

Cape & Vineyard Electric Cooperative (CVEC)

1. What is CVEC?

CVEC's goals and objectives include developing and/or owning renewable electric generation facilities and procuring and/or selling long term electric supply or other energy-related goods or services including renewable energy certificate contracts at competitive prices to member communities and consumers within member communities.

2. How was CVEC created?

CVEC was organized on September 12, 2007. CVEC was formed under Massachusetts General Laws, c. 164, §136. Section 136 provides for the establishment of energy cooperatives.

3. What is the difference between the Compact and CVEC?

The Cape & Vineyard Electric Cooperative (CVEC) and the Cape Light Compact (Compact) are separate public entities. The Compact is a member of CVEC. CVEC was formed out of a strategic planning process commissioned and undertaken by the Compact because the Compact wanted to stabilize electric rates for all its members and ratepayers with renewable energy generation. At the time, the Compact could not develop electric generation projects and enter into long-term power purchase agreements. In accordance with its goals, as of September 30, 2014, CVEC has developed over 27 megawatts of renewable energy to benefit the Cape & Vineyard municipalities, districts and counties.

4. What is the Compact's relationship with CVEC?

The Compact is an original founder of CVEC and has provided member contributions to CVEC. CVEC was created to provide the municipalities of Cape Cod and Martha's Vineyard a way to work together to integrate renewable energy projects as part of a more sustainable Cape Cod and Martha's Vineyard. Currently there are 21 members of CVEC – 18 Cape and Vineyard towns, Barnstable County, Dukes County and the Cape Light Compact (Compact).

CVEC was formed in 2007 because the Compact and its members wanted to stabilize future electric rates for all its members and ratepayers through municipally-owned renewable energy generation, and wholesale power supply contracts. At the time CVEC was formed, the Compact was not allowed under state law to develop and own electric generation projects and enter into long-term power purchase agreements. Electric cooperatives such as CVEC, on the other hand, were empowered by statute to do so.

The Compact and CVEC are separate public entities, though the Compact is a member of CVEC and holds a seat on CVEC's Board of Directors.

5. How is CVEC funded?

Cape Light Compact has provided the majority of the funding for CVEC since inception in 2007. The Compact committed to funding CVEC through the end of FY2015, but has made no such commitments after that. No energy efficiency funds collected by the Compact are used to support CVEC. CVEC's additional funding comes from projects that it has developed.

6. Why does the Compact help finance CVEC?

As part of the initial planning process, the Compact determined that financing CVEC's operational costs associated with pursuing renewable energy projects would result in stabilizing electric rates for both its member Towns/Counties and Compact ratepayers. The Compact saw an opportunity to produce additional savings for all Cape Cod and Martha's Vineyard electric ratepayers beyond the Compact's energy efficiency programs. The ability to rely on locally produced electricity for part of the region's load would mean financial savings through avoided energy supply costs that are inevitable when the sources producing the region's electricity are remote from the Cape and Vineyard.

The Compact's initial \$520,000 funding of CVEC was done through the transfer of a grant received from ConEdison *Solutions* to the Compact, which the Compact subsequently assigned to CVEC. This was documented in a contribution letter executed by the Compact Chairman. Subsequent grants to CVEC were approved by the Compact Governing Board from Compact's operational adder (a surcharge of up to \$.001 per kilowatt [kWh] on the sale of electricity) account in Fiscal Year (FY) 2010 (\$500,000), FY 2011 (\$500,000), FY 2011 supplemental (\$335,792), FY 2012 (\$408,000), FY 2013 (\$402,885), FY 2014 (\$402,745), and FY 2015 (\$403,455).

All member contributions, except the \$335,792 contribution in 2011, were debated and approved in open session meetings of the Compact in accordance with the Massachusetts Open Meeting Law, and these contributions funded CVEC's operating expenses. Because the \$335,792 contribution in 2011 was for use in litigation it was discussed and approved in an executive session portion of a Compact board meeting.

7. Who authorizes transfers from the Compact to CVEC?

The Compact's Governing Board authorizes transfers from the Compact to CVEC.

8. Are the details of the Compact's portion of CVEC's funding subject to public disclosure?

All funds provided to CVEC by the Compact have been disclosed and are listed in several documents on the Compact's web site, as well as in several documents on CVEC's website.

The monies provided to CVEC by the Compact have been given as operating grants with no further reporting requirements. This agreement was affirmed by a vote of the Compact's Governing Board on January 9, 2013.

9. Does the Compact's Governing Board vote on every grant awarded to CVEC?

Yes. All member contributions, except the \$335,792 contribution in 2011, were debated and approved in open session meetings of the Compact in accordance with the Massachusetts Open Meeting Law, and these contributions funded CVEC's operating expenses.