

FREQUENTLY ASKED QUESTIONS CAPE & VINEYARD ELECTRIC COOPERATIVE, INC.

Who is eligible for membership in the Cape & Vineyard Electric Cooperative, Inc.?

The Cape & Vineyard Cooperative, Inc.'s (Cooperative) Articles of Incorporation and Bylaws (Governing Documents) limit membership to any municipality or county or political subdivision thereof, or any entity that is exempt from federal income tax under Code section 115(1). Membership is limited to public entities to preserve the tax exempt status of the Cooperative because its income and assets must accrue to the benefits of its members. No part of the income and earnings of the Cooperative may benefit any private interest. As a result, residents and businesses of a Town are not directly eligible for membership in the Cooperative. Their interests will be represented by their Town.

What are the specific benefits of the Cooperative?

The statutory authority of the Cooperative is broad, and the Cooperative brings the following benefits to its Members: (1) financing large scale power generation facilities that will not burden a Member Town's debt capacity; (2) access to lower cost tax-exempt financing through federal and state government programs; (3) stabilized electric rates, will be available to its Members and to consumers living in all the Cooperative member towns. The Cooperative Bylaws further provide that the Cooperative can promote the development of renewable energy resources, provide and enhance customer protection by improving the quality and reliability of service; and utilize and encourage conservation and other forms of energy efficiency.

What steps are necessary to join?

In accordance with the Cooperative's bylaws, qualified public entities may apply for membership in the Cooperative after its governing board has authorized its membership. All Members must agree to be bound by and to comply with the Cooperative's Articles of Organization, Bylaws, and all rules, regulations, program requirements and membership agreements as may be established by the Cooperative from time to time.

If a potential member requests it, the Cooperative will: (1) hold a meeting with Town Administrators/Managers and Town legal counsel to review Cooperative documents; (2) informational meetings with Selectmen and members of the public; and (3) assist Towns with appropriate forms of authorization for joining the Cooperative.

Who are the current members of the Cooperative and are other Towns in the process of joining?

The Town of Barnstable, Barnstable County and the Cape Light Compact formed the Cooperative on September 12, 2007. There are currently nineteen members, Town of Barnstable, Barnstable County, Cape Light Compact, Town of Brewster, Town of Harwich, Town of Bourne, Town of Dennis, Town of Tisbury, Town of Eastham, Dukes County, Town of Falmouth, Town of Chatham, Town of Edgartown, Town of Provincetown, Town of Mashpee, Town of Sandwich, Town of Orleans, Town of West

Tisbury, and Town of Yarmouth. As of June 2010, two towns (Aquinnah and Truro) have authorized their Selectmen to negotiate membership in CVEC.

What is the commitment term?

Membership in the Cooperative is on-going provided it complies with the Cooperative's Articles of Organization, Bylaws, and all rules, regulations, program requirements and membership agreements and pays any amounts due the Cooperative.

A Member may withdraw its membership from the Cooperative at any time for any reason.

How would a member Town be represented?

Each Member is required to appoint a Director to the Board of Directors. The appointment is made by the Member's governing board, such as: Board of Selectmen, Town Council, etc.

Can a Town by way of a Cooperative have an energy generating facility without hiring an operator or contractor to run it?

The Cooperative will be responsible for construction, operation and maintenance of the energy facilities it owns and develops.

Can a group of Towns share the operating, managing and maintaining aspects of an energy generating facility?

Under the Cooperative model this question is not applicable. If Towns pursue development of energy generating facilities independent of the Cooperative, projects would have to be operated, managed and maintained consistent with Massachusetts law.

Is there a model that will help us visualize how a Town can own/operate a power generation facility to lower rates for its citizens?

Statutory authority for the creation of the Cooperative is found in Massachusetts General Laws, Chapter 164, Section 136. The Cooperative has the ability to own/operate power generation facilities and distribute the benefits, stabilized electric rates, to its Members and rate payers.

Is the net metering law required for a Cooperative wind project to be viable?

The Cooperative can pursue wind projects with or without a net metering law; however, net metering improves the pro forma for wind projects. The Cooperative does not intend to pursue wind, or other energy generating projects, that are not financially viable.

Would a Town be able to offset its entire municipal load, or only its share, based on the number of Cooperative member Towns?

As proposed in the Cooperative's Rights and Obligations of Membership, a Member is entitled to net meter 90% of the energy output from any projects located on municipal land against such Member's municipal accounts up to limit of project output or municipal load. The Rights and Obligations of Membership requires 10% of the energy output be allocated to the Cape Light Compact to benefit all electric rate payers.

Who would develop the Cooperative's project?

Similar to the formation of the Cape Light Compact, the Cooperative would hire professional and technical staff and utilize expert consultants, engineers and legal professionals.

Would the Town have liability for Cooperative projects?

The Cooperative generally limits Member liability exposure to member pledge or capitalization. The Cooperative is a separate and distinct legal entity from the Town.

Can the Cooperative own land?

Yes, Massachusetts law allows the Cooperative to, among other things: purchase and own generation, transmission and other projects and property.

How can a member Town assure itself that it cannot become financially indebted without the Town's formal approval?

Each Town will have a Director representing the Town on the Cooperative Board. All votes regarding financial commitments are to be conducted consistent with the Cooperative's Governing Documents. If a financial commitment of Cooperative members is required, each Director will be afforded the opportunity to vote. Further, no individual Town may be financially indebted unless local approvals (Town Meeting or Town Council) are also obtained. Any financial commitments will be based on a pro rata basis net of any accumulated equity, grants or other financial instruments.

Can the Cooperative incur debt?

Yes, the Cooperative can incur debt.