



Lighting The Way Forward

2016 Annual Report



Aquinnah • Barnstable • Barnstable County • Bourne • Brewster • Chatham • Chilmark • Dennis
Dukes County • Eastham • Edgartown • Falmouth • Harwich • Mashpee • Oak Bluffs • Orleans
Provincetown • Sandwich • Tisbury • Truro • Wellfleet • West Tisbury • Yarmouth



WELCOME TO OUR 2016 ANNUAL REPORT

This was an exciting year for the Cape Light Compact, one in which we kicked off with the launch of our new three-year, \$128 million Energy Efficiency Plan (2016 – 2018). The plan reinvests funds from Cape Cod and Martha's Vineyard residents and businesses into meaningful energy-efficiency improvements that will save them money, reduce their energy use and decrease harmful emissions that contribute to climate change.

Throughout the year, we remained active in our public outreach efforts around grid modernization, which is a massive undertaking that will mark the largest transformation of the electric industry in a century. In June, we joined with the Cape Cod Technology Council to launch a public education campaign on the "Smart Grid" coming to Cape Cod and Martha's Vineyard. Former U.S. Department of Energy official and nationally-renowned utility analyst, Karl R. Rábago, talked about the current transformation of electric utilities and the benefits and challenges that consumers face. Throughout the fall, we hosted seven public forums (in addition to engaging the Boards of Selectmen) to solicit input from residents and businesses about how a "Smart Grid" should develop on Cape Cod and Martha's Vineyard, and we brought this feedback to the Department of Public Utilities through our participation in Eversource's grid modernization proceeding.

We closed out the year with the exciting news that the Compact's power supply program will be 100% renewable beginning in 2017. Through the Compact's power supply

agreement with NextEra Energy Services, Cape Cod and Martha's Vineyard electric ratepayers now have access to stable, competitively-priced electricity while supporting and promoting renewable energy development, including right here on Cape Cod and in New England. In accordance with the agreement, NextEra Energy Services will direct up to \$3 million annually into the EarthEra™ Renewable Energy Trust. One hundred percent of all proceeds from the EarthEra™ Trust will be used to develop new renewable projects in North America – and NextEra will use best efforts to direct those funds to new projects within New England.

Working together with the residents and businesses of the 21 towns and two counties of Cape Cod and Martha's Vineyard, the Compact is proud of the work we do to deliver proven energy efficiency programs, effective consumer advocacy and renewable competitively priced electricity supply. The following pages highlight the many ways in which we're working to fulfill our mission and deliver on the trust you've placed in us. We're so grateful to do what we do every day on behalf of our 200,000 customers and our communities.

Joyce Flynn
Chair, Cape Light Compact Governing Board



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*Photo: 2016 Cape Light Compact Governing Board
 Front L to R: Fred Fenlon, Tom Donegan, Joyce Flynn, Valerie Bell,
 Richard Elkin, Ron Zweig
 Back L to R: Martin Culik, Josh Peters, Robert Schofield, Joe Buteau, David
 Anthony, Paul Pimentel, Sue Hruby*

2016 BOARD MEMBERS

- | | |
|---|--|
| Aquinnah—Michael Hebert | Mashpee—Andrew Gottlieb |
| Barnstable County—Sheila Lyons | Oak Bluffs—Richard Toole (Member-at-Large) |
| Barnstable—David Anthony | Orleans—Chris Galazzi |
| Bourne—Robert Schofield (Vice Chairman) | Orleans—Martin Culik |
| Bourne—Liz Caporelli | Provincetown—Thomas Donegan |
| Brewster—Vacant | Sandwich—Joshua Peters |
| Chatham—Peter Cocolis (Treasurer) | Sandwich—George “Bud” Dunham |
| Chilmark—Timothy Carroll | Tisbury—Vacant |
| Dennis—Brad Crowell | Truro—Joseph Buteau |
| Dukes County—John Alley | Truro—Mark Farber |
| Dukes County—Robert Hannemann | Wellfleet—Richard Elkin |
| Eastham—Fred Fenlon | Wellfleet—ChristiAne Mason |
| Edgartown—Paul Pimentel | West Tisbury—Sue Hruby |
| Falmouth—Ronald Zweig (Secretary) | West Tisbury—Jen Rand |
| Harwich—Valerie Bell | Yarmouth—Joyce Flynn (Chair) |

ACHIEVEMENTS IN ENERGY EFFICIENCY

3-YEAR ROADMAP

In January, the Massachusetts Department of Public Utilities approved the Compact's new Three-Year Energy Efficiency plan as part of a statewide efficiency plan. As a result, Cape Light Compact will reinvest over \$128 million in ratepayer funds over the three-year period (2016 – 2018) to consumers on Cape Cod and Martha's Vineyard.

The plan allows the Compact to meet the Green Communities Act mandate to capture all available cost-effective energy efficiency opportunities and maximize environmental benefits and net economic benefits through a sustained and integrated statewide energy efficiency effort.

Informed by public input and feedback collected through more than 30 public meetings and forums, the plan sets aggressive energy efficiency goals, taking into account many competing considerations, including but not limited to, environmental and economic benefits, bill impacts, cost efficiency, integrated program delivery and environmental and economic benefits.

In 2016, Cape Light Compact (a Program Administrator of Mass Save®) successfully delivered on very ambitious energy savings goals for the year - exceeding planned energy savings goals while maintaining budgetary

control and complying with the directive of the Green Communities Act to seek all available cost-effective energy efficiency opportunities. The PAs successfully implemented their programs in the field while also continuing to manage a sustainable delivery of their energy efficiency programs to meet goals not just for 2016, but for the full life of the three-year plans and beyond.

To save energy and money on your home or business, visit www.capelightcompact.org for ways to save through rebates or energy assessments. These programs are available regardless of whether you own or rent your home or business location.

STATEWIDE HIGHLIGHTS FROM 2016

- The Home Energy Services core initiative conducted over 75,000 Home Energy Assessments throughout the Commonwealth, attaining the highest closure rate to date.
- The PAs received the ENERGY STAR® Partner of the Year Award for excellence in energy efficiency program delivery for the Residential Lighting & Products core initiative, recognizing the success and innovativeness of the PAs' efforts to increase the adoption of energy efficient products in Massachusetts.

3 YEAR PLAN GOALS



SAVE 1,691,761 MWH'S OF ELECTRICITY OVER THE LIFETIME OF THE MEASURES...



...ENOUGH TO POWER 106,438 HOMES FOR A YEAR...



...SAVING EMISSIONS OF 1,166,555 METRIC TONS OF CARBON DIOXIDE, WHICH IS EQUIVALENT TO TAKING 245,591 CARS OFF THE ROAD.

CAPE LIGHT COMPACT - BY THE NUMBERS

\$99,107,824

TOTAL LIFETIME BENEFITS REALIZED BY RESIDENTIAL,
COMMERCIAL AND INDUSTRIAL CUSTOMERS DUE TO
ENERGY EFFICIENCY MEASURES

\$27,253,441

TOTAL COST REINVESTED* BY CAPE LIGHT COMPACT FOR
ENERGY EFFICIENCY MEASURES

505,889,936

LIFETIME KWH SAVINGS FROM ENERGY EFFICIENCY
MEASURES

* These funds are collected monthly from the Energy Conservation Charge on
Cape Cod and Martha's Vineyard ratepayers electric bills.

2016 - BY THE NUMBERS

170,295

OF RESIDENTIAL & LOW-INCOME CUSTOMERS WHO
PARTICIPATED IN ENERGY EFFICIENCY PROGRAMS OR
RECEIVED EFFICIENCY PRODUCTS

41,861,000

OF KWH SAVED BY RESIDENTIAL CUSTOMERS

1,806

OF COMMERCIAL & INDUSTRIAL (C&I) CUSTOMERS WHO
PARTICIPATED

23,749,000

OF KWH SAVED BY C&I CUSTOMERS EQUIVALENT TO:

9,740

CARS REMOVED FROM THE ROAD FOR ONE YEAR

5,188,380

GALLONS OF GASOLINE NOT CONSUMED

43,647

ACRES OF U.S. FOREST CARBON SEQUESTRATION IN ONE
YEAR

DID YOU KNOW?

Detailed information on the Compact's
Energy Efficiency Programs and savings for
consumers can be found on the Compact
website, or through a call to the Energy
Efficiency phone line 1-800-797-6699.

ACHIEVEMENTS IN ENERGY EFFICIENCY



CURBING ENERGY USE THROUGH DEMAND RESPONSE

In the 2016-2018 Three-Year Plan, Cape Light Compact (along with other Program Administrators of Mass Save®) committed to exploring creative new approaches to cost-effective demand response. Consistent with the Plan, a Demand Savings Group was established statewide to research potential electric and gas demand reduction and demand response efforts. By focusing on reducing electricity demand during the peak hours of the year in the summer, the Program Administrators seek to reduce the high costs associated with those few hours that are paid for by electricity customers on both the distribution and supply side of the bill.

Similar to other energy efficiency efforts, each Program Administrator (PAs) developed their own demonstrations or program enhancements to test new innovative approaches and share lessons learned with all PAs. This collaborative approach allows the PAs to collectively test a variety of potential initiatives and leverage each other's results. Cape Light Compact deployed its approved demonstration projects in 2016 and worked to build the necessary capabilities for their 2017 demonstrations. Cape Light Compact continuously shared lessons learned and evaluation results, as they became available, with the other PAs and the Energy Efficiency Advisory Council to ensure that the full PA team benefitted from these early demonstration projects.



COMPACT LAUNCHES WI-FI THERMOSTAT DEMONSTRATION

As part of its approved 2016-2018 Three-Year Plan, Cape Light Compact included a Demand Response Demonstration Offering that focused on installing connected devices in participating homes and businesses, and using these connected Wi-Fi thermostats to curtail air conditioning loads during demand response events called by the Compact.

The Compact identified several challenges to implementing its offering including deployment of near-real-time metering and a limited pool of participants. The Compact found that providing and installing monitoring equipment is cost-prohibitive to complete on a larger scale, and is not a cost-effective solution to smart meter technologies. In addition, the equipment does not provide a wholly-accurate measurement of load reductions achieved through thermostat adjustment, since it is measuring the load of the entire house rather than the air conditioning load alone.

In 2017, the Compact will make several minor adjustments to the design of its currently-approved offering to address some of the challenges it faced in 2016. These include a new thermostat model; installation through the Home Energy Services core initiative; incorporation of mini-split heat pump systems; discontinuation of real-time monitoring equipment; and calling demand response events on an opt-out basis only.

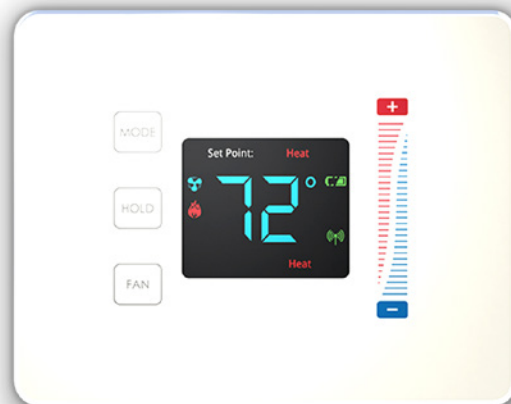


Photo: A Presence WiFi Thermostat

BY THE NUMBERS

39

PARTICIPANTS WITH 56 WI-FI THERMOSTATS

8

DEMAND RESPONSE EVENTS DURING AUGUST AND SEPTEMBER DURING WHICH THE TEMPERATURE SETPOINT OF PARTICIPANTS' THERMOSTATS WAS INCREASED BY APPROXIMATELY THREE DEGREES.

22

PARTICIPANTS (WITH A TOTAL OF 31 WI-FI THERMOSTATS) WHO PARTICIPATED IN AT LEAST ONE DEMAND RESPONSE EVENT CALLED BY THE COMPACT.

DID YOU KNOW?

Consistent with its original goals, the Cape Light Compact has supported development of solar on school rooftops in the region, and through the purchase of locally generated Solar Renewable Energy Credits, and most significantly through support of the Cape and Vineyard Electric Cooperative (CVEC), an organization comprised of nearly all towns in the region. The Compact invested \$3.4 million in CVEC over a seven-year period. This support resulted in 28 megawatts of solar facilities being installed. This is the largest amount of solar developed by a group of small towns anywhere in the United States. The Compact's investment will yield a return of more than \$64 million to the towns, and through them to all residents, over a period of 20 years.



POWER SUPPLY

COMPACT GOES 100% GREEN

The close of 2016 brought with it the exciting announcement that the Cape Light Compact is leading the way on fighting climate change by becoming a green aggregation. This means consumers will help the environment and support clean, renewable energy simply by receiving their electricity supply through the Compact.

Beginning in 2017, NextEra® Energy Services Massachusetts (NextEra® Energy Services) will match 100% of Cape and Vineyard customers' annual usage with renewable energy certificates, while remaining price-competitive with Eversource's Basic Service.

Green aggregations make an affirmative decision to meet more than the Renewable Portfolio Standard (RPS)-required amount of their aggregated electricity usage with renewable energy, usually through the purchase of additional Renewable Energy Certificates (RECs). This renewable power supply option is the default option for customers participating in the Compact's supply.

Before deciding to become a green aggregation, the Compact held three public forums (in West Tisbury, Mashpee and Harwich) in the fall, and attended a forum sponsored by the Brewster Community Network. Attendees agreed that supporting renewable energy through the Compact's power supply program was an important step in combating

climate change, but that it must come at a reasonable price, and that consumers must understand which projects they are supporting through the program.

The Compact Governing Board voted in November 2016 to become a green aggregation by (1) directing NextEra® Energy Services to purchase one percent more MA Class 1 RECs than the RPS-required amount, (2) requiring NextEra® Energy Services to meet 100% of Compact customers' usage with EarthEra™ RECs, (3) requiring NextEra® Energy Services to deposit the funds from the sale of the EarthEra™ RECs into the EarthEra™ Renewable Energy Trust, and (4) requiring that NextEra® Energy Services make good faith efforts to direct the proceeds deposited in to the EarthEra™ Renewable Energy Trust from Compact customers to developing renewable energy projects in New England if possible.

As a result, customers who participate in the Compact's green aggregation power supply program will be supporting renewable energy, creating an increased demand for renewable energy projects, and directly contributing to the development of new renewable energy projects.

It is because of our customers and their desire to improve the health of our planet that we were able to participate in this innovative new program and we look forward to its full implementation in 2017.



2016 BASIC & CLC GREEN PRICES

	Basic	50% Green	100%Green
Residential:			
January 2016 – January 2017	9.613	10.513	11.213
Commercial:			
January – July	10.927	11.827	12.527
July – December	8.324	9.224	9.924
Industrial:			
January – April	10.675	11.575	12.275
April - July	6.748	7.648	8.348
July - October	7.220	8.120	8.820
October - December	7.485	8.385	9.085
*Price is per kWh from meter-read to meter-read			

2016 RATES - COMPACT ACHIEVES SAVINGS FOR CUSTOMERS

Cape Light Compact has offered customers an easy and affordable power supply option since 2005, when the Compact became the default supplier for all electric customers on Cape Cod and Martha’s Vineyard. This year was a continuation of the Compact’s success in providing its customers with fixed, competitively-priced power supply that doesn’t come with surprise fees or a contract.

Residential

After a spike in electricity prices during the winter of 2015, the Compact reached an agreement for 2016 that dramatically reduced costs for residential customers. The Compact’s price for 2016 was 9.613 cents/kWh – compared to Eversource’s rate of 10.804 cents/kWh (Jan 1 – June 30, 2016). Rather than fixing the price for just six months, the Compact was able to secure the price for a full calendar year, allowing residential customers to better project their household expenses through 2016.

During the winter and spring of 2016, residential consumers using 584 kWh per month saved an average of \$6.96 per month compared to the Eversource price, and \$33.63 per month compared to the Compact’s 2015 winter rate. Customers with electric heat using an average of 1,000 kWh per month saved \$11.91 compared to Eversource, and \$57.58 compared to the Compact’s 2015 winter rate.

Commercial & Industrial

The Compact’s pricing for winter and spring 2016 was far below the price spikes that hit during winter 2015. The Compact’s commercial rate for the winter and spring 2016 through July was 10.927 cents/kWh compared to the Compact’s winter 2015 price of 14.3 cents for Commercial customers. The Industrial rate was 10.675 cents/kWh through April, compared to 20.07 cents/kWh for Industrial customers the winter before.

Commercial customers also saved in the second half of the year. The Compact’s commercial rate for the summer September was 10.927 cents/ kWh compared to 10.568 the year prior. From October through December, the rate dropped to 8.324 cents/ kWh, far below the 10.568 cents/ kWh rate over the same time period in 2015.

DID YOU KNOW?

The Compact uses a competitive bidding process to select a power supplier or suppliers. With the support of technical and legal consultants, the staff and board members work to ensure that the Compact secures contracts that are in the best interest of Compact customers. In addition to “Basic Service” supplied by a mix of New England generating plants, the Compact also secures “Green” power supply from renewable energy sources on Cape Cod and Martha’s Vineyard and in Massachusetts and the New England region.

CONSUMER ADVOCACY

2016 SMART GRID UPDATE

Consistent with its mission, the Cape Light Compact remains a strong advocate for residents and businesses of Cape Cod and Martha's Vineyard on energy issues. In 2016, much of that advocacy was focused on grid modernization.

The grid modernization process mandated by the Massachusetts Department of Public Utilities (DPU) will transform the electric grid after a century of relative technological stagnation. Given the extent, cost, and longevity of the proposed investments, decisions made as a part of this process will have significant economic, environmental, and equity impacts that are likely to persist for decades. Furthermore, potential changes in how electric distribution companies (EDCs) are regulated and incentivized and further changes in power supply, energy efficiency, and related services will have comparably enduring effects.

A transformation of the electric system into a “smart grid” has begun through Grid Modernization Plans filed with the DPU by each investor-owned EDC in Massachusetts (Eversource, National Grid, and Unitil). These Plans will set the stage for how consumers pursue renewable energy, energy storage and other smart devices and appliances in their homes and businesses.

In response to the grid modernization orders by the DPU, Eversource submitted its proposed Grid Modernization Plan for the first phase of smart grid development in its service territory, including Cape Cod and Martha's Vineyard, in August 2015. The Compact is participating in the DPU review of Eversource's Grid Modernization Plan.

As an entity whose customers and operations will be directly affected by grid modernization, the Compact has been hard at work for the last several years to ensure the



Photo: A “smart meter” capable of Advanced Metering Functionality

customers of the Cape and the Vineyard are represented in this process. In 2016, we launched a public education campaign that included a joint educational forum with the Cape Cod Technology Council and seven public input sessions throughout the fall, in addition to engaging all Boards of Selectmen and Town Councils. The Compact focused on three key areas: (1) installation of “smart meters;” (2) a balanced allocation of benefits and costs to ensure that Cape and Vineyard consumers are not charged for grid modernization improvements in Boston or elsewhere in the Eversource territory; and (3) reliability and resiliency.

During the DPU review of Eversource's Grid Modernization Plan, it became clear that its plan failed to meet the DPU requirement to invest in Advanced Metering Functionality (AMF), a key component of grid modernization. The Compact strongly believes that AMF would help consumers save money and reduce energy use, and testified as such in early 2017.

In the coming year, the Compact will remain heavily engaged in the Eversource Grid Modernization Plan review process before the DPU, continuing to advocate for equitable treatment of customers and for outcomes that best meet the needs of Cape and Vineyard residents.



WHAT CONSUMERS NEED TO KNOW ABOUT COMPETITIVE SUPPLIERS

Buying electricity can be challenging for the average customer to understand. The Compact continues its efforts to educate customers about the key things to remember when considering a switch between electricity suppliers (the “Supply” or “Generation” portion of electric bill). When electricity prices spike during the winter (due to natural gas pipeline constraints in the colder months when it is used for both heating homes and electricity production), customers often look for ways to reduce electricity costs. During this period, competitive electric suppliers market more aggressively through direct mail, phone solicitations and door-to-door.

Unfortunately, some competitive suppliers take advantage of customers, misleading them about the true cost of the supply contract, the contract length, or the services they’re providing.

To protect yourself from this kind of activity, here are three things you should do:

ALWAYS ask for written information on what is being offered to you, so that you may review it without any pressure.

NEVER provide your Eversource electric account number before you have decided to sign a contract, as the supplier has the ability to switch your account to their supply if they have your account number.

NEVER commit to a price or contract over the phone. Verbal offers are hard to enforce if the need arises later on, and may not provide you with all the terms & conditions of the contract you are about to enter into.

For more information, please visit:

WWW.CAPELIGHTCOMPACT.ORG/POWER-SUPPLY



CUSTOMER & COMMUNITY HIGHLIGHTS

STRENGTHENING OUR COMMUNITY THROUGH INVESTMENT & SERVICE

Cape Codder Resort

In 2016, Cape Light Compact awarded an incentive of \$187,500 to The Cape Codder Resort & Spa in Hyannis for the installation of a new 250 Mega-Watt Combined Heat and Power (CHP) system. The natural gas-fueled system not only supplies domestic hot water to the facility and heating for the indoor water park, it also generates more than 1,700,000 kWh of electricity per year. The system, which is operated by Co-Energy America, is equipped with remote monitoring technology that supplies detailed data and reports every 15 minutes to ensure maximum system efficiency and operation. The CHP system, as well as other energy efficiency investments and other environmentally friendly corporate practices, help the Cape Codder Resort & Spa maintain its Silver Level designation in The TripAdvisor GreenLeaders Program.



Photo: The Cape Codder Resort in Hyannis

Hydroid

In 2016, Cape Light Compact awarded an incentive of \$38,195 to Hydroid in Pocasset, which develops and builds self-propelled underwater devices. Hydroid and its team worked with the Compact to design a new facility using the whole-building approach that maximizes energy savings and long-term environmental benefits. The team built a new facility that includes high performance building envelope features like low-e windows and roof and exterior wall Insulation; more efficient mechanical equipment and systems like rooftop

cooling and split-HVAC systems and controls, and high efficient lighting such as interior and exterior LEDs and occupancy sensors. Projected energy savings from these investments is expected to be 47,050 kWh per year, resulting in an estimated reduction of 34,160 pounds of carbon per year.

Supporting our Servicemen and Women - MA Fallen Heroes Fund

For the first time in 2016, the Compact and other Mass Save electric program administrators joined in support of the Massachusetts Fallen Heroes Fund, raising funds and awareness for the organization, which is dedicated to helping veterans, their families and the Gold Star families of the Fallen access critical services. The Compact and other program administrators sold packs of 6 TCP A-line bulbs for \$10 each, with \$5 from every pack sold going to MA Fallen Heroes. Through in-person event sales and online promotions, Compact customers purchased 326 packs and together, the campaign raised over \$22,000 for the Fallen Heroes Fund.



“With guidance from Cape Light Compact, we were able to select energy-efficient building materials and equipment for our new facilities. We have realized significant savings and have made an impact on environmental protection as a result of these efforts.”

- Duane Fotheringham, President of Hydroid



Photo: Habitat for Humanity Dedication

Compact Receives Habitat for Humanity's Community Partner of the Year Award

The Compact was proud to partner with Habitat for Humanity of Cape Cod again in 2016 to help fund solar photovoltaic (PV) systems on three homes in West Barnstable and Eastham. The electricity from these systems benefits homeowners by providing a free source of electricity that reduces or eliminates their electric bills. The Compact then sells the Renewable Energy Certificates (RECs) produced by these systems, and returns the proceeds from the REC sales to a fund to be used for future renewable energy projects on affordable housing. The Compact was honored to receive the 2016 Community Partner Award from Habitat and looks forward to continuing to work with Habitat and others to advance energy efficiency and renewable energy in affordable housing.

EDUCATING THE NEXT GENERATION OF ENERGY CONSUMERS

Be Energy Efficiency Smart (BEES)

During the 2015-2016 academic year, the Compact successfully launched the Be Energy Efficient Smart energy education outreach program. As part of the Compact's ongoing energy education program, BEES focuses on the science behind energy efficiency. Through their projects, students share information with and engage their parents, grandparents and care-givers in a holistic approach to becoming more energy-conscious. BEES includes a classroom-based lesson on energy efficiency taught by specially-trained teachers where students learn about the tools that energy assessment engineers use. Together, they assess their own classrooms to determine their level of energy-efficiency. At the end of the lesson, students are given a take-home kit that allows them to work with an adult to implement measures to help save energy at home.

Over 1,375 students from 12 schools participated in the take-home program. Nearly half of those participated in a survey to gauge savings and electricity saved. Participating schools included Mashpee Middle/High School; Sandwich STEM Academy; Mattacheese Middle School; Monomoy Regional Middle School; Monomoy Regional High School; Barnstable Intermediate School; Eddy Elementary School; Orleans Elementary School; Eastham Elementary School; Wellfleet Elementary School; Provincetown School; and MV Regional Schools.

Energy Education Program Highlights

For the 13th year in a row, the Compact was proud to have its participating schools recognized by the National Energy Education Development Project and the Massachusetts Department of Energy Resources for their outstanding work in energy education outreach to their communities. 2016 award winners include:

Monomoy Regional Middle School — Outstanding Energy Project and Massachusetts Junior High School Rookie of the Year. Seventh-grade students launched the Truth About Bottled Water project. Thanks to a \$2,000 grant secured by teacher, Nancy Gifford, students collected data on the carbon impact of water bottle use in the school. Thanks to their efforts, the school installed a water bottle filling station in June.

MVironment Club of Martha's Vineyard Regional High School — Massachusetts Senior School of the Year and National Senior School Runner Up. Students from the MVironment Club held an art competition to discourage the use of single-use plastic bottles and helped over 100 elementary and middle school students build hydroponic systems.

LOOKING AHEAD

CAPE LIGHT COMPACT 2017

This past year was a busy one for Compact staff and board members, and 2017 is shaping up to be even busier. We've got a lot on the agenda as we continue to advocate for the customers of Cape Cod and Martha's Vineyard in the grid modernization process and Eversource's rate case; both are under review by the MA Department of Public Utilities (DPU). In addition, we will begin planning for our 2019-2021 Energy Efficiency Plan.

GRID MODERNIZATION

In 2017, the Compact has been an active participant in the review of Eversource's Grid Modernization Plan (GMP). In March, Compact staff and witnesses filed testimony with the DPU commenting on and opposing parts of Eversource's plan that were not aligned with the best interests of ratepayers on Cape Cod and Martha's Vineyard. In July, Cape Light Compact filed an initial brief with the DPU to summarize the Compact's witnesses' arguments and lay out the Compact's position for the DPU to consider.

The Compact raised concerns that Eversource's initial plan failed to meet the minimum required standards laid out in the DPU's prior grid modernization orders by relying on outdated technology and older legacy billing system that cannot handle a full rollout of Advanced Metering Infrastructure (AMI). The widespread deployment of AMI on an opt-out basis (meaning a customer can refuse an AMI meter if they wish) is key to promoting smarter energy usage, customer control, and reducing customer costs through energy efficiency and demand response.



The Compact urged the DPU to reject Eversource's GMP in August, when Eversource failed to answer the many concerns raised by the Compact and other parties with similar concerns. The Compact will continue to advocate for a plan that positively impacts all consumers on Cape Cod and Martha's Vineyard, who will ultimately pay for any grid modernization plan that the DPU approves for Eversource.

2019-2021 ENERGY EFFICIENCY PLAN

In the fall of 2017, Compact staff will begin planning for our next three-year energy efficiency plan. To ensure the plan reflects the concerns of the communities we serve, we will conduct a series of targeted stakeholder sessions beginning late fall and running through early 2018. Our hope is to raise awareness of the many ways in which the Compact is working with its customers to save energy and costs, while protecting our environment. We look forward to gaining input from our customers so that we can create an innovative and exciting new plan.



EVERSOURCE RATE CASE

In January 2017, Eversource filed a rate case with DPU. This is Eversource's first fully litigated rate case since the 1980s, and will determine the charges Eversource is allowed to impose on the distribution side of the electric bill. This will affect all residents and businesses on Cape Cod and Martha's Vineyard. After their initial January filing, Eversource filed a major revised rate design in June 2017, already late in the review process. As a result of this late filing, the DPU held another public hearing in Barnstable in August 2017, and allowed for a second public comment period.

Below are some issues the Compact will focus on, on behalf of Cape Cod and Martha's Vineyard ratepayers:

- **Shift in Cost:** As part of their June revised rate design proposal, Eversource is proposing to shift approximately \$30 million in costs annually from Western MA customers to Eastern MA residential customers. The Compact's position is that costs incurred to provide service to Western MA customers should be borne by those customers and not Eastern MA residential customers. This proposal also includes shifting costs from Eastern MA commercial customers to Eastern MA residential customers. The Compact's position is that costs incurred to provide service to commercial customers should not be borne by residential customers.
- **Customer Charge:** Eversource is proposing to shift "fixed" distribution costs from a kilowatt hour charge to a fixed customer charge. This could increase bills for low-usage and seasonal customers, and will decrease the percentage of the electric bill that customers have the power to control through decreasing their usage. It also lessens the incentive for energy efficiency and behind-the-meter generation, which reduce the kilowatt hours a customer needs to purchase from the grid.

DID YOU KNOW?

Soaring electric rates in the late 1980s and early 1990s drove an interest in developing more energy efficiency for the region. Restructuring of the electric industry in Massachusetts in 1997 created an opportunity to pursue that energy efficiency, use the market leverage of the region's customers for competitive power supply, and undertake important consumer advocacy measures.

- **Demand Charge:** Eversource proposes to impose a demand charge for new net-metered customers (customers that have behind-the-meter generation, such as a solar PV system). These customers will also be required to pay for the new demand meter. The Compact is concerned about the adverse impacts this will have on the development of new renewable energy projects (such as residential PV) and ratepayers.
- **Performance Based Recovery:** Eversource is proposing moving to Performance-Based Rate Making (PBRM), a change from the current traditional cost-of-service ratemaking. The Compact will examine whether the move to PBRM will result in higher electric rates and whether the proposed performance benchmarks are reasonable.
- **Rate Consolidation:** Eversource is proposing to consolidate rate classes, which will result in the termination of seasonal rates, among other changes. The Compact will examine the impact of these rate changes on Cape Cod and Martha's Vineyard customers.

FINANCIAL STATEMENTS

COMBINING STATEMENT OF NET POSITION BY PROGRAM YEAR ENDING DECEMBER 31, 2016

	Energy Efficiency	Power Supply Reserve	OPEB Reserve Fund	Operating	Green Program	Total
ASSETS						
Current Assets:						
Cash and Cash Equivalents	\$ 13,283,831	\$ 671,472	\$ 120,000	\$ 790,224	\$ 224,745	\$ 15,090,272
Receivables, Net of Allowance for Uncollectible Amounts:						
Energy Efficiency	328,971	-	-	-	-	328,971
Energy Efficiency Reconciliation Factor	2,050,475	-	-	-	-	2,050,475
Mil-Adder	-	75,853	-	-	-	75,853
Green Program	-	-	-	-	23,042	23,042
Intergovernmental (RGGI)	196,628	-	-	-	-	196,628
Other	98,376	1,175	-	-	-	99,551
Prepaid Expenses	-	57,044	-	-	-	57,044
Total Current Assets	15,958,281	805,544	120,000	790,224	247,787	17,921,836
Noncurrent Assets:						
Capital Assets Not Being Depreciated	\$ 610,096	\$ -	\$ -	\$ -	\$ -	\$ 610,096
Total Assets	16,568,377	805,544	120,000	790,224	247,787	18,531,932
LIABILITIES						
Current Liabilities:						
Accounts Payable and Accrued Expenses	4,174,413	-	-	45,780	-	4,220,193
Accrued Contracted Labor Payable	22,096	-	-	3,823	-	25,919
Accrued Contracted Labor-Compensated Absences	5,868	-	-	2,255	-	8,123
Total Current Liabilities	4,202,377	-	-	51,858	-	4,254,235
Noncurrent Liabilities:						
Accrued Contracted Labor-Compensated Absences	52,809	-	-	20,299	-	73,108
Accrued Long-Term Liabilities	635,356	-	-	111,869	-	747,225
Accrued Long-Term Liabilities	2,531,883	-	-	556,708	-	3,088,591
Total Noncurrent Liabilities	3,220,048	-	-	688,876	-	3,908,924
Total Liabilities	7,422,425	-	-	740,734	-	8,163,159
NET POSITION						
Net Investment in Capital Assets	610,096	-	-	-	-	610,096
Unrestricted	8,535,856	805,544	120,000	49,490	247,787	9,758,677
Total Net Position	\$ 9,145,952	\$ 805,544	\$ 120,000	\$ 49,490	\$ 247,787	\$ 10,368,773

Financial Information from the Cape Light Compact Independent Auditors' Report on Financial Statement and Additional Information for the Year Ending December 31, 2015.

Approximately 85% (or \$24,462,651) of the Compact's 2016 operating expenses relate directly to energy efficiency programs. The energy efficiency budget is funded through energy efficiency charges on customers electric bills. In order to minimize impacts to electric ratepayers, the Compact reconciles its annual energy efficiency expenditures and revenues each year through an Energy Efficiency Surcharge filing with the Massachusetts Department of Public Utilities.



**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGE IN NET POSITION BY PROGRAM
YEAR ENDING DECEMBER 31, 2016**

	Energy Efficiency	Power Supply Reserve	OPEB Reserve Fund	Operating	Green Program	Total
OPERATING REVENUES						
Energy Efficiency	4,941,535	-	-	-	-	4,941,535
Energy Efficiency Reconciliation Factor	31,011,781	-	-	-	-	31,011,781
Mil-Adder	-	913,650	-	-	-	913,650
Green Program	-	-	-	-	67,540	67,540
Intergovernmental (RGGI)	1,267,449	-	-	-	-	1,267,449
Other	362	-	-	-	-	362
Total Operating Revenues	37,221,127	913,650	-	-	67,540	38,202,317
OPERATING EXPENSES						
Contracted Labor	2,207,773	-	-	349,811	-	2,557,584
Energy Efficiency Programs:						
Residential Programs	14,565,409	-	-	-	-	14,565,409
Low Income Programs	2,602,716	-	-	-	-	2,602,716
Commercial and Industrial Programs	6,959,623	-	-	-	-	6,959,623
Other Programs	334,903	-	-	-	-	334,903
Legal	527,022	-	-	230,426	-	757,448
Other Professional Services	42,441	-	-	107,261	-	149,702
Marketing	118,474	-	-	50,806	-	169,280
Other Operating	349,176	-	-	149,241	-	498,417
Depreciation and Amortization	78,595	-	-	-	-	78,595
Total Operating Expenses	27,786,132	-	-	887,545	-	28,673,677
Operating Income (Loss)	9,434,995	913,650	-	(887,545)	67,540	9,528,640
NONOPERATING REVENUES (EXPENSES)						
Forward Capacity Market	1,102,350	-	-	-	-	1,102,350
Renewable Energy Certificates	-	(90,775)	-	-	(46,356)	(137,131)
Investment Income	17,663	5,532	-	-	0	23,195
Total Nonoperating Revenues (Expenses), Net	1,120,013	(85,243)	-	-	(46,356)	988,414
Income (Loss) Before Transfers	10,555,008	828,407	-	(887,545)	21,184	10,517,054
TRANSFERS						
Transfers In	-	-	120,000	892,347	-	1,012,347
Transfers Out	(120,000)	(892,347)	-	-	-	(1,012,347)
Total Transfers	(120,000)	(892,347)	120,000	892,347	-	-
CHANGE IN NET POSITION	10,435,008	(63,940)	120,000	4,802	21,184	10,517,054
Net Position (Deficit) - Beginning of Year	(1,289,056)	869,484	-	44,688	226,603	(148,281)
NET POSITION - END OF YEAR	\$ 9,145,952	\$ 805,544	\$ 120,000	\$ 49,490	\$ 247,787	\$ 10,368,773

FREQUENTLY ASKED QUESTIONS

WHAT IS THE CAPE LIGHT COMPACT?

The Compact is an award-winning energy services organization formed in 1997. It is operated by an intergovernmental organization authorized by votes of town meeting, boards of selectmen, town council and county commissioners. The Compact consists of 21 towns and Barnstable and Dukes Counties and serves 200,000 customers on the Cape and Martha's Vineyard. As the first municipal aggregation program of its kind, the Compact has served as a model for hundreds of similar organizations across the country.

WHAT ARE THE CAPE LIGHT COMPACT'S GOALS?

The goals set out in the Intergovernmental Agreement approved by town meetings, local boards, and county commissioners in 1997 and 1998, include development of energy efficiency, consumer advocacy, renewable energy, and competitive power supply. These same goals are outlined in the Compact Aggregation Plan approved by the Massachusetts Department of Public Utilities in 2000.

WHAT SERVICES DOES THE CAPE LIGHT COMPACT PROVIDE?

The Compact operates an energy efficiency program, provides effective consumer advocacy, supports renewable energy efforts, and contracts for competitive power supply for the region. Monthly bills for services are issued by Eversource which owns the region's distribution system and conducts metering and billing. Charges for the Compact's power supplier are identified and included on those bills.

HOW DOES A CONSUMER RECEIVE SERVICES FROM THE CAPE LIGHT COMPACT?

All new electric consumers are automatically enrolled in the Cape Light Compact power supply program. Consumers are also free to "opt-out" of this automatic enrollment and contract for their own power supply. Those

who wish to return to the Compact's supply may do so, but, depending on market conditions, may be placed on a different rate form than being charged to other Compact customers. All electric consumers are eligible for energy efficiency services regardless of whether they receive the Compact power supply.

WHAT DOES THE COMPACT DO TO ADVOCATE FOR CONSUMERS?

The Compact participates at the state level in matters critical to our region's consumers. Decisions made by legislators or state regulators can have far-reaching impacts on what consumers pay for electricity. With the support of technical and legal consultants the Compact has successfully won the return of more than \$25 million to the region's consumers, and avoided millions more in costs. Building on this effort, the Compact has succeeded in preventing more than \$10 million in charges from being added to residential consumer delivery charges on monthly bills.

HOW IS THE CAPE LIGHT COMPACT GOVERNED?

The Compact's Governing Board is made up of one representative appointed by each of the member municipalities and the two counties. The Compact Governing Board, and through them the towns and counties, are responsible for establishment of policies and oversight of Compact budgets. The Compact programs are also subject to oversight by various regulatory bodies such as the Massachusetts Department of Public Utilities and the Department of Energy Resources. All Governing Board meetings are open to the public.

HOW IS THE CAPE LIGHT COMPACT FUNDED?

The Compact's Energy Efficiency program is funded primarily through a state-mandated energy efficiency charge paid by all electric customers, as well as by additional state-approved distribution charges. The power supply and consumer advocacy programs are funded by an

operational charge of up to one-tenth of one cent per kilowatt hour (\$.001) for Compact power supply customers. This adder is part of the power supply price paid on customer monthly bills. The use of the adder was included in the Compact's original Aggregation Plan approved in August 2000.

WHO OVERSEES THE CAPE LIGHT COMPACT'S BUDGET?

The staff and Governing Board have direct oversight of the budget. The Massachusetts Department of Public Utilities also reviews energy efficiency budgets. Although it is not required, the Compact also files each of its power supply contracts with the Department of Public Utilities.

HOW ARE PUBLIC RECORDS MADE AVAILABLE?

The Compact has focused on making all public documents available. Documents regarding meetings, budgets, policy and other matters are posted on the Compact website. Updates are regularly provided to the towns and the media. Copies of documents may also be requested through a formal state-approved document request process. The Compact complies with state law regarding fees associated with the compilation and preparation of requested information.

HOW DO I GET A COPY OF THE CAPE LIGHT COMPACT'S POWER SUPPLY CONTRACT SO I CAN SEE THE TERMS OF SERVICE?

The contracts are posted online at www.capelightcompact.org/power-supply. Scroll down the page and click on the residential or commercial contract you wish to view.

WHERE CAN I FIND THE MOST CURRENT POWER SUPPLY PRICES?

The Compact's most recent power supply prices can be found on the Compact web site at www.capelightcompact.org/power-supply.

CAPE LIGHT COMPACT STAFF



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**Lindsay
Henderson**
Analyst



**Debbie
Shiflett-Fitton**
Analyst



Dave Botelho
Data Services
Coordinator



Annelise Conklin
Customer Service
Coordinator



Jacob Wright
Special Projects
Coordinator

Not Pictured:

Kathy Stoffle
Customer Service
Coordinator

“I am so much more comfortable in my home and CLC selected the right contractors for the job. The guys were awesome.”

—June from Harwich

“It was easy to participate; I was able to have the assessment and sign the contract to have work done all in the same day. Also, everyone was on time and very efficient.”

—Kathleen from Brewster

“Cape Light Compact is great and we have recommended you to everyone. Nauset Insulation did the insulation work that was recommended through the energy assessment and we couldn't be happier!”

—Tom & Lynne from Brewster

“We have an old Victorian home and had a lot of work done on the house. Participation in the program is a no brainer, and we couldn't have been happier with the whole process.”

—Chuck from Harwich

“When we initially started the energy audit through the Cape Light Compact we did not fully understand the extent of the savings, in both energy use and money, as well as how easy the process would be. With the incentives offered and significant upgrade to our lighting system the savings we are going to have over the next year will almost cover our entire cost of the project. This was a great opportunity to go more “green” at Liberty Commons and to improve the quality of our lighting for our patients and staff as well. Over the years, some areas never seemed as bright as we would have liked, and now that the work is almost complete the difference is staggering. The savings, ease of the process, great work by RISE Engineering, and improvement in our facilities lighting made this move an all-around big win for Liberty Commons.”

—Bill Bogdanovich, President and CEO of Broad Reach Healthcare



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