

### Cape & Vineyard Electric Cooperative, Inc.

Superior Courthouse . P.O. Box 427 . Barnstable, MA 02630 508.375.6648 . www.cvecinc.org

9.19.17

RE: CVEC Extension of the Round 1 Adder for FY19

Dear Administrator,

I hope your summer has been a good one. As you know, CVEC spent its summer working hard to represent the municipalities, counties and districts in the Eversource Rate Case. We thank you all for the many letters submitted to the Department of Utilities to support our case against Eversource's proposed lowering of Net Metering Credit values.

As many of you will remember, when seeking agreements for the FY18 Round 1 Operational Adder last winter, CVEC agreed to return by December 1, 2017 to ask for the Adder's extension through FY19. The promise was made so the renewal request for FY19 would coincide with FY19 budget preparation. To facilitate the extension, the following clause exists in the Round 1 Operational Adder Memorandum of Agreement signed by all of you:

4. Extension. On or before December 1, 2017, the CVEC Board of Directors shall determine the necessity of the Round 1 Adder, and, upon determining the necessity of the Round 1 Adder to CVEC operations, CVEC shall solicit the Town for a one-year extension to this Agreement. If the Town elects to exercise its option to extend this Agreement for one year, it shall notify CVEC in writing on or before January 1, 2018 and the extended duration of the agreement shall be effective from July 1, 2018 until June 30, 2019.

At our last CVEC Board meeting, CVEC Board members reviewed multiple actual and projected financials and voted to direct staff to seek the FY19 extension. Based on the Board directive, I emailed all CVEC Round 1 PV Initiative participants requesting an opportunity to appear for the renewal of the Round 1 Adder for FY19. Most of you have responded that an appearance is not required, and that you will present CVEC's request for the renewal letter in accordance with the extension clause if CVEC supplies supporting documents.

To that end, I am enclosing a summary of the CVEC FY17 financials, our FY18 budget, our projected FY19 budget as Exhibit A and the approximate annual change to your FY19 savings as Exhibit B. I am also including a template letter to extend our Agreement for one year as Exhibit C. Please do not hesitate to contact me with questions or concerns.

CVEC appreciates the support and appreciation voiced for the energy cooperative when seeking the Round 1 Adder last winter. The Adder is essential to keeping the energy cooperative as dynamic and instrumental as it has been to date. At the end of FY17, CVEC had provided over \$7,340,500 in savings to our participants. With your support, CVEC can continue to represent our participants at the state level while bringing energy savings to the towns, counties and districts.

Sincerely,

Liz Argo

Manager, Programs & Administration

Cape & Vineyard Electric Cooperative, Inc.

#### EXHIBIT A

Cape &	Budget						
Vineyard Electric							
8/16/2017	Audited Actual	Audited Actual	Budgeted	Actual Based on June Preliminarie	Working Budget		
	FY2015	FY2016	FY2017	FY2017	FY 2018		
REVENUES							
PV Solar Adder Revenue (Round 1)					100,610		
PV Solar Adder Revenue (Round 2)	58,839	166,887	150,000		150,000		
PV Solar Adder Revenue (Round 3)					12,000		
Wind Project Administrative Adder Revenue			6,322		15,624		
Nexamp Dartmouth Farms Solar Adder Revenue					2,187		
Syncarpha Freetown Solar Adder Revenue			6,500		26,000		
CVEC Consulting Services Revenue	10,042	4,600	6,000		12,000		
ISO-NE Income		1,500	9,350		12,000		
PV Solar Design/Engineering Support		919					
Grant/Contributions	403,455						
Member Fee Revenue	25						
Interest Income	154	266	150		270		
Total Revenues	472,515	174,172	178,322	188,202	330,691		

		Actual		Audited Actual		udgeted		Working Budget	
EXPENSES		FY2015		FY2016	]	FY2017		]	FY 2018
Legal - General Counsel	\$	181,816	\$	33,091	\$	33,000		\$	45,000
Administration for Round 3								\$	18,000
Match for Community Clean Energy Resilience Grant								\$	72,210
Audit Fees	\$	14,000	\$	16,000	\$	25,400		\$	27,000
Consultants (Accounting/Bookkeeper)	\$	6,998	\$	38,684	\$	33,240		\$	35,000
Consultants (Peregrine Energy Group)	\$	43,800	\$	31,200	\$	35,000		\$	35,000
Contractual Professional Services: Implement data upload								\$	15,000
Internet, Phone and IT	\$	750	\$	3,191	\$	4,171		\$	5,684
Insurance	\$	15,230	\$	15,450	\$	15,450		\$	15,450
Taxes- State Income			\$	456	\$	456		\$	456
Office Rental			\$	2,000	\$	6,000		\$	6,000
Filing Fees			\$	125	\$	125		\$	125
Misc Office, Administrative Overhead, and Office Assis	\$	5,319	\$	7,445	\$	14,051		\$	27,547
Food - Board Lunches			\$	807	\$	807		\$	850
Travel Expense and Conference Costs			\$	3,390	\$	4,000		\$	7,500
Professional Development			\$	344	\$	400		\$	2,600
One-time Non-recurring Development Cost Adjustment								\$	11,000
CVEC-7 Project Fee and Costs for LOC	\$	6,267	\$	6,967	\$	6,267		\$	6,270
Total Expenses	\$	274,180	\$	159,150	\$	178,367	\$ 238,740	\$	330,692
NET INCOME/(LOSS)	\$	198,335	\$	15,022	\$	(45)	\$ (50,538)	\$	(0)
Beginning Unrestricted Cash Balance	\$	264,322	\$	462,657	\$	477,679		\$	477,634
End Unrestricted Cash Balance after apply end FY balance	\$	462,657	\$	477,679	\$	477,634		\$	477,634
Reserve Fund - Established in FY16			\$	(180,000)	\$(	180,000)		\$	(180,000)
End Unrestricted Cash Balance less Reserve			\$	297,679	\$	297,634		\$	297,634

**EXHIBIT B** 

# Projected Effects of Half-Penny Adder on Round 1 Participants Using FY17 Production

## **Lowered Potential Annual Savings**

			Adder @ half		Adder @		
	Project's annual		penny for		quarter penny		% of
Hosts of R1 Projects -	kWh of	FY 2017	Host's kWh	\$\$ to CVEC from	for Offtakers'	Total to CVEC for Adder	earned \$\$
Green signifies Project	production to	Income to	(share X	Host @ \$0.005	kWh (share to	for projects with and	to go to
has Offtakers (OT)	Host in FY17	Host	Adder)	R1 Adder	OT X 1/2 Adder)	without offtakers	CVEC
			\$ 0.005		\$ 0.0025		
Barnstable	5,150,520	\$ 382,604.72		\$ 25,752.60		\$ 25,752.60	79
Brewster	1,543,380	\$ 97,611.57		\$ 7,716.90		\$ 7,716.90	89
Chatham	2,381,400	\$ 183,613.13		\$ 11,907.00		\$ 11,907.00	69
Edgartown Katama	1,318,680	\$ 73,385.15		\$ 6,593.40		\$ 6,593.40	99
Edgartown Nunnepog	726,390	\$ 56,014.18		\$ 3,631.95	\$ 88.43	\$ 3,720.38	79
Eastham	514,271	\$ 40,833.00		\$ 2,571.36	\$ 601.04	\$ 3,172.39	89
Harwich	3,592,642	\$ 364,920.95		\$ 17,963.21	\$ 458.10	\$ 18,421.31	5%
Tisbury	1,337,040	\$ 177,683.68		\$ 6,685.20	\$ 1,220.02	\$ 7,905.22	4%
Totals	16,564,323	\$1,376,666.38		\$ 82,821,62	\$ 2,367.58	\$ 85,189.20	
			Adder @				
				\$\$ to CVEC from			% of
	Annual kWh of	FY 2017	for Offtaker's	Offtaker share			earned \$\$
	production to	Income to	kWh (share X	of Adder @			to go to
Offtakers of R1 Projects -	Offtaker in FY17	Offtaker	1/2 Adder)	\$0.0025			CVEC
			\$ 0.0025				
Barnstable County	684,732	\$ 25,044.69		\$ 1,711.83			79
Dukes County	418,071	\$ 15,293.55		\$ 1,045.18			79
Brewster	180,569	\$ 6,605.98		\$ 451.42			79
Chatham	35,371	\$ 1,279.32		\$ 88.43			79
Chilmark	60,031	\$ 2,171.86		\$ 150.08			79
Monomoy Schools	240,414	\$ 7,478.09		\$ 601.04			89
Oak Bluffs	183,238	\$ 6,680.64		\$ 458.10			79
Provincetown	488,009	\$ 17,805.37		\$ 1,220.02			79
	920,073	\$ 33,594.23		\$ 2,300.18 \$ 8.026.27			79
Yarmouth Totals	3,210,508	\$ 115,953.73					

#### EXHIBIT C

### Template Letter to Extend CVEC Agreement

Dear President Cakour	nes,
The Town of	(School District) wishes to extend the Memorandum
of Agreement for the F	Round One Operational Administrative Adder previously
agreed to on or before	March 2017. The Adder paid to CVEC for management of
the Round 1 projects w	vill continue to be \$0.005 per kilowatt hour of production.
The extension for the M	Memorandum of Agreement for the Round One Operational
Administrative Adder	of \$0.005 is to be for one year with the duration extending
from July 1, 2018 thro	ugh June 30, 2019.