage data;
 - Conduct load and price forecasts;
 - Construct a portfolio and procurement strategy;
 - Negotiate and contract with suppliers;
 - Allocate costs to customer rates in an equitable and financially prudent fashion;
 - Offer the resulting rates to default service customers on their opt-out notifications.
 - Provide additional operational services, including but not limited to:
 - Mailing customer notifications and processing opt-ins/opt-outs;
 - Preparing call center scripts, web portals, social media and marketing;

³ CPNH is currently in discussions with regulators and utilities to finalize step 6 data fields.

⁴ Individual customer data must be held as confidential. Approved aggregations are “*subject to RSA 363:38 as service providers and individual customer data shall be treated as confidential private information and shall not be subject to public disclosure under RSA 91-A.*”

- Setting up and testing Electronic Data Interchange (EDI) functions with all local electric distribution utilities (to facilitate meter data, customer account, and bill processing functions once the CPA launches).
- **Step 7: Launch! Approve rates, mail customer notifications (opt ins/outs), host public meeting, and enroll customers.** After the CPA has approved rates, notifications must be sent to all retail electric customers within the municipality informing them about the program and rates. Opt-in notifications are sent to customers currently served by competitive suppliers. Opt-out notifications allow customers on default utility service to decline automatic enrollment in the CPA.

Within 15 days after mailing customer notifications, the CPA must hold a public information meeting to answer questions on the program. Thirty days after the mailing of notifications, the CPA may begin serving customers.

After notifying customers and processing opt-ins/opt-outs, the CPA provides the utility with a list of customers to be switched over to CPA service at the next billing cycle. The CPA will thereafter be responsible for ongoing oversight functions with regard to the electricity services and procurement risk management for its customer base, unless the CPA decides to terminate service and return its customers to utility supply.

After the CPA begins serving customers, new customers will be made aware of the CPA and its pricing and given the opportunity to procure service from the utility, the CPA, or a competitive supplier. Customers that decline to make a selection will be automatically enrolled onto CPA service.

- **Step 8: Ongoing governance and oversight of CPA with regard to electricity purchases and other electricity services provided under the program.**

Question: Once my CPA is authorized, who will be enrolled?

Answer: For opt-out programs, all residents and businesses not already purchasing electricity from a competitive supplier will be enrolled. Residents and businesses purchasing competitive electricity supply must be notified of the CPA and may opt into the program.

Question: Is my existing competitive supply contract affected by the CPA?

Answer: No. Existing competitive supply contracts will not be affected unless the customer chooses affirmatively to opt-into the CPA.

Question: Can communities form a regional CPA? How?

Answer: Yes. Communities can group together to create a regional CPA. To form a regional CPA, two or more municipal and/or county governments create a regional Electric Aggregation Committee (EAC) with appointees from their respective communities. The regional EAC follows the same steps listed above for CPA formation. The electric aggregation plan developed by the regional EAC would detail the nature of the regional CPA. Each municipality or county must approve the electric aggregation plan by vote of its respective legislative body. In addition to the authorization of the electric aggregation plan, the participating communities would adopt an intergovernmental agreement under RSA 53-A to formalize the regional CPA. Communities pursuing regional CPAs are encouraged to coordinate with their county and/or regional planning commission.

Question: When can CPAs expect to launch?

Answer: Prior to launch of CPAs, the Public Utilities Commission (PUC) must finalize regulatory rules addressing the process for data sharing between utilities and CPAs, among other things. Regulatory rules are expected to be finalized in 2020. Initial CPAs can expect to launch in 2020, or 2021.

2. CPNH FORMATION AND GOVERNANCE

Question: What is Community Power New Hampshire (CPNH)?

Answer: CPNH will be a Joint Action Agency formed under RSA 53-A, Relative to Agreements Between Governments, and RSA 53-E, Relative to Aggregation of Electric Customers by Municipalities and Counties. As a locally governed public power nonprofit, CPNH will provide enabling services to participating cities, towns, and counties through a voluntary and flexible membership structure.

Question: How will CPNH be established and how will it operate?

Answer: The process for forming CPNH and bringing it to a state of operational readiness is as follows:

- **Step 1: Execute a Joint Action Agreement to Incorporate CPNH.** A CPNH Governance Working Group of local officials committed to electricity aggregation from several cities, towns and counties in NH has drafted by-laws that will govern the formation and oversight of CPNH. Those by-laws have been drafted utilizing model documents governing both current successfully operating Community Power Aggregations (CPAs), Public Power Agencies, and New England-based entities which act on behalf of multiple municipalities or states (e.g., NH Municipal Association). Issues addressed in the by-laws include: purpose of CPNH; requirements for municipal and county membership; board of directors' size, make-up, terms; etc. By-laws are being reviewed by attorneys to ensure they are compliant with state law. As with all inter-municipal agreements, final articles of incorporation will be submitted to the Secretary of State's Office.
- **Step 2: Hire Staff and Vendors.** Upon incorporation, CPNH will hire a limited number of internal expert staff for oversight purposes. CPNH will also issue a competitive solicitation to the market of vendors offering wholesale energy procurement and retail customer engagement services.
- **Step 3: Provide Start-up and Operational Services to Member CPAs.** CPNH will provide a menu of services for members to choose from, including start-up support services to any communities wishing to launch CPAs (steps 2 through 5 above) as well as CPA implementation and operational services (steps 6 through 8 above).

Question: When will CPNH be incorporated? When will CPNH be able to provide services to CPAs?

Answer: Initial communities drafting the CPNH by-laws and articles of incorporation hope to formally incorporate the entity in late summer or early fall of 2020. CPNH plans to competitively solicit and enlist vendors in the second half of 2020 to be ready to service initial CPAs in early 2021.

Question: Who can be a member of CPNH?

Answer: Municipalities and counties can be members of CPNH.

Question: How do I learn more about CPNH and its governance and operations?

Answer: Communities authoring initial draft by-laws and articles of incorporation for CPNH plan to make those drafts available for review by interested communities in summer 2020. The first step to getting involved with CPNH is completing the [CPNH Prospective Member Intake Form](mailto:info@communitypowernh.org) by emailing info@communitypowernh.org

3. CPNH OPERATIONS, COSTS, & BENEFITS

Question: What does membership with CPNH entail?

Answer: Membership with CPNH provides communities an opportunity to participate in the governance board of the public power entity, which ensures local control, democratic oversight of CPA programs, and ongoing community engagement. Members will have access to shared expert services and greater economies of scale, while avoiding duplicative overhead costs. CPNH will prioritize utility partnerships and work to streamline services across all four of New Hampshire’s electric utility companies, which is particularly valuable for communities served by more than one electric utility. The economy of scale and thoughtful governance structure of CPNH will attract ‘best in class’ vendors, whose services will be available to CPNH members. CPNH will provide a menu of services for members to pick and choose from.

Question: What operational services does CPNH plan to solicit and provide?

Answer: CPA services can be divided into three categories (*see Figure 2*):

1. Retail Services & Utility Partnerships: Customer notifications, websites, call centers; meter reading and data management; billing and payment processing; rate design (including time-variant rates); demand response, energy efficiency, and other distributed energy programs.
2. Wholesale Risk Management: Electric load and price forecasting; contracting for competitive supply; credit and contract management; ISO New England market operations and risk management; settlements and back office accounting; project development.
3. Administrative & IT: Member relations, including supporting implementation of new CPAs; financial and accounting services; marketing and branding; regulatory and legislative engagement.

Question: How is CPNH funded and how much does CPNH cost?

Answer: A core function of CPNH will be to provide consolidated risk management services to protect against market volatility and to avoid redundant costs across multiple CPAs. The cost of CPNH operations will be funded by member CPAs from a nominal portion of each CPAs’ customers’ electricity supply rates.

The costs of supplying electricity, i.e., the cost of administering a CPA, can generally be separated into four categories: (1) electricity costs; (2) capacity costs; (3)

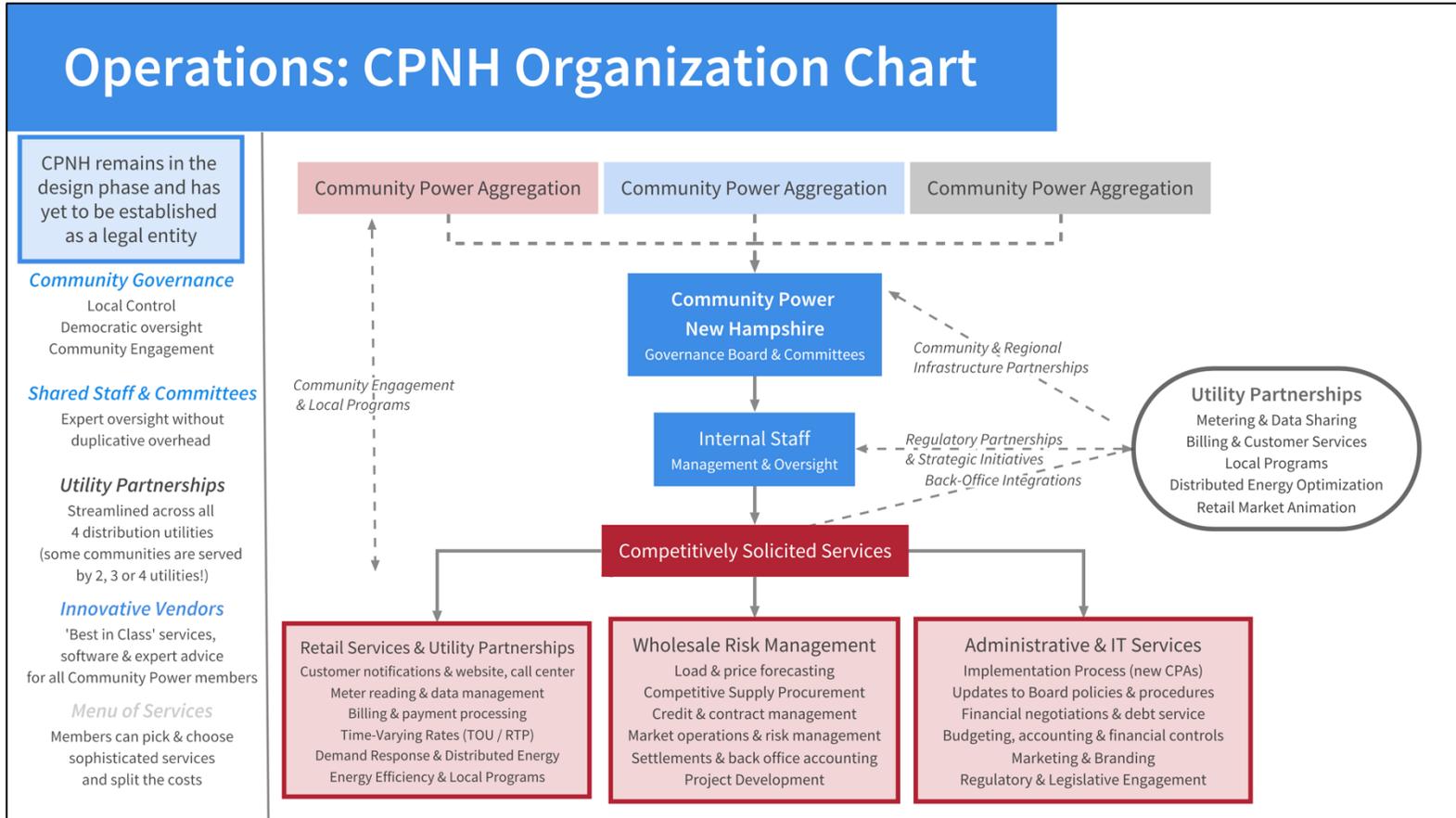
Renewable Portfolio Standard (RPS) compliance costs; and (4) operations and risk management costs. Together, these costs add up to the energy supply rate. The following table illustrates a simplified example of how these cost components may together add up to an energy supply rate of \$0.07 per kilowatt-hour (kWh):

Table 1: Illustrative Energy Supply Cost Components*

Cost Components	\$/kWh	\$/MWh
Electricity	\$0.035	\$35
Capacity	\$0.020	\$20
Renewable Portfolio Standard	\$0.007	\$7
Operations & Risk Management	\$0.008	\$8
Total Supply Rate:	\$0.070	\$70

(*Note: costs illustrated in this table are illustrative and are for educational purposes only)

Figure 2. CPNH Organizational Chart



Question: How is it that CPAs can negotiate lower prices than the utility?

Answer: Utilities are regulated by the state and required to procure electricity in six-month blocks twice annually. This regulation encumbers and limits the utilities' ability to implement a sophisticated risk management strategy aligned with market

price movements (e.g., make purchases when the market is favorable). CPAs are not regulated and may take full advantage of the marketplace when procuring electricity.

Question: Can my CPA enable my community to capitalize a reserve fund?

Answer: Yes. Individual CPAs may choose to design their programs to include a small per kilowatt-hour charge to capitalize a reserve fund. Funds generated in this way can be invested into CPA-related local programs, for example, development of local renewable generation, building upgrades, or transportation electrification.

Question: Who is responsible for customer billing?

Answer: Billing customers is a partnership with the utility because customers continue to pay delivery charges to the utility for transmission and distribution services. Behind the scenes there are data transfer and business processes between CPAs and utilities so that customers are billed accurately and payments are tracked.

Question: Do/can CPAs own and control meters?

Answer: Meters are an essential piece of infrastructure that can enable market innovation and cost reductions. It is important for utilities and CPAs to partner on using metering infrastructure to provide quality service to their customers. CPAs and their customers may implement smart metering programs under certain situations.

Question: What does Community Power mean for households and businesses that have solar and use net metering?

Answer: Electric aggregation plans must address how net metered electricity exported to the distribution grid will be compensated and accounted for.

Question: If my community joins CPNH, do we retain control over our CPA rates and other policy or program decisions?

Answer: Yes. Individual members of CPNH and their respective CPAs will be distinct aggregations. Each member will have the flexibility to tailor its CPA in accordance with its own priorities including price, renewable energy content, reserve fund capitalization, and other programs and services.

Question: How does a community become a member of CPNH?

Answer: The first step to getting involved with CPNH is completing the [CPNH Prospective Member Intake Form](#) by emailing info@communitypowernh.org.

4. MISCELLANEOUS

Question: What roles do the Public Utilities Commission (PUC) and state regulation play with regard to Community Power Aggregations (CPAs)?

Answer: The PUC has begun a process to draft regulatory rules that will address the process data sharing between utilities and CPAs, among other details. These rules are likely to be finalized later in 2020.

Question: My community has identified a piece of land that may be suitable for siting the development of a new renewable energy project. Can we develop and purchase those renewables using CPNH? Can we use CPAs to build wind turbines and solar farms?

Answer: Yes. Well-designed CPAs can enter into long term contracts or power purchase agreements to enable the development of new renewable energy generation by accruing reserve funds and using those funds to demonstrate the CPA's long-term creditworthiness to project developers and financiers. Part of the goal of CPAs and of CPNH is to facilitate the development of new local renewable energy projects and clean energy infrastructure.

Question: What other programs can be available through a CPA and CPNH?

Answer: CPAs often have a variety of programs and initiatives based on what their communities want. Examples include electrifying local school bus fleets; offering time-based pricing to customers and technologies; tailoring efficiency programs to fit with community goals; lowering prices for rooftop solar or other distributed energy resources by aggregating many customers together; making it easy for customers and distributed energy companies to access data necessary for any number of goods and services; targeting solar and storage on critical facilities or low income developments; working with member municipalities to adopt advanced energy building codes; etc. To see examples of programs offered by CPAs in other markets such as California, see: <https://cal-cca.org/cca-programs/>.

Question: What is the difference between an opt-in and an opt-out CPA?

Answer: Opt-in CPAs require that each individual customer affirmatively sign up to participate in the program. Opt-out CPAs, once approved by the local legislative body (e.g., town meeting vote, city council vote), automatically enroll all customers who do not already contract for competitive electricity individually. Customers who do contract with a competitive energy supplier individually may opt into the CPA if they choose to.

Question: What do CPAs mean for low-income communities?

Answer: Electric aggregation plans must address how the program will ensure how participants of the Electric Assistance Program (subsidies for low-income ratepayers) will receive their benefits. There are additional opportunities for CPAs to implement equity-based programs.

Question: What is the relationship between county and municipal aggregations?

Answer: Municipal aggregations take priority over county aggregations, meaning that if a county and a municipality within that county both implement CPAs, the municipal CPA will provide service to residents within that municipality.

Question: How do I talk to community leaders and the public about Community Power?

Answer: Some themes for framing conversations about Community Power include:

1. Democratization: Building energy independence, local control, and resilience.
2. Market Innovation: Using competitive markets to drive innovation, deploy new technologies, and reduce costs.
3. Sustainability: Addressing climate change by developing NH’s clean energy economy.

Question: What is load settlement? What are the two steps to load settlement?

Answer: Load settlement is the process of forecasting the amount of electricity that must be supplied to a utility’s or CPA’s customer base through ISO New England, and then “truing up” forecasted purchases to appropriately reflect actual measured electricity consumption at a later point in time. ISO New England has a two-step load settlement process. First, an electricity buyer (e.g., CPA) makes a purchase based on forecasts constructed using class-average load shapes. Second, at a later point in time, ISO New England corrects initial purchases for imbalances based on actual meter reads. The initial purchase is an estimation of electricity consumption. That purchase is later corrected to align with actual measured consumption.

There are inherent inaccuracies in the forecasting process. These inaccuracies are exacerbated by the current meter reading, data management and business processes of monopoly regulated utilities. CPNH is committed to dismantling regulations and removing barriers to modernizing the power industry for the New Hampshire market as quickly as possible.

Question: Why is interval data important for load settlement purposes?

Answer: More granular data about customer energy use, which can be acquired using modern electricity meters that can log sub-hourly electricity reads (as opposed to once monthly), minimize discrepancies between forecasted purchases and actual electric loads. More granular data access reduces risk and cost.

Access to more granular customer electricity usage data allows CPAs to innovate on retail customer products, for example by offering time-varying rates (which allow distributed energy resources to be used intelligently to lower costs to customers and carbon emissions from the grid) or by targeting energy efficiency retrofits and other technologies based on customers' hourly usage patterns.

Question: How might local renewables relate to load settlement and the energy supply portfolio?

Answer: Distributed generation, e.g., a locally sited solar array of less than five megawatts, can offset and reduce the volume of electricity a CPA must purchase through ISO New England, thus reducing associated wholesale costs which could include capacity and transmission. This is sometimes referred to as *load reduction*.

Imagine 15 megawatts of net metering distributed solar and 3 megawatts of distributed battery storage across many grid interconnection points. You open the [ISO New England real-time wholesale price map \(https://www.iso-ne.com\)](https://www.iso-ne.com). Price goes up, what do you do?⁵ Price goes down, what do you do?⁶

Question: Do CPAs have both residential and commercial/municipal offerings?

Answer: Yes, CPAs may provide different rates to different customer classes (e.g., residential, commercial).

Question: How do CPAs affect demand charges?

Answer: Demand charges are distribution charges paid to the electric distribution utility. These charges remain unchanged for customers, whether served by utilities, CPAs, or competitive suppliers.

Question: How do I learn more about CPAs and CPNH?

Answer: To learn more about CPAs and CPNH complete the [CPNH Prospective Member Intake Form](#) by emailing info@communitypowernh.org or visiting www.communitypowernh.org.

⁵ Discharge the batteries. Hope the sun is out and the solar is generating. Buy less power from ISO New England.

⁶ Charge the batteries. Freeze ice for later A/C cooling. Buy more power from ISO New England.