

CAPE & VINEYARD ELECTRIC COOPERATIVE, INC.

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021



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**CAPE & VINEYARD ELECTRIC COOPERATIVE, INC.
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YEAR ENDED JUNE 30, 2021**

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Cape & Vineyard Electric Cooperative, Inc.
South Yarmouth, Massachusetts

Report on the Financial Statements

We have audited the accompanying financial statements of the Cape & Vineyard Electric Cooperative, Inc., as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the entity's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Cape & Vineyard Electric Cooperative, Inc., as of June 30, 2021, and the changes in its financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis (located on pages 3 through 4) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.



CliftonLarsonAllen LLP

Boston, Massachusetts
February 24, 2022

**CAPE & VINEYARD ELECTRIC COOPERATIVE, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021**

As management of the Cape & Vineyard Electric Cooperative, Inc. (CVEC), we offer readers of these financial statements this narrative overview and analysis of CVEC's financial activities for the year ended June 30, 2021.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the financial statements, which consist of the following two components:

1. Financial statements
2. Notes to financial statements

Financial Statements

CVEC's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America, as set forth by the Governmental Accounting Standards Board (GASB). The financial statements are presented on the accrual basis of accounting and include the following three basic financial statements: (1) the statement of net position, (2) the statement of revenues, expenses, and change in net position, and (3) the statement of cash flows.

The financial statements can be found on pages 5 – 7 of this report.

Notes to Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes to the financial statements can be found on pages 8 – 15 of this report.

Financial Statement Analysis

The following tables present current and prior year data on the financial statements:

Net Position

CVEC's assets exceeded liabilities by \$692,115 at the close of the fiscal year and are summarized as follows:

	<u>2021</u>	<u>2020</u>	<u>Change (\$)</u>	<u>Change (%)</u>
Assets				
Current Assets	\$ 1,243,338	\$ 1,645,440	\$ (402,102)	-24.44%
Liabilities				
Current Liabilities	<u>551,222</u>	<u>873,768</u>	<u>(322,546)</u>	-36.91%
Net Position				
Unrestricted	<u>\$ 692,116</u>	<u>\$ 771,672</u>	<u>\$ (79,556)</u>	-10.31%

CAPE & VINEYARD ELECTRIC COOPERATIVE, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021

CVEC's assets consist primarily of cash and cash equivalents, and accounts receivable and net metering credits (NMC) pass-through activities.

Liabilities consist of accounts payable and accrued expenses.

The significant decreases in assets and liabilities were a result of timing differences in receipt and disbursements of pass-through transactions and the repayments of other liabilities in the current fiscal year.

Changes in Net Position

CVEC's net position decreased by \$79,556 for the year ended June 30, 2021, and is summarized as follows:

	<u>2021</u>	<u>2020</u>	<u>Change (\$)</u>	<u>Change (%)</u>
Operating Revenues	\$ 3,865,549	\$ 3,567,884	\$ 297,665	8.34%
Operating Expenses	<u>3,947,538</u>	<u>3,329,582</u>	<u>617,956</u>	18.56%
Operating Income	(81,989)	238,302	(320,291)	-134.41%
Nonoperating Revenues	<u>2,433</u>	<u>4,067</u>	<u>(1,634)</u>	-40.18%
Change in Net Position	(79,556)	242,369	(321,925)	-132.82%
Net Position - Beginning of Year	<u>771,672</u>	<u>529,303</u>	<u>242,369</u>	45.79%
Net Position - End of Year	<u><u>\$ 692,116</u></u>	<u><u>\$ 771,672</u></u>	<u><u>\$ (79,556)</u></u>	-10.31%

Operating revenues consist primarily of energy sales, operational adder revenue, forward capacity market revenue, and administrative services income. Operating revenues increased by \$297,665, which was primarily due to the increase in energy sales.

Operating expenses consist primarily of purchased power costs (\$3,366,816, or 85%) and salaries and benefits (\$305,490, or 8%). Operating expenses increased by \$617,956 primarily due to the corresponding increase in energy sales revenue and increase in salary and benefit costs.

Requests for Information

This financial report is designed to provide a general overview of the CVEC's finances. Questions concerning any of the information provided in this report should be addressed to the President of the Board of Directors, 23H2 White's Path, Suite 2, South Yarmouth, MA 02664.

CAPE & VINEYARD ELECTRIC COOPERATIVE, INC.
STATEMENT OF NET POSITION
JUNE 30, 2021

ASSETS

CURRENT ASSETS

Cash	\$ 514,233
Accounts Receivable:	
Members - Energy Sales	439,457
NMC Pass-through	179,113
Prepaid Expenses	110,535
Total Current Assets	<u>1,243,338</u>
 Total Assets	 <u><u>1,243,338</u></u>

LIABILITIES

CURRENT LIABILITIES

Accounts Payable and Accrued Expenses	<u>551,222</u>
Total Current Liabilities	<u><u>551,222</u></u>

NET POSITION

Unrestricted	<u>692,116</u>
Total Net Position	<u><u>\$ 692,116</u></u>

See accompanying Notes to Financial Statements.

CAPE & VINEYARD ELECTRIC COOPERATIVE, INC.
STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN NET POSITION
YEAR ENDED JUNE 30, 2021

OPERATING REVENUES

Energy and Net Metering Credit Sales	\$ 3,366,816
Operational Administrative Adder	291,401
Forward Capacity Market	105,259
Administrative Services Revenue	74,730
On Peak Hours Resources Revenue	26,118
Other Revenue	<u>1,225</u>
Total Operating Revenues	<u>3,865,549</u>

OPERATING EXPENSES

Salary and Benefits	305,490
Purchased Power Costs	3,366,816
Legal Fees	126,702
Administrative and General	<u>148,530</u>
Total Operating Expenses	<u>3,947,538</u>

OPERATING LOSS

(81,989)

NONOPERATING REVENUES

Investment Income	<u>2,433</u>
Total Nonoperating Revenues	<u>2,433</u>

CHANGE IN NET POSITION

(79,556)

Net Position - Beginning of Year

771,672

NET POSITION - END OF YEAR

\$ 692,116

See accompanying Notes to Financial Statements.

CAPE & VINEYARD ELECTRIC COOPERATIVE, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2021

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from Customers and Users	\$ 3,753,622
Payments to Vendors	(3,812,245)
Payments to Employees	(305,490)
Net Cash Used by Operating Activities	(364,113)

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

Proceeds from Sales of Renewable Energy Certificates	59,985
Purchase of Renewable Energy Certificates	(59,985)
Pass-Through NMC Receipts	1,709,386
Pass-Through NMC Disbursements	(2,001,000)
Net Cash Used by Noncapital Financing Activities	(291,614)

CASH FLOWS FROM INVESTING ACTIVITIES

Investment Income	2,433
Sales of Investments	152,863
Net Cash Provided by Investing Activities	155,296

NET CHANGE IN CASH AND CASH EQUIVALENTS

(500,431)

Cash and Cash Equivalents - Beginning of Year

1,014,664

CASH AND CASH EQUIVALENTS - END OF YEAR

\$ 514,233

RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES

Operating Loss	\$ (81,989)
Adjustments to Reconcile Operating Income to Net Cash Used by Operating Activities:	
Changes in Assets and Liabilities Not Requiring Current Cash Flows:	
Effect of Changes in Operating Assets and Liabilities:	
Accounts Receivable	28,772
Prepays	(100,851)
Other Liabilities	(140,699)
Accounts Payable and Accrued Expenses	(69,346)
Total Adjustments	(282,124)
Net Cash Used by Operating Activities	\$ (364,113)

See accompanying Notes to Financial Statements.

CAPE & VINEYARD ELECTRIC COOPERATIVE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 REPORTING ENTITY

The Cape & Vineyard Electric Cooperative, Inc. (CVEC) consists of 22 member towns, two counties, and one Joint Powers Entity located on Cape Cod, Martha's Vineyard, and Nantucket in the Commonwealth of Massachusetts. CVEC was established September 12, 2007, under Massachusetts General Laws for the purpose of developing and/or owning renewable electric generation facilities and procuring and/or selling long-term electric supply or other energy-related goods or services at competitive prices to its members and consumers within its Member communities.

CVEC is governed by a board of directors that consists of an appointed director from each member. The Officers of CVEC are elected annually by the board of directors and consist of a president, vice president, treasurer, and clerk.

Any municipality or county or political subdivision thereof, or body politic that meets the requirements of Internal Revenue Code Section 115, is eligible to apply for membership in the CVEC, provided that the governing board of each member has authorized its membership.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The Governmental Accounting Standards Board is the standard-setting body for establishing governmental accounting and financial reporting principles. CVEC accounts for its operations as an enterprise fund. The significant accounting policies are described herein.

Measurement Focus, Basis of Accounting, and Basis of Presentation

CVEC's financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded when the liabilities are incurred, regardless of the timing of related cash flows.

CVEC distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the principal ongoing operations. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Deposits and Investments

Cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with an original maturity of three months or less from the date of acquisition.

Accounts Receivable

Accounts receivable are recorded at the time of the underlying event. The allowance for uncollectible amounts is estimated based on historical trends and specific account analysis. At June 30, 2021, all amounts are deemed collectible.

CAPE & VINEYARD ELECTRIC COOPERATIVE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Metering Credit (NMC) Pass-Through

NMC Pass-through represents the amount related to cash-out projects for which CVEC receives gross earned NMC amounts that are for the benefit of participating entities. Any receivable or payable amounts represent timing differences between the receipt and disbursement of funds.

Revenue Recognition

CVEC Members and participants in net metered sales agreements are billed their portion of power used (and related maintenance fee and operational adders) based on actual production during each month.

Purchased Power Costs

Purchased power costs reflect actual purchased power or purchased net metering credits from the multiple solar photovoltaic (PV) projects, Future Generation Wind project, Syncarpha project, and the three Nexamp projects.

Forward Capacity Market

CVEC participates in ISO New England's forward capacity market. CVEC recognizes proceeds from the forward capacity market as operating revenue when earned.

Income Taxes

CVEC is exempt from federal and state income taxes.

Use of Estimates

The preparation of basic financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure for contingent assets and liabilities at the date of the basic financial statements and the reported amounts of the revenues and expenses during the fiscal year. Actual results could vary from estimates that were used.

NOTE 3 DEPOSITS AND INVESTMENTS

Deposits and Investments are governed by the Massachusetts General Laws and CVEC's by-laws.

Deposits – Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of a bank failure, CVEC's deposits may not be recovered. CVEC's policy for custodial credit risk of deposits is to rely on Federal Deposit Insurance Corporation (FDIC) insurance and the Depositors Insurance Fund. As of June 30, 2021, \$246,935 of CVEC's bank balance of \$904,843 was uninsured and uncollateralized.

CAPE & VINEYARD ELECTRIC COOPERATIVE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 4 RELATED PARTY TRANSACTIONS

Renewable energy certificates purchased by CVEC are sold to the Cape Light Compact for an amount equal to CVEC's cost. Total purchases and sales of renewable energy certificates for the year ended June 30, 2021 totaled \$59,985.

NOTE 5 LETTER OF CREDIT

In order to secure CVEC's performance under its Power Purchase Agreements (PPAs) with Consolidated Edison Solutions, Inc., CVEC was required to obtain an irrevocable standby letter of credit equal to the value of one year's worth of payments under the PPA agreements. The letter of credit is secured with funds held in a deposit account which is included as cash in the accompanying statement of net position.

The required letter of credit value totals \$100,000. No amounts have been drawn on the letter of credit through the date of this report.

NOTE 6 LINE OF CREDIT

On May 6, 2021, CVEC entered into a line of credit agreement to bridge the funding gaps related to the battery energy storage system in the amount of \$750,000, the line of credit bears interest at the prime rate with a 3% floor. The unused line of credit amount at June 30, 2021 is \$750,000.

NOTE 7 COMMITMENTS

761 kW Solar PV Installation Project

CVEC has entered into seven PPAs with Consolidated Edison Solutions, Inc. for 100% of the net energy generated at various installations at a fixed rate through fiscal years 2025 and 2026.

CVEC has entered into seven "Cooperative Net Metered Power Purchase and Equipment Attachment Agreements" with Consolidated Edison Solutions, Inc. and the Towns of Barnstable, Bourne, Brewster, Eastham, and Harwich, to sell 100% of the net energy generated as part of the 761 kW PV installation project to the respective Towns at a fixed rate through fiscal years 2025 and 2026.

CVEC has entered into seven "Agreements for the Purchase and Sale of Renewable Energy Certificates" with Consolidated Edison Solutions, Inc. for the purchase of renewable energy certificates based on the net energy generated as part of the 761 kW PV installation project at a fixed rate through fiscal years 2025 and 2026.

CAPE & VINEYARD ELECTRIC COOPERATIVE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 7 COMMITMENTS (CONTINUED)

Rounds 1 and 2 Solar PV Initiative

CVEC has entered into 25 “Inter-Governmental Project Development Agreements” with the Towns of Barnstable, Bourne, Brewster, Chatham, Eastham, Edgartown, Harwich, Orleans, Provincetown, Tisbury, and West Tisbury, the Barnstable Fire District, and the Dennis-Yarmouth Regional School District for the lease of land to design, procure, install, test, commission, own, operate, and maintain a solar PV system. The lease calls for a rate of \$1 per year through fiscal years 2031, 2032, 2033, and 2034.

CVEC has entered into 25 “Energy Management Services Agreements for Solar PV Systems” with various third-party contractors. The agreements are effective through fiscal years 2031, 2032, 2033, and 2034 and provide for, among other things, the following:

- The design, installation, operation, and maintenance of a solar PV system by the third-party contractors;
- CVEC’s purchase of 100% of the net energy generated as part of each solar PV system at a fixed rate through fiscal years 2031, 2032, 2033, and 2034; and
- CVEC’s option to purchase the solar PV system at various dates over the term of the agreements.

CVEC has entered into 25 “Inter-Governmental Net Metered Power Sales Agreements” with the Towns of Barnstable, Bourne, Brewster, Chatham, Eastham, Edgartown, Harwich, Orleans, Provincetown, Tisbury, West Tisbury, the Barnstable Fire District, and the Dennis-Yarmouth Regional School District to sell a percentage of the net energy generated at the solar PV installation sites to the respective Towns based on their respective estimated annual usage at a fixed rate through fiscal years 2031 (Towns of Barnstable, Brewster, Chatham, Eastham, Edgartown, Harwich, and Tisbury), 2032 (Towns of Chatham and West Tisbury, and the Dennis-Yarmouth Regional School District), 2033 (Towns of Barnstable, Bourne, Orleans, and Provincetown), and 2034 (Barnstable Fire District).

CVEC has entered into nine “Inter-Governmental Net Metered Power Sales Agreements” with the Towns of Brewster, Chatham, Chilmark, Oak Bluffs, Provincetown, and Yarmouth, the Monomoy Regional School District, Barnstable County, and Dukes County, to sell excess energy generated at several sites (associated with CVEC’s Rounds 1 and 2 PV Solar initiatives) at a fixed rate through 2039.

CVEC has entered into a “Control Agreement for Deposit Account” to secure its obligations related to certain “Energy Management Services Agreements.”

CVEC has entered into an “Escrow Agreement” in accordance with the “Energy Management Services Agreements” related to the Round 2 projects in which the third-party contractors are required to fund decommissioning escrows on an annual basis. In the event of a default on the decommissioning assurances, the funds would be available to CVEC to complete the necessary decommissioning of the sites.

CAPE & VINEYARD ELECTRIC COOPERATIVE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 7 COMMITMENTS (CONTINUED)

Future Generation Wind Project

CVEC has entered into a “Net Metering Power Purchase Agreement” with a third party to purchase a portion of the energy generated by a wind energy generation project (the Project) and receive from the host an allocation of the net metering credits to offset electric utility bills of participating CVEC Members or other governmental entities. The term of this agreement is the 20th anniversary of the commercial operations date of the Project. The term of the agreement may be extended no less than 5 years, and no more than 25 years.

CVEC has entered into seven “Inter-Governmental Net Metered Power Sales Agreements” with the Towns of Brewster, Chatham, Oak Bluffs, Provincetown, Yarmouth, the Monomoy Regional School District, and Barnstable County to sell energy generated by the Project and provide the aforementioned entities their respective share of the net metering credits to offset electric utility bills. The term of these agreements is the 20th anniversary of the commercial operation date of the Project.

Nexamp Projects

CVEC has entered into three “Net Metering Purchase and Sale Agreements” with a third party to purchase a portion of the energy generated by a solar energy project (the Project) and receive from the host an allocation of the net metering credits to offset electric utility bills of participating CVEC Members or other governmental entities. The term of this agreement is the 20th anniversary of the commercial operations date of the Project or on the day preceding the 25th anniversary of the effective date, unless otherwise terminated earlier as provided in the agreement.

CVEC has entered into six “Inter-Governmental Net Metering Credit Purchase Agreements” with the Towns of Chatham, Chilmark, Oak Bluffs, Provincetown, Yarmouth, and the Monomoy Regional School District to sell energy generated by the Project and provide the aforementioned entities their respective share of the net metering credits to offset electric utility bills. The term of these agreements is the 25th anniversary of the effective date, unless terminated earlier as provided in the agreement.

Syncarpha Project

CVEC has entered into a “Net Metering Purchase and Sale Agreement” with a third party to purchase a portion of the net energy generated from the facility (the Project) and receive from the host an allocation of the net metering credits to offset electric utility bills of participating governmental entities. The term of this agreement is the 20th anniversary of the commercial operations date of the Project or on the day preceding the 25th anniversary of the effective date, unless terminated earlier as provided in the agreement.

CVEC has entered into two “Inter-Governmental Net Metering Credit Purchase Agreements” with the Cotuit Fire District Water Department and Centerville, Osterville, Marston Mills Fire District to sell energy generated by the Project and provide the aforementioned entities their respective share of the net metering credits to offset electric utility bills. The term of these agreements is the 25th anniversary of the effective date, unless terminated earlier as provided in the agreement.

CAPE & VINEYARD ELECTRIC COOPERATIVE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 7 COMMITMENTS (CONTINUED)

Round 3 Solar PV Initiatives

CVEC has entered into 7 “Power Purchase Agreements for Solar PV Systems” with Alliance Clean Energy. The agreements are effective through fiscal years 2039 and provide for, among other things, the following:

- The design, installation, operation, and maintenance of a solar PV system by the third-party contractor;
- CVEC’s purchase of 100% of the net energy generated as part of each solar PV system at a fixed rate through fiscal years 2039; and
- CVEC’s or the host town’s option to purchase the solar PV system at various dates over the term of the agreements.

CVEC has entered into 7 “Inter-Governmental Net Metering Credit Purchase Agreements” with the towns of Eastham, Provincetown, Yarmouth, Chatham and Oak Bluffs to sell energy generated by the above projects and provide the aforementioned entities their respective share of the net metering credits to offset electric utility bills. The term of these agreements is the 25th anniversary of the effective date, unless terminated earlier as provided in the agreement.

Round 4 Solar PV/Storage Initiatives

CVEC has entered into 11 “Net Metering Power Purchase Agreements for Solar PV Systems” with two developers; Greenskies Energy and Distributed Solar Development. The agreements are effective through fiscal years 2039 and provide for, among other things, the following:

- The design, installation, operation, and maintenance of a solar PV system by the third party contractor;
- CVEC’s purchase of 100% of the net energy generated as part of each solar PV system at a fixed rate through fiscal years 2039; and
- CVEC’s or the host town’s option to purchase the solar PV system at various dates over the term of the agreements.

CVEC has entered into 13 “Inter-Governmental Net Metering Credit Purchase Agreements” with the towns of Brewster, Harwich, Monomoy Regional School District, Oak Bluffs, Sandwich, and Yarmouth to sell energy generated by the above projects and provide the aforementioned entities their respective share of the net metering credits to offset electric utility bills. The term of these agreements is the 20th anniversary of the effective date, unless otherwise terminated earlier as provided in the agreement. The agreements may be extended for up to five years.

The Town of Brewster entered into a direct ground lease with the developer instead of purchasing the net metering credits through CVEC.

CAPE & VINEYARD ELECTRIC COOPERATIVE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 7 COMMITMENTS (CONTINUED)

Round 5 Solar PV/Storage Initiatives

CVEC has entered into 10 “Power Purchase Agreements for Solar PV Systems” with two developers; ACE Solar and Distributed Solar Development. The agreements are effective through fiscal years 2040 and provide for, among other things, the following:

- The design, installation, operation, and maintenance of a solar PV system by the third party contractor;
- CVEC’s purchase of 100% of the net energy generated as part of each solar PV system at a fixed rate through fiscal year 2040; and
- CVEC’s or the host town’s option to purchase the solar PV system at various dates over the term of the agreements.

CVEC has entered into 13 “Inter-Governmental Net Metering Credit Purchase Agreements” with the towns of Aquinnah (2), Chatham (2), Marion (1), Nauset RSD (1), Sandwich (1), Mashpee (5) and Yarmouth (1), and the Nauset Regional School District, to sell energy generated by the above projects and provide the aforementioned entities their respective share of the net metering credits to offset electric utility bills. The term of these agreements is the 25th anniversary of the effective date, unless terminated earlier as provided in the agreement.

The Towns of Marion, Sandwich and Chatham entered into a direct ground lease with the developer instead of purchasing the net metering credits through CVEC.

Round 6 Solar PV/Storage Initiatives

CVEC has currently issued conditional awards under the initiatives. Once CVEC and each developer reach contract agreements, the awards will no longer be conditional. CVEC will then execute a Power Purchase Agreement with the vendor and an Intergovernmental Agreement with each of the Round 6 participants. Once contracts have been executed, CVEC and the developers will determine a construction schedule.

Forward Capacity Market

CVEC participates in ISO New England’s forward capacity market under two aggregation agreements with CLEAResult and CPower and has made commitments to deliver specified units of energy efficiency at a fixed price per unit. If CVEC fails to deliver its capacity supply obligation it is subject to penalties determined by the rules of the forward capacity market, which is mitigated by CLEAResult and CPower as the aggregators.

Solar PV and Battery Storage Project

CVEC entered into a grant agreement with the MA Department of Energy Resources for a Community Clean Energy Resilience Grant for \$1.5 million in fiscal year 2021 to locate a 250 KW battery at the Dennis-Yarmouth Regional High School. CVEC and the battery vendor have submitted Interconnection Applications to Eversource. As of the report date, the application is still pending.