Community Power in NH

Overview of Senate Bill 286, Relative to Municipal Aggregation

Signed into law August 2 & effective October 1, 2019

Overview of NH Community Power Law

New business model governed by municipalities & counties:
Manages new energy supply portfolio and provides electricity to residents and businesses
Opportunities to contract with new or existing renewable energy and/or energy storage
Opportunities for other local programs (e.g., energy efficiency, EV charging, other “demand flexibility”)

Expands Customer Choice
Automatic enrollment for all residents and businesses not already on competitive energy supply (may “opt-out” back to regulated utility / other supplier)
Competitive supply customers can choose to join

Distribution Utilities continue to deliver power
and operate transmission and distribution systems (Eversource, Liberty, Unitil & NH Electric Coop)

Localizes Decision-Making
Community Power programs must be approved by legislative body (e.g., town meeting vote, city council vote)
Community decides how best to govern, manage and operate the new program
"Aggregation" means the grouping of retail electric customers to provide, broker or contract for electricity power supply and retail customer services which may include:

- The supply of electric power
- Demand side management
- Conservation
- Meter reading
- New meter installations & communications (subject to PUC approval)
- Customer service
- Other related services
- The operation of energy efficiency and clean energy districts (RSA 53-F)

A Community Power program could be:

1. An individual municipality
2. A county (note that “municipal aggregations shall take priority or precedence over any county aggregations”)
3. A group of municipalities and/or counties that join together (operating jointly pursuant to RSA 53-A)
Initial feedback re: Community Power Law

**NH Public Utilities Commission**

- “The services that counties and municipalities could provide include: the supply of electric power, demand side management, conservation, meter reading, customer service, other related services and operation of energy efficiency and clean energy districts.”

- “The cost of the bill to the State, counties and municipalities is indeterminable because the costs will depend on which services are provided either individually or as part of a group of counties or municipalities.”

**NH Association of Counties**

- “The potential cost to the counties would depend on the size of a project and the agreement made with the utilities.”

- “There could be savings from lower energy cost and/or additional revenue from selling power back into the grid.”

**NH Municipal Association**

- “Any impact on municipal revenues or expenditures would depend on specific provision of any aggregation program developed; therefore it is not possible to estimate the financial impact.”
Start-Up Costs -> Self-Funding

“Retail electric customers who choose not to participate in an aggregation program adopted under RSA 53-E:7 shall not be responsible for, and no entity shall require them to pay, any costs associated with such program, through taxes or otherwise except for electric power supply or energy services consumed directly by the municipality or county, or incidental costs, which may include costs necessary to comply with the provisions of this chapter up to the time that the aggregation starts to produce revenue from participating customers.”

Public Financing Options

SB286 added revenue bond financing, municipal loans etc. as an option:

“Municipalities may operate approved aggregation programs as self-supporting enterprise funds including the use of revenue bonds pursuant to RSA 33-B and RSA 374-D and loans from other municipal enterprise funds as may be approved by the governing body and the legislative body of the municipality. Any such loans from other municipal enterprise funds shall be used for purposes that have a clear nexus to the primary purposes of such other funds, such as generation, storage, or sale of power generated from sites, facilities, or resources that might otherwise be operated or produced by the other enterprise fund.”
Regulation

- **Community Power programs are not**
  - Municipal utilities
  - Regulated utilities engaging the wholesale purchase and resale of power

- **Utilities continue to**
  - Operate the grid (Transmission and Distribution)
  - Be regulated by state & Federal government

- **A Community Power program may**
  Elect to participate in the ISO New England wholesale energy market as a load serving entity...
  ...for the purpose of procuring or selling electrical energy or capacity on behalf of its participating retail electric customers

- **NH Public Utilities Commission may**
  Adopt rules governing relationship between Community Power and distribution utilities, metering, notice of commencement or termination of program, reestablishment of program
Metering & Data

“Business as Usual” Metering & Data Interface

Community Power programs “shall be treated as competitive electricity suppliers for the purpose of access to the electric distribution utility’s electronic data interface”

+ New Metering & Data Infrastructure authority under Community Power

Community Power programs may...

(1) Contribute to the cost of electric utility provided meters;
(2) Jointly own revenue grade meters with an electric utility; OR
(3) Provide its own revenue grade electric meter

... subject to PUC approval (based on “finding of public good” & including sharing / transfer of meter data w/ utility)

Confidentiality & Security

- Community Power programs “shall be 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.”
- “An approved aggregation may use individual customer data to comply with the provisions of RSA 53 E:7, II and for research and development of potential new energy services to offer to customer participants.”

Case Study: ‘Transactive Energy Partnership’

- Lebanon, Liberty Utilities & Dartmouth University
- Deploying interval meters, communications, smart streetlights, etc
- Piloting blockchain platform and unbundled retail prices
- Goal: optimization of Distributed Energy & new retail services to lower costs (in response to market prices, generation & transmission capacity charges, local distribution grid)
Local Authorization Process

1. **Governing body forms a Community Power Committee**
   Initial action required by select board, city council, or county commission
   (may designate existing committee as Community Power Committee)

2. **Committee develops “Community Power Plan”**
   “Multiple local governments may group together in developing such plans”
   Must solicit public input and hold public hearings

3. **Legislative body approves Plan**
   Approval action by Town Meeting or City Council

4. **Prior to service:**
   1. All residents and businesses are notified and provided opportunity to opt out (for notification purposes, the utilities “shall provide current list of names and mailing address for all electric customers on utility distribution service within the local government(s) jurisdiction”)
   2. Local public information meeting shall be held within 15 days of notification to answer questions
Community Power Plan

The Plan shall provide for:

1. “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

2. Shall meet, at a minimum, the basic environmental and service standards established by the commission and other applicable agencies and laws concerning aggregated service.”

The Plan shall detail:

1. The organizational structure of the program
2. Operation and funding
3. 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
4. The methods for entering and terminating agreements with other entities
5. The rights and responsibilities of program participants
6. How net metered electricity exported to the distribution grid by program participants, including for group net metering, will be compensated and accounted for
7. How the program will ensure participants who are enrolled will receive their discount
8. Termination of the program”
Governance, Management, & Operations
Flexibility in Operations

Range of options for implementation:
Old model: purchase simple energy supply product from single competitive energy supplier (may include RECs).
New model: engage as “Load Serving Entity” in ISO-NE market & manage a diversified “energy portfolio” of:
- **Procurement**: Contracts with multiple competitive energy suppliers (different products & terms)
- **Renewables & Storage**: Contracts with new and/or existing generators:
  - Existing generators (e.g., NH hydro, local biomass, other)
  - Developers looking for buyers/off-takers (e.g. new solar arrays, battery storage)
    - Contracts should “fit hand-in-glove” with procurement strategy
- **Local Programs**: over time, integrates distributed energy & flexible demand-side resources to lower peaks/cost
  (smart thermostats & water heaters, heat-pumps, solar inverters, batteries, EV ‘managed charging’, etc.)

Unlocks new value for innovative Retail Services & 'Grid Modernization'
- Interval smart meter deployment, data collection and new analytics
- Targeted customer engagement
- New retail products (dynamic rates / net metering, services that integrate Distributed Energy, etc.)

Potential for strategic coordination between distribution utilities & communities
Deeper coordination on resource planning + operational “working relationship” at the local level
**Organizational Structure: Governance & Management**

**Governance.** Upon approval by the local legislative body, the Community Power program will be governed by the local governing body with advisory support from the Community Power Committee. The Community determines program goals, approves rates, controls financial and power content decisions, and makes other governance-level decisions.

**Management.** The Agent is enlisted by the governing body and serves at the direction of the governing body. Agent may be a person or operating entity. Agent may be employee of Townsville CP, an individual under contract, a public agency, a private entity, etc. Agent responsibilities may include oversight of: (1) resource planning; (2) energy portfolio operations; (3) local programs; (4) rate setting; (5) financial management/accounting; (6) customer service; (7) legal/regulatory affairs.

**Operations.** The Community Power program and the Agent may enlist the services of experienced third-party contractors to perform certain specialized functions. Over time, Townsville Community Power or the Agent may increase in-house capacity to carry out specialized functions.
Shared Services Considerations
Collaborating on Implementation & Future Reforms

**Joint Action implementation**
Goal: coordination among Community Power programs = lower costs, better services
Insights from other states / markets
Joint Board Authority: NH RSA 53-A

**Ongoing opportunity to improve**

**Policy Landscape**
Optimal Community Power implementation & evolution over time may require policy/regulatory engagement
Goal: coordination among Community Power programs & utilities = effective policy/regulatory engagement

**What services should or should not be shared, and how?**

- Regulatory & policy intelligence
- Standardization of business processes (e.g., utility data acquisition, reporting)
- Data management and analytics
- Energy portfolio risk management (forecasting, procurement, market operations, etc.)
- New retail services (rate design, enabling services for Distributed Energy, Electric Vehicles, etc.)
- Customer service
- Other?
Shared Services Model

**Local Governance**
Each Community Power program governs local process for authoring plan, setting goals, making program decisions, etc. (management capacity and expertise of local programs expected to grow w/ time)

**'Shared Back-Office'**
Operational expertise, staff and services housed jointly and shared across Community Power programs
'Toolkit of services' for launch of Community Power programs
Services provided by 3rd party vendors or staff / “as agent” performance contracts

**Oversight**
Community Power programs establish a governing board to oversee 'Shared Back-Office' (and evolution of services as technology changes)
Benefits of shared services:

- **Avoids unnecessary redundancies**: higher quality of service at a lower overall cost for all members
- **Avoids ‘reinventing the wheel’**: facilitates knowledge transfer from early adopters to new programs
- **Provides ‘all the tools in the toolbox’**: a full suite of services for all communities, regardless of size
- **Gives communities scale & leverage**: with 3rd-party vendors bidding to provide competitive services
- **Enhances cybersecurity & privacy**: minimizes disclosure of customer data to 3rd-parties
- **Streamlines the market**: standardizes data exchange & operations across all 4 distribution utilities
- **Breaks barriers to evolution**: energy data is the key to innovation & this puts communities in control

**Starts with leading municipalities collaborating (and grows over time)**
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