



SHREWSBURY ELECTRIC & CABLE OPERATIONS (SELCO)
POWER SUPPLY POLICY & GREENHOUSE GAS EMISSION STANDARD (GGES)

November 2022

I. GOAL

SELCO will strive to develop a managed power supply portfolio and Greenhouse Gas Emission Standard that provides our customers with reliable electric service at the lowest possible cost consistent with the provisions of Massachusetts General Law Chapter 25A, Section 11F. We also recognize that reductions in CO₂ emissions through non-power supply portfolio measures (for example, through enhanced energy efficiency measures and/or rate design) are important contributors to the said goal. New technologies, such as energy storage, will also be investigated as means to achieve the emissions reduction goals and to reduce SELCO's overall power supply charges.

II. PORTFOLIO SUPPLY

SELCO will strive to enter into portfolio purchases to minimize risks through layered and staggered purchases with credit worthy power suppliers. Power supply should be flexible enough to meet an evolving energy marketplace. The term "power supply" shall consist of three distinct portfolios: energy, capacity, and environmental attributes including renewable energy credits (RECs) and emission-free energy certificates (EFECs).

For our energy requirements, a target of no more than 20 percent of SELCO's total energy needs should be supplied via any single contract and no more than 30 percent of our portfolio should be sourced from any one generation facility. The total energy portfolio should maintain a hedged portion of approximately 75 to 85 percent. This approach would result in a minimum of four active contracts and leave about 15 to 25 percent of SELCO's energy needs subject to the spot market to act as a buffer to load variability.

For SELCO's capacity requirements, based on the operation of the Forward Capacity Market ("FCM") by the Independent System Operator – New England, SELCO will hedge to a maximum of approximately 50 percent of its capacity needs in any year when doing so will provide significantly more cost certainty than would otherwise be expected from the Forward Capacity Auction ("FCA") process. This capacity hedge can be met with individual contracts, as available, with no one contract exceeding approximately 25 percent of SELCO's requirements.

SELCO will pursue resource and counterparty diversification by establishing supply agreements with multiple entities and incorporating ownership opportunities through strategic investments. Such purchases shall include, but not be limited to: energy

strips; heat rate swaps; load following for energy and ancillary services; spot market purchases; unit entitlements; forward fuel hedges for unit entitlements and heat rate/fuel index contracts; energy storage; and verifiable load management, distributed energy resources and/or energy conservation services.

Regarding particular power sources and environmental attributes, SELCO should seek out competitively priced renewable and non-carbon emitting energy sources in New England and surrounding regions to add to its supply portfolio consistent with the layered and staggered approach indicated above. Consistent with a modest rate impact, SELCO shall meet a minimum percentage of electrical energy sales with clean generation attributes as set forth in column two of the following table:

Year	Percent of total SELCO power supply portfolio to be non-emitting per this policy: the SELCO GGES	Percent of total Massachusetts power supply portfolio to be non-emitting per Massachusetts General Law Chapter 25A Section 11F
2021	45	27.5
2022	50	30.0
2023	55	32.5
2024	60	35.0
2025	65	37.5
2026	70	40.0
2027	75	42.5
2028	80	45.0
2029	85	47.5
2030	90	50.0
2031	95	52.5
2032	100	55.0
2033	100	57.5
2034	100	60.0
2035	100	62.5
2036	100	65.0
2037	100	67.5
2038	100	70.0
2039	100	72.5
2040	100	75.0
2041	100	77.5
2042	100	80.0
2043	100	82.5
2044	100	85.0

2045	100	87.5
2046	100	90.0
2047	100	92.5
2048	100	95.0
2049	100	97.5
2050+	100	100

SELCO will buy and retire all RECs and EFECs available in its power supply contracts with the exception of solar RECs (SRECs) which will be sold and an equivalent amount of Massachusetts Class I RECs will be purchased. To the extent additional RECs are needed to meet the minimum requirements of the GGES shown in column two above, SELCO will buy and retire Class I or Class II RECs from the New England Power Pool (NEPOOL) region.

III. EQUIVALENCE OF SUPPLY-SIDE AND DEMAND-SIDE MEASURES

Nothing in this Power Supply Policy should be construed as indicating that demand-side measures that reliably and cost-effectively reduce SELCO energy and/or capacity requirements are any less important to pursue for ratepayers than supply-side strategies. It is recognized that increased electricity use through strategic electrification may be effective in reducing carbon emissions in other sectors.

IV. PERIODIC REVIEW

Periodically, but no less frequently than once each year, this power supply policy should be reviewed. Strategies to meet higher non-emitting percentages in subsequent years, as well as whether to pursue a more aggressive percentage of clean generation attributes shall be included in this assessment.

Commission Approval Date: 15 Nov 2022