

I. Introduction: What is Community Power?

RSA 53-E, Relative to Aggregation of Electric Customers by Municipalities and Counties,¹ was updated in 2019 by the passage of Senate Bill 286, known as the “Community Power Law.” This legislation enables local governments (cities, towns, and counties) to procure electricity on behalf of their residents and businesses and provide other electricity services. Community Power Aggregations (CPAs) localize decision-making in the power sector while achieving economies of scale to reduce costs and drive forward innovation.

II. Goals of Community Power Aggregations and Establishment of CPNH

Many local governments—cities, towns, and counties—are eager to implement CPAs to achieve local energy goals. Specific goals of CPAs may include:

- (1) Democratize energy governance through local control and greater choice in energy procurement;
- (2) Reduce and control energy costs;
- (3) Procure renewable energy and develop new local renewable energy systems;
- (4) Harness price signals and market competition to integrate New Hampshire-based energy resources and innovations;
- (5) Improve resiliency of critical facilities.

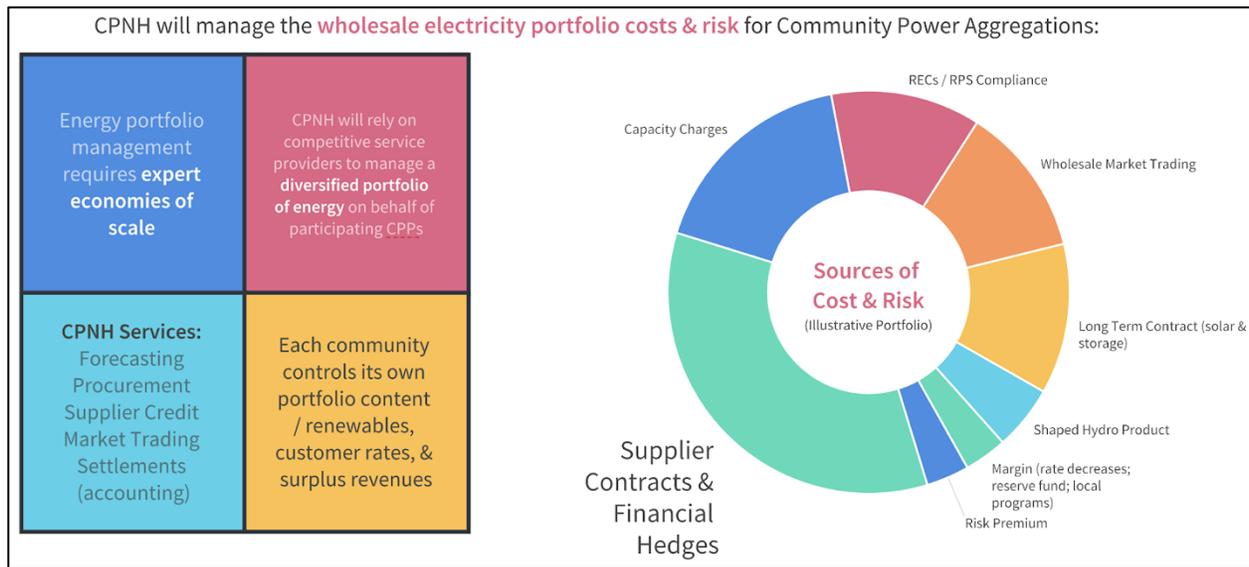
In order to achieve these goals, and empower all NH communities with the resources to achieve their own energy goals, a group of cities, town, and counties are working together to establish Community Power New Hampshire (CPNH). CPNH will be a new locally governed public power nonprofit that provides services to enable and empower CPAs. The goal of CPNH will be to support communities to develop their own CPAs and to join CPNH, if they choose.

III. Operational Functions Required for Community Power Aggregations

Operational functions required for Community Power Aggregations (CPAs) can be broadly divided into two categories: (1) wholesale energy portfolio management; and (2) retail customer engagement. The two categories can also be thought of respectively as *supply-side* and *demand-side* operations.

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

Figure 1: Sources of Cost & Risk in Power Supply (Illustrative Wholesale Energy Portfolio)



Wholesale Energy Portfolio Management (Supply): At its core, wholesale energy portfolio management is about managing risk. Purchasers of large quantities of electricity can create and manage a diversified portfolio of wholesale electricity assets, contracts, and financial hedges to protect themselves from the risks associated with market swings and volatility. Entities transacting for electricity on behalf of a town, city, county, or grouping of communities must demonstrate a number of capabilities. These include: forecasting electric load and market price patterns; registration with and participation in ISO New England wholesale markets for purchase of energy, capacity, and other services; negotiation and execution of contracts of differing terms and lengths for the purchase of power from generators and suppliers; managing those contracts and associated credit; and other back office functions. (Figure 1: Sources of Cost and Risk in Power Supply).

Retail Customer Engagement (Demand): In addition to wholesale energy purchasing, CPAs must provide some level of retail customer engagement. At a minimum, CPAs must notify all residents and businesses within their community of the launch of the program and provide those customers the opportunity to opt-out of participation. However, the community ties of CPAs and their Electric Aggregation Committees (EACs) are perhaps the CPA’s greatest source of competitive advantage. Value is created in the aggregation of both supply, and *demand* for electricity. Community Power Aggregations can mobilize community technology adoption or customer behavior as a response to price signals to stimulate the local energy economy and lower collective costs, such as those associated with peak-time

usage. For example, a CPA might implement demand-side management programs such as an electric vehicle charging tariff that rewards charging at low-demand times (e.g., 9pm – 7am) with discounted pricing, while charging a higher rate in the evening when demand and cost are higher on average. The same concept can be applied in aggregate to electric hot water heaters, air-source heat pumps, smart thermostats, distributed generation, energy storage, or any number of customer technologies or behaviors. CPAs can engage their communities in ways that stimulate local energy economies, drive down supply-side costs, strengthen energy independence, and meet environmental goals.

Retail customer engagement services can include notifications and communications; billing; electricity metering and time-based rate offerings; electrification of thermal and transportation sectors; and other local programs.

Both operational categories – *wholesale energy portfolio management* and *retail customer engagement* – require ongoing partnership and coordination between CPAs and electric distribution companies who are responsible for owning and maintaining the poles and wires that deliver power to customers.

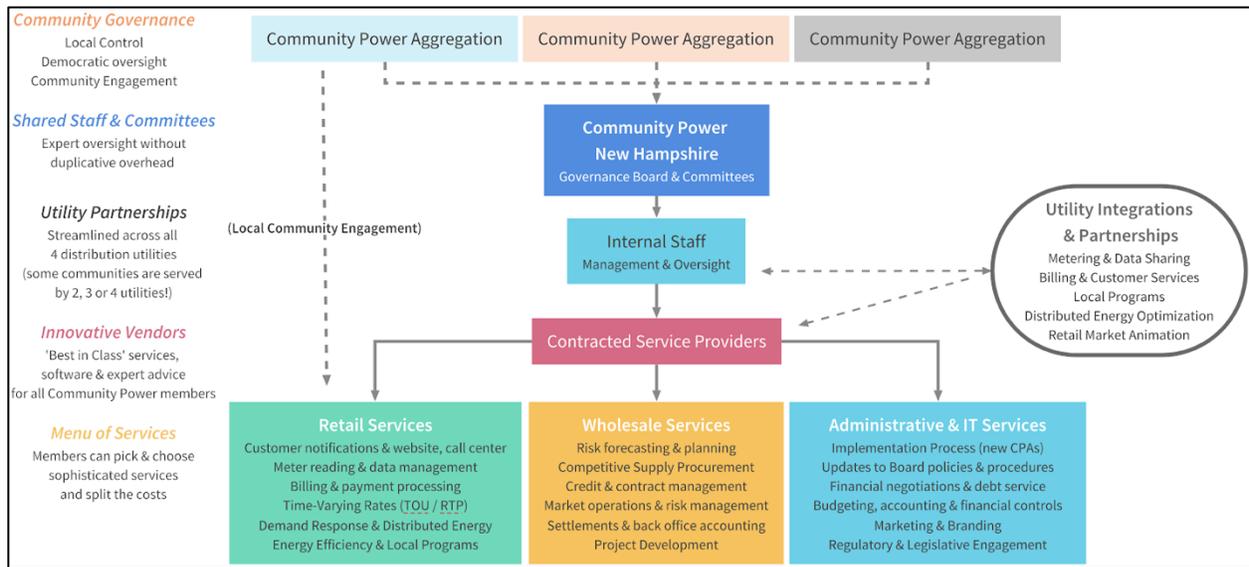
Aspects of Community Power Aggregations (CPAs) are well suited to the economies of scale achieved through the sharing of required services across multiple CPAs.

IV. Community Power New Hampshire (CPNH): Sharing Services to Avoid Duplicative Cost

A growing affiliation of town, city, and county governments are working together towards establishment of Community Power New Hampshire (CPNH), a locally governed public power nonprofit to provide enabling services to Community Power Aggregations (CPAs).

Joint Action is common practice in the electricity industry, under which multiple smaller public power entities avoid redundant costs and achieve economy-of-scale efficiencies by consolidating (rather than duplicating) certain services. For example, the Vermont Public Power Supply Authority (VPPSA) conducts *wholesale energy portfolio management* on behalf of twelve municipal utilities in Vermont. The twelve municipal utilities make up VPPSA membership, and maintain seats on the VPPSA Board of Directors.

Figure 2: CPNH Organizational Chart & Utility Partnerships



CPNH is being developed as a similar but distinct model of Joint Action towards implementation of CPAs in New Hampshire. (Figure 2: CPNH Organizational Chart & Utility Partnerships). A group New Hampshire cities, towns, and counties have begun the initial stages of drafting a Joint Action agreement to create CPNH as a new, locally governed legal entity to house enabling services on behalf of CPAs. Under the CPNH model, individual communities form distinct CPAs and retain authority over rate setting, portfolio content (e.g., percent renewables), and revenue allocations. CPAs will comprise the membership of CPNH and maintain seats on the CPNH Board of Directors.

Upon execution of the RSA 53-A² Joint Action governance agreement, CPNH will likely rely on expert staff for oversight along with competitive service providers for certain aspects of the operational functions described in the previous section.

V. Status and Timeline for CPNH Development & Launch

Municipal attorneys have begun reviewing and drafting the Joint Action agreement that will form CPNH as a new legal entity in accordance with RSA 53-A, Agreements Between Government Units, and RSA 53-E, Aggregation of Electric Customers by Municipalities and Counties. The CPNH organizing group is also engaged in rule-making with the Public Utilities Commission (PUC) and the state's electric utilities to develop common operating agreements for data sharing, for

² <http://www.gencourt.state.nh.us/rsa/html/III/53-A/53-A-mrg.htm>

confidentiality, and for a common data platform necessary to support the RSA 53-E legislation that enables CPNH.

The CPNH organizing group is helping a number of NH communities to learn about or to begin developing aggregation plans and is communicating these efforts to a broad and inclusive range of New Hampshire municipal and county governments. The technical support and communication process with NH municipalities builds understanding of and buy-in for the CPNH concept, as well as for the mechanics of how to develop aggregation plans and how to partner with other municipalities.

Despite the complexity of the COVID-19 emergency, and its' as yet not fully known impacts, the aim is for CPNH to be established as a legal entity in 2020 to enable launch of initial CPAs in 2021.

Elected officials, staff, energy committees, and other community leaders are invited to participate in a Virtual Community Power Summit from 1pm – 4pm on June 5th to learn more about Community Power and CPNH.

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