SPECIAL COMMITTEE ON ENERGY CONTRACTS & RELATED ACTIVITIES

June 2, 2025 at 5:00 PM

Chairman O'Neil called the meeting to order.

The Clerk calls the roll.

Present: Aldermen O'Neil, Terrio, Morgan, Kantor, T. Sapienza

Messrs.: A. Hatch, H. Herndon

1. Presentation on community power purchasing from the Community Power Coalition of New Hampshire.
(Note: Provided for informational purposes only; no action is required.)

Chairman O'Neil stated I would like to thank all of our guests who are here tonight. There are no plans currently to proceed with Community Power but the city must always keep an open mind and look at what is going on in NH in the energy world. I welcome Henry Herndon, the Acting General Manager and Andrew Hatch, the Engagement Manager of the Community Power Coalition in NH.

Andrew Hatch, Engagement Manager, stated we are here by invitation to talk about Community Power. We have developed a slide presentation to explain the program as it stands. I would like to introduce Henry Herndon, our Acting General Manager, to start the conversation. We are here to invite you to ask questions as you see fit. We will continue the presentation and welcome questions and answers either during the slide presentation or at the end.

Henry Herndon, Acting General Manager, stated before I dive into the slide material, just to provide a little bit of context Community Power Coalition of NH has had a couple of engagements with the city over the past couple of years starting back in 2022. I think I had the pleasure of sitting down with Alderman T. Sapienza and Mr. Clougherty along with some other folks. Then there was a meeting with the prior meeting, Joyce Craig and last year a conversation with your current mayor. So there have been a few touchpoints and some dialogue and I am glad to be in front of this body. I think a committee of the Board of Mayor and Aldermen is the best and most appropriate place to have these discussions. I will also add that being a non-profit and extension of our municipal members, our 68 city, town and county members, education is really a key aspect of what we do. I am pleased to have a dialogue with all of you to do some of that education about Community Power and the energy market as a whole in the state. I will proceed with an overview and just reiterate what Mr. Hatch said. I definitely invite and welcome comments and questions as we go. I think dialogue is perhaps helpful so if you have them, please jump in or you can hold them until the end if that is your preference. I don't mind making this more of a back and forth than a one-way lecture. What is Community Power? This was enabled first in 1994 but not really. Only in 2019 and 2021 was new legislation put forward and signed by former Governor Sununu to enable NH cities, towns and counties to become default electricity providers for residents and businesses. The purpose of these programs is really to benefit the mass market for electricity; the residential or small commercial electric customer within your city. The city's municipal facilities could participate and buy power through the program if they choose to but really they are aimed at expanding competitive energy market benefits to the average energy customer in your municipality.

Alderman Terrio stated I have a question on the bottom line in red but let me preface that by saying that one of the problems with Eversource is they have all of these overhead costs and more and more people are leaving and they can't dump those costs on the rate payers. Does Community Power have a critical mass like 70% or 80% of a community have to participate or this doesn't work? Let's say only 5% of the community signs up.

Mr. Herndon replied we have participation rates of roughly 70% across the communities that we serve. Again, this is a new default. You are mass enrolling the default customer base that would otherwise make no choice and take power from Eversource. They would then take power from Manchester Community Power through your program if you decide to implement a program. We typically see about 70% of the customer base participate.

Alderman Terrio asked is there a number of Manchester residents that have to participate for us to break even or see a savings.

Mr. Herndon answered there is no hard or fast number of rule there; no.

Alderman T. Sapienza stated you said there was 70% participation. Are all of those programs opt out? I notice in this one I think you are posing an opt out program.

Mr. Herndon responded yes. All of the programs we serve currently are opt out except for the counties where they are sort of a mixed model and if it is run through a county it can be an opt in program. All of the city and town programs are opt out new default programs. So that 30% that is not participating is a mix of customers. That is 1) customers who already shop the market and are buying from a different competitive supplier, 2) the metering customers, 3) the regular turnover, or 4) some of them are customers who choose not to participate.

Chairman O'Neil stated why don't you go through your presentation because we are stuck on the second slide already. I would ask the aldermen to just make notes if they have something to ask after the presentation.

Mr. Herndon stated the utility company is always going to own the grid and send the customer the bill. There is just that supply line item on the bill that would change to where you are buying your power from and that would now be under the local control of the city. The objectives and benefits being providing lower and more competitive rates and more product options for customers. These are entirely voluntary programs so any customer can come in and out month over month as they choose or they like and the relevant legislation is RSA 53-E. This text that is in red…really one of the takeaways is that under NH law, you cannot spend general city funds on the operation of these programs so they are funded by when the customer pays the electric bill, they pay Eversource's delivery charges and then the supply portion of the bill pays for the operation of Community Power. This is a snapshot of the current membership of the coalition statewide. The agency is the second largest electric supplier in the state with 64 municipal and 4 county members. Those communities shown in blue have live Community Power programs where they are the default and they are serving on average 70% of the electric accounts within their communities. The communities in orange are ready to launch at the next optimal launch window. The membership collectively represents about 38% of the population. That doesn't mean we serve 38% of customers or load. That just means the population of those member cities is about 38%. You can do the math on 70% of 38%. It is between 190,000 to 195,000 customers currently and the customers that have participated thus far have generated about $20 million in savings relative to the utility rates they otherwise would have paid. Perspective wise, Nashua is the closest point of reference for a city like Manchester although not quite as large and I believe the customers in Nashua since their initial launch…

Mr. Hatch interjected there are 33,177 according to our most recent assessment which does actually represent 70% of the overall population.

Mr. Herndon stated those customers average more than $200 in savings or a combined savings of roughly $7 million from launch through January of this year. Moving to the next slide, benefits. Just briefly, the objectives are competitive rates and greater choice and regional collaboration with neighbors or project development. We will get to a slide to talk about our first 5 mega-watt power purchase agreement with a local solar array in the Town of Warner. If cities and towns are interested in developing local energy generation assets and then supplying that power to their residents and businesses locally and reaping the economic benefits or cost-saving benefits, those mature markets do this and we are starting to see this in NH as well. Financial stability and really insight into where does the revenue from power supply go and having control over that. Our non-profit is more than $100 million annually in revenue. The vast majority of that is the cost of power supply. Part of that revenue does pay for operations and part of that revenue is deposited into a reserve account for various purposes which we can get into. Enabling cities and towns to have insight into where does the revenue from all our power supply go and how do we have a say in managing that revenue in the public interest. The final point being public advocacy. We will talk a little bit about some of the current changes in energy regulation that are relevant and the coalition's role in insuring cities and towns and consumers have a good voice at the Public Utility Commission and the Legislature alongside our colleagues at the utility companies and otherwise. This is our staff. We have a great staff team in various areas. There is sort of a shared services aspect. Part of the purpose of this organization is to rather than every city and town having to become an expert in how to purchase power on the wholesale market and provide customer service or the like, we have a team of shared service providers. I will just point out Calpine Energy Solutions. They provide retail customer service and a lot of our utility billing and data management for the 200,000 customers. They also support our wholesale power supply operations. Ascend Analytics is advising on how to we manage risk in buying power in the wholesale markets. Community Governance. We have our Board of Directors. These are individuals from city councils, select boards or local committees that have been elected by the full membership. So the governance and oversight of the agency is of, by and for the members. If Manchester were to join you would become a member and that at the April annual meeting if you would choose to put somebody forward to run for a board seat, you could do that. Similarly, any member can sit on our committees. We have seven committees that advise the board. Like risk management. How are we buying power? Regulatory affairs. What is happening with state regulation? Member engagement. So these are committees of all of the members that advise the board and provide oversight to the agency. Some of the ways in which CPCNH is different in how we operate in the power market. We have a risk management committee. There is this really interesting diversity of expertise that comes to sort of represent the communities in our governance. We have had former utility executives, legislators, folks who work in financing energy projects, and folks who are risk management experts. They sit on a committee that oversees how we buy power. We have a risk management policy about putting some guardrails on, participating in the power markets and how we set rates and collect net revenue and maintain a reserve fund. Really the main difference being active portfolio management as opposed to locking in a three-year fixed price contract. When we get to the rates slide, you will there are some comparisons of broker contracts. Back in 2023 when the market launched, they locked in an 11.5 cent rate for three years so they have certainty and that three-year contract has a risk premium in it from their supplier that says we are going to take on all the risk. We are going to charge you a premium and you are going to pay 11.5 cents for a three-year period. It is different for us. What we do is week-to-week and month-to-month we are managing a portfolio of power contracts that then roll up to the total rate. Through that portfolio management, we can adjust rates every six months the way the utilities do and we have seen considerable rate savings relative to some of those long-term fixed price contracts. Again, from this portfolio approach it is not just as simple as well the cost of supply is 11 cents. We are really lifting up the hood and saying well the costs of our hedges or our power contracts are maybe 6, 7 or 8 cents and then we have half a cent for reserve accrual and a couple fractions of a cent is our operating expense. These are all components of every electric supply rate that you would pay. They are just invisible to you if you are purchasing through a regular supplier. Because we are an agent of the members, we made it transparent as to how the revenue is allocated. This is a summary of the policy and again guardrails on how we buy power and how we set the rates. The rates are set by the Board of Directors. Also, how we accrue reserves to meet targets. Again, any supply rate you are paying as a customer, there is a profit margin in there. The reserve can be thought of as the profit margin. It is just the non-profit's margin that we put into an account for your long-term benefit. Looking out to statewide changes, since the launch of the market I think Community Power is very much delivering on its promises with considerable savings and rate competition relative to the utilities. We have seen the regulatory state respond and change the way Eversource and the utilities buy power. That supply charge on the bill? There is no profit motive for Eversource. They are just passing through that charge and what they previously did was those fixed price contracts. They would just lock in a price for a six-month period and they would take away any risk of that and put it on the supplier and there would be a risk premium in that fixed six-month price. This has changed in the past year largely, I think, in response to Community Power and its rapid spread across the state. The PUC has now directed the utilities to take on market price exposure. So rather than locking in their price, there is a real-time power market where prices change every five minutes. When it is a cold winter day and demand is really high, the prices go through the roof and when it is a balmy, shoulder season fall or spring mid-day they are very low. So they are based on supply and demand. You can eliminate all of that risk just by taking a fixed price contract or you can participate in that market to extract more value. The utilities are changing the way they buy power. They set a price on what they think will be the cost of power for the next six months and then they take on 30% to 50% market exposure. What we have seen from this winter is a significant under-collection in that rate. So the utilities set a rate, 8.5 cents let's say, and the actual cost of the real-time power was in excess of that. So there is an under-collection. If folks are interested in further reading, there was a very beneficial ruling last week or the week before. Essentially there was a question on whether they were going to socialize those costs and make other customers subsidize them and they didn't do that. They ruled that essentially what is going to happen with this under-collection is that in the next utility rate period, those losses will then go back into the utility supply rate. I don't know if there are questions on anything I have said so far. I know I have gotten into the weeds fairly quickly.

Chairman O'Neil stated please continue.

Mr. Herndon stated rate setting. Again, we set rates in a very transparent manner. Today is June 2 and we sent notice to all of our city and town principal executive officers to say we have a rate setting process and we are going to hold various meetings. Essentially, committees will meet on the 9th and the 23rd, particularly the 23rd. You can attend this if you would like but that is where we will have proposed rates to be deliberated by our committees. We talk about whether we think the rate covers our costs or is as low as we can get it for our customers. The orange box showing the utility rates will become known. Maybe one take away is we do, by looking at the market for the next six-month period, see rates trending upwards. That is some of the market context. So we will set rates by the board on June 26. Stay tuned to see what those rates are relative to the utilities. It is sort of a good time for all of you to be looking at that. This is the history of rates. So the red line being Community Power Coalition NH's rate historically compared to those dashed lines being the utility rates. Eversource is the green line. You see good savings for four rate periods and then if you look to the far right of the graph, February-July 2025, Community Power Coalition rates are currently higher than the utility rates for the first time. That is in part as a result of the new method utilities are doing where we are seeing the rate underpricing the market and resulting in some under-collections. This was an expensive winter as has been experienced by the utilities and CPCNH together. The other thing I will just draw your attention to is you will see this dashed blue flat line at about 11 cents that goes all the way across the top. That is an example of locking in a rate for a three-year period where for that first couple of months is looked like a really good deal but you can see the market has fallen consistently below that 11 cent rate. The current rate offering from CPCNH is 9.7 cents and then customers can choose renewable products if they want. There is a website and phone number for customer service. There is no need for your city staff to be involved in customer service. All of that traffic would be directed to our customer service team to then process and opt in or choosing a clean product or an opt out or answering any questions for customers.

Mr. Hatch stated on the website at the bottom, that is the NH Department of Energy website for third party providers. That is where we publish our rates alongside those. We update that every month. That is the background to where we are with rates. We just wanted to mention a little bit about the added value services that the coalition has embarked upon. Henry mentioned that there are seven committees and the eighth committee that has just been convened is our projects and programs committee that is again populated by our member representatives. The input from those representatives over the last year or so have prioritized the projects and programs that the coalition is going to be exploring and developing over time. As Henry just mentioned, the one that is current is the Poverty Plains project in Warner. That project is shovel ready. We have been working with our member communities who are connected by Eversource to solicit them to participate in this program. As it is an almost 5 megawatt array, only the municipal accounts of those communities can participate but there is no requirement that those municipalities participate themselves in the Community Power Coalition's rates so any municipality whether it is with a third party supplier or with Community Power or with Eversource can benefit from participation in this program. They are offered the opportunity to sign on and in return they will be credited 12.5% of the prevailing rate of the utility. Therefore, with Eversource's rate which is currently 8.929 cents that would mean a 1.1 cent reimbursement to those municipal accounts. They are on an evergreen contract that they can exit but if they do not choose to, they will continue to receive a 12.5% discount on whatever the rate is at the time. As Mr. Herndon explained, that changes every six months. We also registered ourselves as a REC Aggregation Program so we are now able to help both residential and commercial and municipal customers to buy their renewable energy certificates. You may be aware that a large number of solar arrays do not currently access the renewal energy certificate marketplace and the utilities have been able to access those certificates and satisfy their obligations under the renewable portfolio standard. It is a term called REC sweeping. We need REC's in order to satisfy the commitments that we have made on behalf of our customers who both opt up to a higher level of renewable energy and in those cases we choose to buy the most appropriate local REC's from local renewable sources and also we have REC's that we are required to satisfy for the minimum renewable portfolio standard requirements set by state statute. Really just to summarize what we have explained today, if Manchester were to want to move forward with Community Power, once it launches, it will become the utility default and all customers who have been enrolled in Eversource will be automatically enrolled in Manchester Community Power unless they choose to opt out. As we said, it is completely voluntary. There is no mandatory participation. We would work with the city to develop a process that allows everybody to have a chance to learn about Community Power. We would build a website which we would manage and we would make sure that everybody has a clear idea of what is involved. At least 30 days prior to a launch, every ratepayer and every account holder in the City of Manchester, whether they are on a third party or with Eversource, will receive a letter explaining everything and inviting them to a public information session. Eversource will continue to do the billing and they will continue to deliver the electricity and they will be the organization that will maintain the poles and wires and be the ones to contact if there are any outages. Third party supply customers will remain with their supplier unless they choose to opt into the program. As we said earlier, it is a completely self-funded program without any tax implication to the city.

Mr. Herndon stated just to summarize some of your options if you want to continue to explore this, we sort of have standard steps. First, a city can join our organization with no cost or commitment by adopting our Joint Powers Agreement at the Board of Mayor and Aldermen level. That is just a governance document that lays out the by-laws of the organization. You don't have to do that upfront. You could do that whenever you choose. A more neutral approach would be Step 2 and this is based in the legislation. The legislation requires that if a city or town does want to explore this, they would establish a committee or your Board of Aldermen could designate this committee to the electric aggregation committee under statute. Essentially you would say though art the committee as provided by law, please investigate our options and if you would like prepare the electric aggregation plan which is required by law. This is a service that we provide or other firms would provide for you to help you make the compliant with state law plan that then your Board of Aldermen would adopt and send to the PUC for a 60-day review. If you were looking for a next step, it would be to maybe discuss with the Board looking into this further and saying you want to be that committee under state law. Eventually there is the launch. Again, that would have to be approved by the Board of Aldermen to sign contracts for services with either the coalition or another provider in the market. If you did want to take that step to move through the committee process as required by law, we have a template motion that we provide to different cities and towns. We would also welcome and invite Manchester to participate in the coalition as a member either by taking service or otherwise just a foot in the door to learn more from the coalition of cities and towns who have really taken an active role in their energy procurements. I think that concludes the presentation and we would be happy to have further discussion.

Alderman Morgan stated thank you for the presentation. It is a lot to digest. I understand from an individual standpoint that they are saving money but what does the City of Manchester get out of this?

Mr. Herndon answered if you choose to, your city could enroll your municipal electric accounts into the program. Right now I imagine you are maybe buying power on a contract and that might be a favorable rate. I don’t know if anyone knows what rates the city is paying right now but now you would have another option for your municipal city building energy purchases that might be more attractive than your current purchase. You would save money on your electric bills potentially for the city or you could stick with a different seller.

Alderman Morgan asked so the city doesn’t get any rebates or anything.

Mr. Herndon replied with that 5 megawatt solar project on I-89, your municipal buildings would qualify to participate in that group net meter arrangement where there are rebates to offset your electric expenses. I believe you have developed a solar project in the city and you may already be in the group net meter rate. I think you have already taken advantage of that program.

Alderman T. Sapienza stated we have a very good consultant that buys all of our energy.

Alderman Terrio stated going back to slide 11 and rates over time, you showed that your rates were the best rates compared to everybody else except starting in January 2025. When that happens and you said that electric companies are losing money because it costs them more to deliver energy but they are charging lower rates, in that situation and you may not know the answer but will the PUC allow them to jack up rates to cover those losses in the future?

Mr. Herndon responded the simple answer is yes. If there are under-collections on the end of the chart due to low rates by the utilities, then those will be reconciled into future rates and future rates would include the current cost of power plus the former cost of power that the rates were insufficient to collect.

Alderman Terrio stated my point is that your rates are super competitive and actually the lowest so even though we do have one period starting in the last two years or so, that is misleading in that although your rates aren't as competitive in that last three-month period, that is going to change in the future where those people are going to have to pay more to make up for the losses.

Mr. Herndon replied somewhat yes and somewhat no. It is possible that over time less risk premium and more market exposure in the utility rates while it could create more volatility with under-collections and having to go up and down, it may create a lower on average cost than just fixing the price every time. There may be some benefit to that. I will also note that, and this is maybe a little inside baseball but the increase in rates at the end of this period starting February and March was in part due to CPCNH's rate being low and us having some under-collections during this expensive winter period ourselves and drawing on the reserve fund as a result of that. So there is some similarity between how the utilities have changed to be a little more like us and we are similarly adjusting rates as markets change to collect for a prior under-collection.

Alderman T. Sapienza stated you mentioned that this is an opt out program. Could we run it as an opt in program?

Mr. Herndon answered under the law you can do that but we have not operated any opt in municipal programs in the state.

Alderman T. Sapienza asked how much does it cost to change suppliers and opt in or opt out.

Mr. Herndon replied zero. There is no cost to a customer for opting in or out any month. They just have to call customer service or go to the website a sufficient time before their monthly bill date and meter read date and they will be switched on their next bill date without any charge.

Alderman T. Sapienza asked there is no fee from the utility.

Mr. Herndon responded no but there is some provision that says they can make the utility come out on an off cycle, not on their regular meter read, to perform the switch and there is a fee for that but that doesn't happen. There is no fee for switching on a regular monthly cycle.

Alderman T. Sapienza asked regarding the reserves. Who owns that money?

Mr. Herndon answered the joint reserves are held and controlled by CPCNH but they really are the member city and towns' money. So we track the reserve and know what proportion has been collected from different cities and towns and we are actually in the process of improving that cost allocation tracking. In the event of a member withdrawal, again subject to the obligations under the contract…our contract is a 36-month contract maximum and we can adjust rates within that and there are provisions for early termination but subsequent to fulfilling the city's obligations under that contract, the proportion of the joint reserve fund of CPCNH associated with being collected for Manchester residents and businesses would be returned to the City of Manchester.

Alderman T. Sapienza asked but it is your money in your account with an IOU to us.

Mr. Herndon replied I am not sure of the exact answer from like a…we don't count it as a liability. It is controlled by CPCNH and managed on behalf of all of the members and only in the event of a departure of a member would those monies be returned to Manchester. Manchester can't control the joint reserves. Just one other detail here. So the rate covers the cost of power, our operating costs and the joint reserve pool. In addition, some towns have added a discretionary reserve charge on top of that rate. So if our rate is 8.9 cents, the City of Manchester could say let's charge 9 cents and 1/10 of a penny goes into the Manchester discretionary reserve fund. A small number of cities and towns, Nashua included, have made a discretionary rate so they can apply an additional charge on their rate for their own reserve fund to control and use as they see fit.

Mr. Hatch stated I would like to speak to the reason for reserves. As Mr. Herndon explained, this is to insure that we remain financially strong and grow the balance sheet of the organization. Part of our policies and intent are to build enough reserves in order to become a load serving entity that can operate independently at the New England level. That does require us reaching a target of 120 days operating cash on hand. Once we are able to do that, we will be able to cut out certain middle parties that are for profit and be able to pass on even better savings to our rate payers. That is one of the long-term purposes of the accrual of reserves. Once we get to that target, we would not continue to accrue reserves. They would be capped if you will at that level.

Alderman T. Sapienza asked how close are you to that.

Mr. Herndon responded we are in the process of reviewing proposed amendments to policy. Due to the winter we just had and other factors, we drew on the reserve to maintain rate stability and the initial target we were supposed to make in a three-year period is now going to be pushed out slightly. So we are a few years out from that target.

Alderman T. Sapienza stated you mentioned the contract between the city and Community Power. Is that the JPA or the EAP that was mentioned?

Mr. Herndon replied I apologize for the acronyms. One is the JPA and that is just a foot in the door with the coalition as a member without any obligation to launch a program. You have a seat with the membership and you can be on our committees and access all of our resources to support you. That is JPA and that would be step one. This EAP is not a contract. It is an electric aggregation plan and that is what the state says you have to write and have your Board adopt and send to the Public Utility Commission. There is a third contract and that is the cost-sharing agreement. So the CSA is the okay we have a plan and the PUC said yes and we are already in membership with a JPA and we are launching and going to sign a cost-sharing agreement. That is the commitment point.

Alderman T. Sapienza asked are all the cost-sharing agreements the same with all of the members.

Mr. Herndon answered yes. They are uniform for all members.

Alderman T. Sapienza asked can you send that to us so we can review it.

Mr. Herndon responded yes we can send that along. It is on our website key documents page but we will send it in an email.

Chairman O'Neil stated you can send information in care of the City Clerk.

Alderman T. Sapienza asked how many employees do you have. You mentioned your Board of Directors but how many employees do you have?

Mr. Herndon replied no one on the Board is an employee and no one on the Board is paid. They are all volunteers representing the member cities and towns. We have seven employees and then we have a strong number of contractors. So there are seven formal employees of the organization and then we rely on the Resilient Buildings Group, Andrew Hatch's employer, for our community engagement and some of the support to get programs up and running. Ascend Analytics has a team working on risk management. Calpine has our customer service team. We have legal accounting and a number of other external service providers.

Alderman T. Sapienza asked is the pricing the same for all participating communities. You showed the calendar for setting prices.

Mr. Herndon answered it is now and there are discussions presently that it could be modified. The reasoning for that is there is not necessarily the same cost to serve all customers. Some cities or towns may have different costs of service. As a result, if you charge two cities the same rate but they have different costs of service, those two cities would contribute disproportionately to the reserve fund and we want all cities to cover their costs and pay evenly into the reserve fund. This can be dealt with on a residential versus commercial so say you price the commercial sector differently than the residential which we do. To date, it has been one rate for all cities and towns. We are getting deeper into our cost of service analysis to understand if that is appropriate.

Alderman T. Sapienza stated I have a lot of concerns about the reserve fund and you just added another one. It goes back to whose money is it. Why would we all have to put the same amount in the reserve fund when it is our money? Maybe one town may not want to have reserves but another town does.

Mr. Herndon replied right. Our rules would be that all towns have to contribute proportionately to the reserve to meet our reserve target. Your point is well taken and again there are details associated with this. We are really lifting the hood on where is all the money going and how does it work. The simple approach is you pay the bill and wherever that reserve or profit margin goes, out of sight, out of mind. This does lift the hood on where does that go and allows for more of a say in that.

Mr. Hatch stated I think it is important to point out that if you are going to engage, you are a member and you have a seat at the table and are expected to contribute to this conversation and not just be a third party. We would be very interested and greatly encourage the City of Manchester to get involved. As Henry mentioned, by joining the coalition you become a member. It is non-binding but you are involved until you so choose not to be and can be as involved and as informed as to the very great amount of detail that is going into the evolution of the coalition. The City of Manchester benefits from the fact that we have been operating now for two years and we have a track record. We are subject to 91-A so everybody has a right to have access to whatever information they so choose and we are completely transparent in our conversations. What Henry has touched upon is literally something that is just taking place right now but to suggest that we are making decision on your behalf is not accurate. It would be you being involved in a collaborative decision-making process.

Mr. Herndon stated a key point is there is no cost to the Joint Powers Agreement or to membership other than the cost of the time of whoever your member representative and alternate might be. You would appoint one or two individuals to represent the City of Manchester to CPCNH. They can be as involved or uninvolved as they like but they could sit on committees and run for the board and they could roll their sleeves up and really get involved in this decision making.

Mr. Hatch stated one final point is the concept of reserves I know I something that causes people to take pause but if you imagine that you contracted with a third party to just satisfy a rate, there is a margin in there; a profit margin. It is a black box and you don't know what that is and how it is managed. That is essentially what we offer full transparency to and we call them reserves.

Alderman T. Sapienza stated I appreciate that. You mentioned that a 30-100% commodity exposure was a very positive thing. That could go either way right?

Mr. Herndon replied I wouldn't say is it a very positive thing. I would say that the change in how utilities set rates taking on 30-100% combined market exposure, we will see more volatility. We have seen under-collections and they will have to get that money back. It is possible that on average over time it will have less cost because there is less risk premium in there. It is an interesting question. What is the policy goal of utility default service? It used to be a stable and reliable backstop for all customers to pay that isn't volatile and not playing games. Maybe it is not the cheapest but folks can now migrate to the competitive market as was always intended. We did that on the commercial side. Most of the commercial side migrated to the competitive market. Now, most of the residential sector is migrating to the competitive market through Community Power and in the midst of that, the regulators have gotten creative and said let's try to take on more risk exposure. Maybe in the long-term they will save money or maybe they will create more volatility. It is an interesting discussion.

Alderman T. Sapienza stated I have been in this business a long time and when the regulators start getting creative, it always costs the consumer a fortune.

Mr. Herndon stated I tend to agree with you.

Alderman T. Sapienza stated this whole competitive market was built to save consumers money. It has don't nothing but cost them money every single day since it started.

Alderman Morgan asked are there other companies that do what you do.

Mr. Herndon answered there are no other companies that do what we do but there are other companies that can facilitate your community power program. So you can work with another firm and they will play matchmaker between you and a supplier and they will sign you up for a fixed price contract. You can just buy a fixed price contract over time. We are different in that we are managing that portfolio and we are member governed and control the reserve funds. We are unique in that work and the only joint powers agency and the only sort of non-profit member controlled power agency. There are other firms you can hire to run a solicitation and then sign a contract through.

Alderman Morgan stated you mentioned you were invited here. Who invited you?

Chairman O'Neil stated it came through Alderman Barry. He and I met some people for breakfast and they asked about doing a presentation. It was neither of these two gentlemen. One was a local resident in Ward 1, Chris Kelly, and then there was a former state rep. It has taken a little bit of time to get a date for the presentation. Mondays are not an easy night for us to schedule. That is how it started.

Alderman T. Sapienza asked how often do you set your rates. Was it every six months?

Mr. Herndon answered yes. We set rates for the month of March through July due to market conditions.

Alderman T. Sapienza asked so it is not regulated. You just watch the market.

Mr. Herndon replied the intention is to set a six-month rate but during this expensive winter period and due to certain other factors, we adjusted rates mid cycle in a unique circumstance.

Mr. Hatch added as did the NH Electric Co-op.

Alderman T. Sapienza asked so basically what we are doing is contracting with you and you are going out and buying power for us and we are hoping you are getting the lowest rate.

Mr. Herndon responded I think that is a fair statement.

Alderman Kantor asked if Eversource is lower, do you ever do a rebate for the people in your program.

Mr. Herndon answered no. We won't launch a program unless the rate is better than the Eversource rate at the time of launch but it is not a guarantee that 100% of the time the rate will always beat the Eversource rate. I hope that answers your question.

Alderman Kantor asked how long do people have to lock in for. Is it three years?

Mr. Herndon replied the city would commit to a three-year contract subject to early termination provisions. There are off-ramps within that but that is the ceiling on the term. It is 36 months. No customer has a commitment. They can come and go as they please. The city can't dissolve the whole program but any customer can come in or go out as they wish.

Alderman Kantor asked is it easy to do that.

Mr. Herndon responded yes. We tell customer service to make it as easy as possible. You can either go to the website with your utility account number or send an email with your account number or you can call customer service weekdays 8 AM until 5 PM and they will get you sorted out.

Chairman O'Neil stated I saw the $20 million customer savings in a 12-month period. That is a big number but that is spread over 60 communities that you represent or 68?

Mr. Herndon answered it is and further than that the lion's share of those savings did occur in the former part of that period before rates became much more competitive but yes that is correct.

Chairman O'Neil stated there was some reference to $200 annually that customers have saved.

Mr. Herndon responded that is the Nashua figure. Nashua customers have saved $204 through the end of January 2025.

Mr. Hatch stated obviously statistics are challenging because you have to make a clear statement of the time period that they represent. The $204 that we estimate an average customer would save in the City of Nashua has been since Nashua launched and they were one of the founder groups that launched in April 2023 and it runs through the end of this current rate period where we are actually at a rate disadvantage to Eversource. So it does take into account that there is a certain amount of return of some of the gains that the customers had realized in the previous rate periods. That is accurate but also representing the fact that this does fluctuate. We continue to track that because what we are trying to make sure people understand and what we communicate through our channels with our member representatives and committees within our member towns and cities is what the savings are all about. We recognize that a per customer number is more valuable to a resident than just a big million-dollar number that doesn't mean too much.

Chairman O'Neil stated I would like to talk a little bit about the competitive market and Alderman Kantor brought up what if Eversource is lower and that did in fact happen. My wife and I had switched over to Direct Energy which was lower for a considerable period in time and then at one point Eversource was lower but you have to make this a monthly practice and in a busy world we all don't get a chance to sit down and do it. Unless my wife made the decision, I think we would stay with Direct Energy. It was a great point that Alderman Kantor brought up that at one point Eversource was lower. That is just us as a consumer in that competitive market. On my bill it would say where the source of your electricity is and the majority was fossil fuel or nuclear. That maybe added up to 60%. You referenced a solar project up on interstate 89 but are you only buying renewables but are you buying nuclear and fossil fuel?

Mr. Herndon responded we are buying primarily ISO New England market mix. So that same mix of power which is primarily natural gas with second nuclear and then the other factors. That is primarily what we are buying. That one solar project is a very small part of our portfolio. Roughly right now it is a similar mix to the other utilities in the general market and individual customers can choose more clean power.

Alderman O'Neil asked so as a customer you can choose…

Mr. Herndon interjected as a customer you can say I don't want the basic mix, I want the clean 100 mix and you pay a premium for that.

Mr. Hatch stated when we say mix, the reality is that the electrons don't know what color they are and where they came from. They all come down the same line. So what you are doing by electing to opt up to 100% clean energy is what I referred to earlier which is that we will satisfy your wishes by representing those in the purchase of renewable energy certificates. That is an active tradeable marketplace. This year we will satisfy last year's obligations so we have been in the process of purchasing renewable energy certificates for 2024 and will have expended over $6 million in doing so. That $6 million will go to help support the development of renewable energy in the state of NH.

Chairman O'Neil asked can you talk a little bit about Nashua. I think you stated a few minutes ago that they were one of the earliest participants in the coalition. Do they have a municipal power agreement with you as well?

Mr. Herndon answered yes. Last year they decided to enroll their municipal fleet of accounts into Nashua Community Power.

Chairman O'Neil asked so that is water, wastewater, schools, fire stations, etc.

Mr. Herndon replied that's right. We developed an annual rate offering for commercial or municipal accounts. We have the regular six-month rate but the member said hey we are interested in an annual rate for budgeting purposes so can you provide us with that so we developed an annual rate. I believe that is what Nashua enrolled in.

Chairman O'Neil asked and that rate could be different. I wrote down 33,000 and I don't know if that is how many participants there are in Nashua.

Mr. Herndon responded yes. That is the total number of accounts in Nashua and 100-200 would be municipal buildings; each meter that the city pays.

Chairman O'Neil asked originally Nashua didn't bring their municipal buildings on board correct.

Mr. Herndon answered I think they had a contract with another provider when they launched and waited for that to expire. I am not totally certain.

Chairman O'Neil asked to follow-up on Alderman Morgan's question, are there other models out there in NH current for community power.

Mr. Herndon replied yes. There are a couple of other firms that provide programs in the state and I urge you to speak with them as well.

Alderman Terrio stated I want to clarify something. When I look at your rates, they are pretty low but if they were lower and let's say we go with an opt out so I have your co-op and I say this rate is cheaper. Can I get out of that immediately or do I have to wait a month? How quickly can I get out of the co-op and into another supplier?

Mr. Herndon responded a month. You have to send the request 5-10 business days before your meter read to be safe. If you ask to opt out and your meter and bill date is tomorrow, you might have to wait 30 days. Essentially, with sufficient time it is the next bill cycle.

Mr. Hatch stated it might be important to point out as I said in the presentation, we along with the utilities and any other third party supplier are mandated to publish any rate changes at least 30 days in advance. So Alderman O'Neil's wife being the diligent person she is will continue to monitor the rates but there will be plenty of time between when she knows what that rate is and she makes the decision to switch.

Alderman Terrio stated to clarify that, I have gone out into the market and gotten different companies but I can't remember…I thought I was locked in longer. It is nice to hear that we can get out in 30 days. Is it the general practice of utilities to keep us in a locked in rate longer? I could have sworn when I was shopping around some people said you have to be with us for a certain amount of time.

Mr. Herndon replied it is typical for the traditional third party supply market to have terms and conditions and fixed contracts and exit fees and those sorts of things but that does not apply to Community Power.

Mr. Hatch stated that is why we don't enroll folks on third party supplier. Everybody is different. They need to understand their contracts. They can opt into the program and opt out and back into a better contract if they so choose.

Alderman Terrio stated I guess the key point to summarize is that it is very easy to get out of this as opposed to other suppliers.

Mr. Herndon stated for a customer absolutely.

Alderman T. Sapienza stated you mentioned that you set your rates every six months but they are not guaranteed for that six months. Is that right or are they guaranteed for that six months?

Mr. Herndon answered this winter we did intend to set a six-month rate and upon further review and market conditions adjusted that rate and gave a 30-day notice and let everybody know that we were doing a mid-cycle adjustment.

Alderman T. Sapienza asked and that was because of the commodity market exposure right.

Mr. Herndon replied that was a factor yes.

Alderman Terrio asked what are the next steps. Should we explore other companies?

Mr. Herndon stated I have a comment about the timeline to maybe support this. In general rough terms, March is a good month to launch a program. That is a rule of thumb and not a guarantee. Generally, December, January and February are the most expensive months or some of the most expensive months so if you skip those three months and come in during March, you can miss the high priced winter and it can be a good time to come online. That is just to give you an understanding. Typically, a committee process and a plan could take a fall period and then you want to get your contracts done by November so you can come online in March. Again, those are rough rules of thumb here to help inform your thinking about what steps to take.

Chairman O'Neil stated when I agreed on this presentation, there was no commitment on next steps by the city. I think we take this and digest what was presented. Maybe we ask others to come in. If it is going to happen, it will probably happen in the fall because we are going into the summer schedule after tomorrow. I think we can bring others in and at some point ask Mr. Clougherty for some feedback and maybe bring in our consultants. We do have a number of existing contracts. My suggestion is we educate ourselves on this subject.

Mr. Hatch stated as requested, we will forward the joint powers agreement and the other contracts to the City Clerk.

Chairman O'Neil stated I want to thank you both for a very informative presentation.

*There being no further business, on motion of **Alderman Morgan**, duly seconded by **Alderman Kantor**, it was voted to adjourn.*

A True Record. Attest.

Matthew Normand

Clerk of Committee