Town of Reading
Meeting Minutes

Board - Committee - Commission - Council:

RMLD Board of Commissioners

Date: 2021-01-20 Time: 7:30 PM

Building: Location:

Address: Session:

Purpose: Version:

Attendees: **Members - Present:**

Mr. John Stempeck, Chair; Mr. David Hennessy, Vice Chair; Mr. Robert Coulter, Mr. Philip Pacino, Mr. David Talbot

Members - Not Present:

Others Present:

Staff: Ms. Coleen O'Brien, Mr. Hamid Jaffari, Ms. Wendy Mariewicz, Mr. John McDonagh, Mr. Greg Phipps, Ms. Kathleen Rybak, Mr. Charles Underhill
CAB Members: Mr. Jason Small, Chair (North Reading); Mr. Vivek Soni (Reading)
Invited Presenters: Commissioner Patrick Woodcock, Massachusetts Department of Energy; Mr. Robert Grace, President & Managing Director of Sustainabilty Advantage
Others: Ms. Vanessa Alvarado, Reading Select Board; Ms. Marlena Bita, Reading; Ms. Johannnes Buchanan, DOER; Mr. David Camardese, NextEra; Mr. Michael Carpenter, Reading; Mr. Robert Connor, Reading; Ms. Melva Deshmukh, NextEra; Mr. Omay Elphick, Gravity Renewables (Greenfield Center, NY); Ms. Laura Haight, Partnerhip for Policy Integrity; Ms. Karen Herrick, Reading Select Board; Ms. Gail Page, Green Sanctuary; Attorney Christopher Pollart, KP Law; Mr. Eric Noreen, Massachusetts Department of Energy; Mr. Vincent Ragucci, Energy New England; Mr. John Rogers, Reading; Mr. Jim Satterthwaite, Reading; Ms. Mariam Wasser, WBUR; Mr. Mark Zarrow, Reading; Mr. David Zeek, Reading

Minutes Respectfully Submitted By: Philip B. Pacino, Secretary Pro Tem

---

Topics of Discussion:

PER GOVERNOR BAKER'S MARCH 10, 2020, ORDER SUSPENDING CERTAIN PROVISIONS OF THE OPEN MEETING LAW, G.L. c. 30A, §20 THIS MEETING WAS HELD REMOTELY VIA ZOOM.

1. Call Meeting to Order
   Chair Stempeck called the Board of Commissioners meeting to order at 7:30 PM.
   Chair Small called the Citizens' Advisory Board meeting to order at 7:30 PM.

2. Opening Remarks
   Chair Stempeck read RMLD's Code of Conduct. Chair Stempeck announced that the meeting is being recorded via Zoom for distribution to the community television stations in North Reading, Lynnfield, and Wilmington.

   Chair Stempeck asked Mr. Pacino to serve as Board Secretary.

3. Introductions

Chair Stempeck welcomed everyone to the joint meeting of the RMLD Board Commissioners and the RMLD Citizens' Advisory Board. The Chair extended a special welcome and thank you to Commissioner Patrick Woodcock from the Massachusetts Department of Energy Resources, and to Mr. Robert Grace, President of Sustainable Energy Advantage; both of whom will be speaking later in the presentation.

4. Public Comment

Mr. Hennessy stated that as a Commissioner, he has been encouraging RMLD to expand its renewable energy portfolio. A year ago, when RMLD started to pursue the biomass facility and Palmer, I was still, you know, under the impression that biomass was similar to wind, solar, hydro, things like that, until I read an MIT study over the summer that says that most biomass is wood burning and it could take a generation for the forest to renew as well as there might be some air quality environmental concerns. So, I know there's a lot of people here tonight that know much more of the science than me, so I really want to learn tonight. And lastly, I just wanted to say if somebody who's building a similar facility or if planning to build one in Reading, I would want those regulators to ask the tough questions to make sure it was good for Reading and I think we should do the same for the people in Palmer.

Laura Haight from Partnership for Policy Integrity spoke about the air quality in Springfield, the new Climate Bill and how her organization is concerned about DOER's calculations and scientific studies. Further, Ms. Haight discussed a variety of legislative letters and the new TUE committee.

5. Approval of Board Minutes (Attachment 1)

Mr. Pacino made a motion that the Board approve the meeting minutes of June 18, 2020, July 16, 2020, July 23, 2020, August 20, 2020, September 16, 2020, and October 22, 2020, on the recommendation of the General Manager, seconded by Mr. Hennessy. Roll Call Vote: Mr. Coulter: aye; Chair Stempeck: aye; Mr. Hennessy: aye; Mr. Talbot: aye; Mr. Pacino, aye.
Motion carried: 5:0:0.

6. General Manager's Report

Ms. O'Brien provided a community update:

- Customer Satisfaction Survey conducted by Great Blue; presentation scheduled for the February meeting.
- Heat Pump 101 Customer Webinar. Tentatively scheduled for last week in February.
- The High School Art Contest will launch in the next two weeks; winning art will be used for the cover of the RMLD Annual Report.
- EV Workshop will need to be scheduled after February to continue the importance and complexities of the discussion on power supply.
- Extension of the DOER, MLP Solar rebate; initial funding was $500,000. An additional $250,000 match in funding has been made available with an extension to June 30, 2021.

7. Sustainability Energy Policy Reformation Third Training Session: Mr. Phipps (Attachment 2)

Guests: Commissioner Patrick Woodcock, Massachusetts Department of Energy Resources. Mr. Robert Grace**,** President & Managing Director of Sustainable Energy Advantage

Mr. Phipps – RMLD IRD

This is training session number three with the intention is to focus primarily on context and background for the Commissioners and the CAB members as they consider what we might do relative to any Policy 30. He then started with a quick highlight updates from the previous two training sessions.

So, SB 2029, the Bill that was mentioned, was actually vetoed by the Governor on January 14th. and was then resubmitted as Bill S9. For consistency with prior discussions we will refer to it as Roadmap 2050. There are a lot of moving parts here. We are going to talk mainly about external context. Buildings, transportation and energy and MLPs, which historically have not had formal compliance requirements, will be include in Roadmap 2050. The common goal is to get everybody to net zero, net carbon. Realistically, along different paths. We will rely on Commissioner

Woodcock and Mr. Grace to help us understand some of these contexts and some of the background.

Regulations can be tailored to accommodate the IOUs, the LLCs and the MLPs with the recognition that those different energy primary energy players run different business models. They are of different sizes, different scopes and have different missions. Mr. Grace is going to provide some history on RPS/CES. But more importantly, what it was intended for, what's it trying to do and how the IOUs and the LLCs buy energy and certificates to comply with those regulations for RPS/CES. Commissioner Woodcock will help us understand how Roadmap 2050, or now SB 2995 or S9, is intended to drive both the MLPs and the IOUs and LLCs and why there are different paths to a non-carbon compliance by 2050. So, that's the objective of this session.

I'll take just a couple of minutes to highlight items from our previous 2 sessions and then we're going to try and do a moderated question-answer with our two guest speakers. We greatly appreciate that they are here to share some of their knowledge and understanding.

RMLD is an MLP. It serves four towns in Massachusetts: Reading, Lynnfield (Center), North Reading and Wilmington. We have a very broad base of customers. The mission that's on our website is just to keep in the context - reliable, competitively priced clean energy.

The current authorized version of Policy 30 (2012) was Sustainable Energy. The focus was on renewable as we talked previously. Renewable energy goals and included some discussion about RECs. As a result, over the past seven years, with the guidance and guardrails, the RMLD team has built and continues to build our power portfolio under this Policy.

As we talked about at the very end of the last session, the RMLD is actually ahead of our Policy 30 goals that were set back in 2012. The goals that we set to achieve by 2025, we've already achieved. We talked a little bit about the facilities that we are buying from and that our contracts were buying the REC certificates along with the power.

The other thing that we finished off in our last session was a comparison of the cost impact. If we took the current portfolio and adapted it to be compliant with the Roadmap 2050 ballpark figures in terms of being compliant with the RPS/CES. That's a quick summary of where we were.

I'm going to drive the questions for the next roughly 35 minutes to kind of keep things guided on Policy 30. And then at the very end - the last 10 minutes or so - I will recommended to the Chair to allow questions from each of the Commissioners, CAB, and our guest speakers. And again, we are very thankful that our guest speakers can join us.

So we am going to start with Commissioner Woodcock. I'm going to kind of guide you along the thought process on the three main topics. Commissioner Woodcock is in the executive branch and will be talking about regulation which is his area. But he will also talk some on the legislation.

You had a chance over the past several years and then most recently the past year to get a sense of the MLPs and their sustainable energy policies that are in place, not mandated or legislated, but are in place. There are 41 MLPs in the state of various sizes, RMLD happens to be one of the largest. Any observations in terms of how you've seen the MLPs looking at renewable and how they've set some policies in one of the past couple of years in the context of renewable energy resources.

Commissioner Woodcock – Massachusetts Department of Energy Resources
Sure. Well, thank you, I appreciate the opportunity to have this dialogue. Specifically, you know, what has been really transformed in this discussion is what technological change has done for pricing of renewables and other initiatives to lower emissions. And it's a conversation that I think has really altered how MLPs think about obligations and also thinking about a commitment to a net zero commonwealth goal in 2050.

It was alluded to at the beginning but there's been a great partnership between the Department of Energy Resources and the MLPs that was reflected in our partnership on the solar MLP program. Really, you know, it's attracting. I think participants that are doing it, you know, to contribute to our overall objective to lower their energy bills and collectively to create a more diverse energy supply. Pricing that we're seeing is much more competitive. We just saw Congress passed an increase in

the tax incentive. So, I've never been more encouraged to kind of wear technological changes to try to advance some of these goals.

I have noticed that there's more uniformity with the MLPs. I think on the overarching goal to kind of get to 2050. I think the details and how MLPs will arrive at it is going to be unique to each community. And, you know, I think the area that I see MLPs and this gets into a little bit of how there's some distinction with the IOUs, you know, you have guys have an incredible amount of flexibility and implementation now being able to pivot quickly where IOUs are governed effectively by the Department of Public Utilities and the Legislature for procuring electricity.

I know there's a lot of discussions on looking at offshore winds and looking at a scale that and in a flexible way that a lot of customers are unable to do. So, there're really has been a significant change just since I've been working with the Baker-Polito Administration since 2017. And I really look forward to partnering on some of the other areas beyond the electricity portfolio but really electrification. You said the heat pump 101; tremendous opportunity for the Commonwealth. And furthermore, looking at the electrification of transportation in this next decade, so I'll pause there and…

Mr. Phipps – RMLD IRD
That kind of sets up the second related question which is just -- as you think about both the regulatory and the legislative processes, and I think I'm kind of bringing it back for the Commission and for the CAB, which we called Roadmap 2050. Our understanding as we mentioned earlier that the intention was to bring the, as you said, the Commonwealth, so buildings, transportation and energy to a common goal by 2050.

Is it reasonable to say that legislation and the regulations are putting in place to bring all these sectors to the same net zero non-carbon goal in 2050? And then a secondary question was, talk a little bit about as you started to the fact that the past might be different. But the first question is, is there a common goal that you guys are trying to instill all of the sectors? And in the case of energy for us, MLPs, IOUs, LLCs to a common non-carbon goals, what the intention of the legislation is.

Commissioner Woodcock – Massachusetts Department of Energy Resources
Sure. So, for baseline context under the Global Warming Solutions Act the Legislature established a goal of 80% reduction of Greenhouse Gas Emissions under 1990 baseline by 2050. Last year, during the Commonwealth, State of the Commonwealth, the Governor established that we would increase that ambition to a net zero standard by 2050 and is articulated by the Secretary of Energy and Environmental Affairs that requires at least 85% reduction economy wide by 2050. And additional land use sequestration, soil based mechanisms can be used to also meet that net zero as requirement.

That is in the legislation you reference, does include a net zero that would be codified in statute. Going to what was issued on December 30th and what's going on, so I appreciate you guys bearing with both on the legislative side and the regulatory side. But energy and environmental affairs issued a clean energy and climate plan that is currently in draft form and accepting public comment that was also along with that was issued a Roadmap 2050 that informs our climate, energy and climate plan. So the 2050 Roadmap was an effort to see if you used all of the technology that exists today in the forecast from the Energy Information Administration, how would you arrive at net zero in 2050 at the lowest cost? And I would encourage all of you, it's not that difficult to get the breath of what the scenarios really looked at. But a few themes really came across from that analysis. One is that electrification will likely be a significant, play a significant role in 2050 plan.

Furthermore, with the increased electricity demand, we'll need additional clean energy, a lot of it. And if you look to what resources can contribute to that offshore wind is a very compelling resource for our region. But it informed what I referred to as the Clean Energy and Climate plan. And that plan again in draft form really targets of what are the policies that we should put in place today to start achieving our 2030 goals and put us in position to achieve our 2050 goals.

So, I would say the most prominent features of our Clean Energy and Climate Plan, and I'll refer to it as CECP just for brevity is really to focus on our building sector in the next ten years. That's where we would see most of our emission reductions with the installation of air source heat pumps and maintaining our ambitious energy efficiency goals. I'll note one area that has a specific implication for MLPs is that it does raise the prospect of the Department of Environmental

Protection under existing authority, assessing a review of what is called the Clean Energy Standard.

And the Clean Energy Standard for existing resources in the next year and assessing ambition for currently that covers investor-owned utilities. But it also references that it would assess whether MLPs should be subject to that regulation. So that is the current status and that is under current law as you noted the bill that has arrived at the Governor's desk and has been refiled also has provisions relating to how MLPs should account. And that's the key component that I'd say for MLPs as you think of your electricity supply.

Mr. Phipps – RMLD IRD
That's great. Thank you. What I'm going to probably come back to do a little bit of contrast compare with ML in terms of how the regulations and legislation accommodates, more specifically in the energy sector, the different scale of providers MLPs of various guises and then the IOUs, LSEs to get to that goal. But this is probably a good transition to Mr. Grace - get a little bit of background and context because he's going to talk a little bit about the RPS and CES, the existing legislation that currently does not apply to MLPs but does apply to the IOUs and the LLCs.

Mr. Grace – Sustainable Energy Advantage
Thank you. So, just to give a little bit of history of, you know, we talk a lot about the RPS and CES and it's perhaps helpful to understand the context for where MLPs like wedding and should go to understand how the investor-owned utility realm works, and how we got there. So, this first slide is just a quick summary of brief history on how this evolved and why. It all started in 1998 with the Electric Restructuring Act which introduced retail choice on supply.

So, the investor-owned utilities world that vertically integrated world evolved into load serving entities, the entities that actually provide supply to customers and the electric distribution companies. A big part of that was mandating the adoption of the renewable portfolio standard and RPS. It was one of the first in the nation and the key feature was that it required all retail sellers of electricity who are often referred to as load serving entities to provide an annually increasing minimum percentage of their retail load with new renewable generation assets that came online, were expanded their production after restructuring.

Those were put into regulation in 2002 and after establishment of a certificate tracking system of the generation information system as a means of tracking certificates for all generation but specifically for compliance with the RPS. That started in 2003. Initially it was basically DRPS, now we reverted that as class one, because over time a number of other things were added to it. Over the years there were additional layers, new classes, eligibility tweaks and increases to targets.

And in 2008, the Green Communities Act started layering in, support for pre-restructuring renewables, what now is referred to as class two in two different categories, waste energy and non-waste energy, support for targeted renewable generation types to jumpstart specific markets. Creating means for funding additional types of resources to meet a variety of related policy goals. The primary one there, of interest is the alternative energy portfolio standard.

Along the lines, there have been changes to eligibility and rules to try to align the details with evolving objectives and changes to RPS class targets, mostly acceleration, extension time and acceleration of the rate of increase for the new renewables of class one. And some potential changes to price caps of some of the various tiers, something perhaps Commissioner Woodcock might look back and speak to at some point if it becomes relevant. His agency has recently proposed to reduce some of the class one alternative compliance payments of price caps.

That's brought us to today where we basically have a complex suite of nine different classes or sub classes of requirements that apply to the low serving entities within investor owned utilities territory and complementing those, meaning RPS mandates are a series of procurement policies as Commissioner Woodcock had referenced, the offshore wind as an example, also without what's referred to as section 83D that was used for procuring large hydro and the tariffs that are used for procuring solo under the smart policies.

So, what do those nine standards look like? What are they and what do they mean? So, I'm not going to read through everything here and talking details. But the blue rose, basically the two tiers of RPS class two, waste energy and non-waste energy, as well as the CESE which is run by the

Department of Environmental Protection, they're all basically focused on maintaining the existing renewables and other non-carbon resources. So, they generally have flat targets over time, because they're looking to lock in and protect discreet existing portfolio.

Alternative energy portfolio standards, that's really focused on supporting other technology goals. So, that is creating a funding source for combining power, flywheel storage, fuel cells and renewable thermal. The green rows are focused on increasing renewable. So, we have the class one RPS, probably what you hear about the most and what we started with. We have the solar car balance or rest rack which were interim policies in effect to really stimulate distributed solar generation.

We've got into that to the point of being a relatively mature industry and over the next several years, the S-REC balance will be phasing out and that supply will become class one, so. And then, you have the clean energy standard which is complex in many ways and that it wraps around the class one. In a fact class one is a carve out from energy standards, so it incorporates if it goes beyond and it creates demand for either more class one supply or some other alternatives like the large hydro under the section 83D contract and some other low carbon supply.

And lastly, you have what's highlighted in purple, the clean peak standard which is a little bit different from all the others. It doesn't apply to energy per se, but it still has a demand that's defined as a percentage of a low serving entities load. And the purpose of that is to stimulate resources and technologies that can supply electricity were reduced demand at times of peak. So, that's really driven to create the means to integrate a large volume of intermittent renewables and replace the fossil fleet and be able to keep the lights on.

So, you can see here that the targets increase dramatically over time for some of these and for others that they are fairly constant. If you look at the sum of targets, the first of the grid, the two red rows, red rows near the bottom. You can see a little bit more than 30% of load now when you had everything other than the clean peak standard up. And eventually based on what's currently on the books that would get to be 120% of load by 2050. Some of those may be adjusted because at the end of the day, I'm not sure that requiring more certificates than the amount of load is where the rules will ultimately settle.

I've also highlighted here with a number of asterisks that there are a number of these tiers that are being considered or proposed for changes. The CES and CESE as Commissioner Woodcock just mentioned, the CPN has suggested potential changes to those.

And so, in red text, I've identified some of the estimates of the impacts of some of those changes. And you can see that those potentially could increase the targets even further, not entirely clear that they're all going to happen at the same time. The administration's CPN and the legislation that just passed generally gave the same goals but in some different ways. So, unclear whether you have those, the additive or one of the other substitutes. I think there's more activity you have to happen to figure out how that's all going to shake out.

But I've added the clean peak energy standard below it. And, again, these are not the same certificates, so it may not be an appropriate or realistic to add them to the totals, but you can see if you add those, that the targets add up to quite a bit more than 100% of load by the time you hit 2040 or 2050. This gives you a picture of what the current regulations and laws would imply for each of these. So, you can see at the bottom, the blue and green and brown which represent the class two RPSs, and clean energy standard and the APS stay relatively constant. The growth generally comes from the class one which is yellow and the CES which encompasses the class one and goes beyond it. That's the gray on top of it. And then the empty boxes on the very top represent the clean peak standard. And you can see here by roughly 2040, the totals of portfolio standards other than the clean peak would be expected to reach roughly 100% of load.

So, I think of all of these as portfolio obligations, whatever they are and with respect to how they apply in the load serving entity – to load serving entities in the electricity distribution company territories. There are a few different aspects here, so the obligations apply to suppliers. They started in 2003 and these apply to most our entities that are the competitive suppliers as well as the EDCs in their role as providers of last resort. So, that's basically - basic service. Those customers that haven't chosen a competitive supply source are still served by the EDCs effectively as pass

through. They don't have a commercial interest as much as an obligation and they don't maintain portfolios to do so.

Most of the commercial/industrial load today has already left the utilities and use competitive supply from observing entities. Historically, most of the residential and small commercial industrial customers have not, competitive supply they have been on basic service until recently. There's been a big boom in community choice aggregation started throughout – it was something like 140 of the different municipalities in the region and very recently, Western Boston, the biggest of them have launched community choice aggregation, many of which incorporate a standard offering that includes renewables in excess of the minimum standard. In any event this is an opt-out aggregation which is going to lead to the majority of supply being the competitive supply and utilities ultimately having a very, very small role in terms of meeting the obligations.

So, the implications or the load serving entities generally have no long-term customers. Retail supply tends to be one-to-three-year contracts and get turned and get swapped back and forth between other competing suppliers. So, generally load serving entities don't maintain portfolios in the same way MLPs do. There's no legacy supply and they're limited long term portfolios. Compliance is generally met through purchases of renewable energy credits or certificates from eligible renewables.

New supply still needs to be stimulated. RPS alone has generally proven to be inadequate by itself to stimulate that type of investment in capital-intensive long-term resources. And so, over time Massachusetts has implemented a range of long-term procurement policies that have helped get projects financed that effectively fed supply into the RPS markets. This is basically leverage.

The utility balance sheets to help enable financing and the utilities by long term contracts for large scale renewables, wind, offshore wind and large hydro through 83D as well as in the new solar Massachusetts tariff program, distributed solar projects and they commit contractually to these resources for 20 years or so. And they resell the energy in Rex into the market to make them available to the competitive suppliers.

The alternative compliance payment or ACP is a terminal here and I've talked about it in this context a lot. It's basically an alternative means for load serving entities to comply. They can either submit a certificate or retire certificate at the end of every year or make a payment at an ACP rate. It basically acts as an incentive to comply. Historically, it's been set at above what the cost of acquiring renewable certificates should cost and it serves as a price cap. And then perhaps Commissioner Woodcock will talk about later the DOERS recently proposed to reduce that level, has been roughly $70 in net one hour has been proposed to reduce that in class one to $40. It's at different levels for different tiers as well.

Contrast that with the municipal light plants which as you are well aware, are integrated utilities. I don't have competitive supply. Generally started focusing on transition of portfolios later then in the investor-owned utilities territory because you are – integrated utilities, you have a long-term legacy portfolios. You have resources that are owned, you have resources that our commitment – committed under long term contracts. Because of the stability of your customer base and the finance ability of your commitments being backed by the assets of the wires and the credit and faith of the towns, you have the ability to commit to long term supply that can enable financing and that's really important in the clean energy space. So, to conform to portfolio obligations with different eligibilities than what you have as resources already in your portfolios, you would need to shuffle certificates, you would need to potentially sell some that aren't applicable to the obligation or the policy that applies to you and buy some others. An important last point here is that MLPs are ultimately accountable to the folks here, the Board, the ratepayers in the town boards which suggests a few things that there isn't necessarily a need for a punitive level of penalty for a shortfall in meeting the laws and adopted policies. Having an ACP at a higher level is more meaningful in the competitive realm than a realm where there's more self-policing and full responsibility where the governance is potentially sufficient incentive to stimulate best efforts for compliance.].

Mr. Phipps – RMLD IRD
You did a good job in terms of providing some background of RPS and CES, the complicated nature of it. These slides set the stage in terms of the inherent business differences between IOUs and LLCs and MLPs. And so, I want to just transition back over to Commissioner Woodcock and just have him talk a little bit about some of the key structural pieces that you mentioned earlier that

both groups, the IOU, LLCs as well as the MLPs are all going to be held to a common standard by 2050. S9 or what we were calling earlier, Roadmap 2050 and S2995, how the combination of regulation and legislation works bringing the MLPs into a level of compliance and B, accommodate the fact that there are different businesses.

Commissioner Woodcock – Massachusetts Department of Energy Resources
Maybe I'll give an example right now of how the regulatory context works for the investor on utilities. So, to give you an example. When we DOER along with the utilities, conduct a competitive request for proposals for offshore wind. And in that review, we received competitive bids back and we assess as a bundle product, the attributes, so the environmental attributes associated with the generation so that is all of the nine different attributes that Bob mentioned, and also the energy.

And if you could assess the same way that you would look at potential long-term contract, we are looking at what is the forecast of energy, what is the price of this contract but we're also looking at what is the value of these contracts and what is the forward costs of meeting this obligation. As you can see, the obligation increases for our investor-owned utilities. So, we will – these ratepayers will have to obtain them. So, we and as a result, unlike the investor-owned utilities, right now the MLPs will be looking forward under existing law really just kind of the energy and your own commitments, right? So, you mentioned that you have a policy that's been guiding you but that has been individual to MLPs thus far. It really is an accounting basis that our Department of Environmental Protection establishes for accounting for greenhouse gas emissions. And I'll pause there because I'm about to go into some detail of how we account for things but really the current methodology is looking at the environmental attributes that we have as a total commonwealth that we retire in the state. We count that as zero emission bid even if those generating facilities are outside the state. So, if we have a contract with a solar farm in New Hampshire or a wind farm in Maine and those attributes are coming back to Massachusetts, we can account that for that within our portfolio. So, the real central issue is that we don't want to allow double counting and that's embedded in our entire GIS system. So, you know, the idea long term that like, that I think MLPs and the commonwealth are going to have to work on is how do you align our current DP inventory with what the MLPs are doing. Ultimately, in 2050 that we can establish that the MLPs have contributed proportionately to meeting the net zero targets.

Mr. Phipps – RMLD IRD
Good, good. Thank you, Commissioner. There's a lot more detail that we can go into. We just want to make sure we can take just a couple minutes at the end to talk a little bit about the biomass. But before we do that, Mr. Chairman, do you want to just take a moment right now to allow the Commission and the CAB to ask one question to our guests due to time constraints?

Chair Stempeck – Chair Board of Commissioners
Yes, and then maybe we could deal with the biomass issue although it may be intertwined as well. If you wouldn't mind, Commissioner Woodcock, we've got members from the Citizens Advisory Board as well as five members from the Board of Commissioners. They may have questions and if you would be open to accepting them.

Mr. Phipps – RMLD IRD
And, Chairman, just as we get started. There's a large group, so short answers and basic questions if we could to the extent possible.

Mr. Talbot – Board of Commissioners
I do appreciate the need for brevity. So, these are complicated matters and so, you know, we've had a good hour-long presentation so maybe it'll take just a little bit longer than a minute or two. I'm very appreciative of the efforts that have been made on both the business side and the regulatory side to try to help the MLPs, you know, have some good standards. The concern arises when rules and regulations, and I have a question coming after this, are relaxed in order to do that. It's going to come up with the biomass. But the biomass regulations in the RPS have been significantly weakened. And I'm just going to quote from the Attorney General who says that those regulations contain numerous provisions that may increase, not decrease greenhouse gas and other harmful pollutant emissions. That the analyses purporting to support those regulations appear to overlook important considerations, make unsupported assumptions, reach dubious conclusions and show that the regulations may indeed have troubling emissions impacts.

And it's the relaxing of those rules that enables a facility like Palmer to develop a business case because they can sell the power to us and then we get credit for non-carbon emitting under this climate bill and somebody else can buy the REC, and so this cash involved too. So, that is sort of a follow up double counting. My question is, how did it get to the point where anybody on Beacon Hill thought that MLPs actually wanted these things to happen with respect to biomass. I've heard that said quite a bit by a lot of people who are knowing what's going on up there.

The last sentence I would just say before you answer that is the MLP boards in Massachusetts do not want inefficient woody biomass plants that are enabled by gutting the rules any more than do the people of East Springfield. And I think the proof of that is that only a handful signed contracts of this – or in our case, we're taking a second look at it. I think we need to take biomass out of the Refiled Climate Bill so that we're not kidding ourselves or our kids that this is non-carbon emitting and Governor Baker has said he wants data driven policy. The existing rules on renewable energy with respect to biomass are based on facts and science.

So, my question is – that's the preamble, and I'm sorry but we've had an hour and this is a two-minute question. The question is, how did it get to be that Commissioners and lawmakers on Beacon Hill thought that MLPs wanted this to happen.

Commissioner Woodcock – Massachusetts Department of Energy Resources
I'll try to respond. Thanks for the question. So, in current law, biomass is an eligible class one resource. And what is difficult when you're developing regulations to govern, how to meet eligibility, It's what the Massachusetts DOER conducted in 2012 was an assessment of how to manage lifecycle emissions. And ultimately, what they concluded is that biomass has life cycle emissions from the stack but it can be reduced with sustainable forestry. And as a result, what is very important is that you promote sustainable forestry when you are having any biomass policies.

And that's pretty logical that the emissions would go up if you clear cut a forest and do not have the photosynthesis process for the regrowth of that forest. So, as a result the management study suggested that we really promote the type of biomass that, one, the entire forest has to be independently verified, that it is being sustainably managed and, two, that we promote the type of biomass that is a waste stream, right? This is promoting the use of sawdust, wood chips that would otherwise go to landfill.

So, I understand there's, you know, we've received a lot of comments on the regulations. We certainly tried to do our best to manage promotion of biomass that is not promoting unsustainable, that cannot be done but we did our best, we did put out a response to the comments, we got to get a lot of thoughtful comments. And ultimately, we put forward the regulations and we have filed them at the Telecommunications and Utilities Committee and are awaiting the feedback from that committee.

Mr. Coulter – Board of Commissioners
I thank you gentlemen for speaking tonight. My question is, you spoke about the EDCs and MLPs. How do you see MLPs surviving in the future in this environment? Right now you talked about accounting. How are you going to be able to make a profit? I could just see an MLP being pushed into nothing more than a smaller EDC. The way that the structure is set up right now. So, I don't know if that's part of the thought process, is pulling in the MLPs into this world because I think a convergence is happening in overtime of an MLP becoming nothing more than a distribution company with this setup and I don't see how you're going to be able to sustain yourself independently.

Commissioner Woodcock – Massachusetts Department of Energy Resources
Well, I do think that there is a recognition that MLPs representing 14% of the load with, you know, going to 100% that we do need to increase our ambition whether you're an IOU or an MLP over time. I think what we're trying to do as an administration is recognize that, one, you are continued to have basically a vertically integrated utility that it really wouldn't make sense to require you to enter into long term contracts in the same manner that we require the investor-owned utilities. What we're attempting to do with the discussion about the CES and CESE is, could there be at least consistency for retirement of attribute markets that allows more flexibility? You know, CES includes and CESE includes nuclear, hydro, a breath of different resources. And ultimately, I mean I think the costs are coming down for these resources. So, I do hope that this is not something that is punitive over time but, you know, meets the ambition that we require but allows the flexibility for

the MLPs to meet it. So, but to answer your question, all of these are, you know, we have a draft CECP, we have legislation that's pending. So, these are discussions that are occurring really right now about how MLP should fit into a net zero context.

Mr. Soni – Citizens' Advisory Board, Reading
Mr. Grace you talked about several pathways to build up to net zero or even possibly beyond net zero, right? So, if you look at that, in that projection how much of that is based on biomass? I mean, if you really look at biomass, you're saying that the biomass has to come from waste and wood chips, right? And so there is not a finite resource. So, how much of this plan that you show actually talks about biomass? Do you have any idea? For Massachusetts?

Mr. Grace – Sustainable Energy Advantage
So, the important point here is that each of these tears has a target, a percentage of load and a set of potentially eligible resources. Biomass is one of 10 or 11 different types of resources that could be used for meeting class one. In Massachusetts, very little biomass has been used or historically has been part of the total. Class two, technically non-waste energy allows biomass. I don't believe there's any class two that's currently certified. It's currently met almost entirely by legacy, small hydro resources. Biomass would be eligible for the CESE if it had less than 50% of the emissions of a natural gas combined cycle plant which without sequestration or without having a very low carbon fuel cycle using entirely waste, probably couldn't meet that.

The portfolio standards are standards that give you a lot of flexibility and how to meet. So, none of them require biomass. Biomass is one of the tools that's available to meet it. Similarly, the greenhouse gas emission standard or what's in the road map, 2050. Legislation that was vetoed and recently resubmitted allows for biomass to be one of many sources after 2026 that would be eligible. As Commissioner Woodcock identified, it's a standard-based approach. Biomass, the purpose of that standard-based approach is to understand that the greenhouse gas impacts of biomass can occur over a wide range if you cut down a forest and sustainably it's clearly not a good thing from a greenhouse gas perspective.

Mr. Soni – Citizens' Advisory Board, Reading
Thank you. My point was that it's a very small number of that whole scenario, right? So people are looking at renewables, they're primarily looking at new carbon-free, new sources, right? And demand response, right? And demand response as ways of really cutting back on load and carbon-free emissions. So, does the real solutions are going to come from non-biomass-based options?

Mr. Grace – Sustainable Energy Advantage
Yes. The vast majority.

Mr. Hennessy – Board of Commissioners
In wood burning biomass, I've heard that mentioned that wood chips sawdust, tree trimmings would be the source. If that plant in Palmer is built and five years down the road it runs out of raw material in Massachusetts would that facility be able to probe the Massachusetts regulations to burn other things like trees that deforest such as deforested lumber.

Commissioner Woodcock – Massachusetts Department of Energy Resources
Sorry, I didn't quite catch the part of that there. So, you're saying there could be a potential for a change of what could be combusted in the facility?

Mr. Hennessy – Board of Commissioners
Yes is it written that it can only be wood chips and things that have been used for other products such as tree trimmings. Could there someday be the ability to deforest, use that as the raw material at Palmer?

Commissioner Woodcock – Massachusetts Department of Energy Resources
So, you know, under our current regulations it requires, there would have to be 50% less than a combined cycle natural gas facility. And so, it would take a regulatory change and furthermore there is some statutory restrictions of what the department can do for the specific language, is using advanced technology to and promote I believe greenhouse gas reductions. So, there would have to be kind of determination that the regulation should be updated to reflect change. So, you know,

there is some discretion to the Department of Energy Resources that's really what's reflected in what we proposed. But there are some statutory restrictions.

Chair Small – Chair Citizens' Advisory Board, North Reading
And I think I add to that without any change if such a plant was using tree trimmings for example ineligible initially and then switch to using a clear-cut forest wood, for example, it would lose its eligibility and therefore lose that as a revenue stream. Without that as a revenue stream, we've done a lot of analysis of these it would be far more expensive than most of the other alternatives that would really be difficult to operate profitable.

Mr. Talbot – Board of Commissioners
One brief follow-up on that is how, do you know what's on a truck coming from New York State, New Hampshire, Vermont or Connecticut. I think your resource study that we have posted on our website says that the supply shed might have to be as much as 160 miles or 169 miles from the plant. How do you know what's in those trucks?

Commissioner Woodcock – Massachusetts Department of Energy Resources
So, yes, but there is a required that they certify and that as independently verified that the forests are being managed sustainably. We do put pretty significant restrictions on requiring that they meet these standards and they would be revoked if they are not applying to the standards of our regulations.

At that point the Chair thanked the guests for their input and the guests departed the meeting.

8. Financial Report (Attachment 3) – Ms. Markiewicz

Ms. Markiewicz stated that the financial highlights in December included some large payments that went out; the pension obligation transfer to the Mass Municipal Depository Trust on 12/16 in the amount of $2.1 million; the Town of Reading payment, which is the return on investment agreed upon amount, half of that payment was made on 12/29 of $1.2 million; the 2% net plant payments based on the kilowatt hour usage by town on 12/29, payments were made to the Town of Wilmington for $440,000, Town of Reading for $465,000, Town of North Reading for $146,000 and the Town of Lynnfield for approximately $52,000.

As we have been going through the COVID situation, we have been talking to you about Accounts Receivable aging and why it's so important. The fact is that we can see how we are doing on sales based on kilowatt usage. But the real measure is how fast we are bringing the cash in the door. We have worked tirelessly with our customers to create payment plans, and help to get them set up on a budget billing plan. Anyone who has a hardship immediately calls us and we work with them. Through this presentation you can see that we have really improved since October working with our customers and bringing payments in. Within that 30-day turnaround we can see that they also get to take advantage of their prompt payment discounts. Looking at a 90-day outlook, we can see the big picture levels out all the timing of payment plans and budget building. We have come a long way from October when we were seeing quite the dip and now we are back up at 96%.

Mr. Hennessy indicated to Ms. Markiewicz, how surprised to see it bounced back almost to what you've had the last few years, and what do you attribute it to being able, because I know there were a lot of people and our four towns are probably, yes struggling a little bit financially because of the pandemic and job loss and things like that. And I'm just wondering why do you think it's been able to bounce back?

Ms. Markiewicz indicated that it's the communication that we put out there from our customer service team and our credit and collections team along with the building team as well. We've communicated to the customers that if you have a hardship they need to contact the RMLD. Just call us up, we're going to work with you and we're going to try to make it, you know we're going to handle it together. So, that's really what we've been doing. We've taken a lot more time and effort in this area to work with each of the customers that need the help.

So, as you know we've closed the year 12/31 and it takes quite a lot to you know finalize the books. So hopefully by March we'll have a really good draft financial to present to you.

Before moving onto Item 9, Mr. Soni asked the Chair of the Board of Commissioners if there would be more discussion on the biomass. Chair Stempeck said not in open session. Mr. Soni indicated that the CAB would like to have a brief comment to communicate. Mr. Soni further said that it just came to my attention that the Town Select Board of Reading has a sent a letter to the TUE committee, the state and also to the Governor asking them not to loosen their regulations for biomass plants.

9. **Integrated Resources Report (Attachment 4) - Mr. Underhill**

Mr. Underhill reported that as part of the regular report we have tracked how our loads have done through the year. Now that we finished the year and we've gotten some of the other things moving forward we are going to go in and take a look at what comprises the load, residential, non-residential classes and see how we fared through the year; what was COVID related and what was weather related. But as you can see the 2020 actual loads fared a little bit better than 2019 actuals and about 3% below what was projected for 2020 in the forecast itself.

Mr. Underhill stated that the RMLD has been tracking how our actual costs have performed against our budget. We are tracking at a little over $3.5 million, low budget for this year. There are a number of factors to that; capacity costs were down because loads were down, energy costs stayed dramatically low. So again, we've done better than anticipated for this year with the load staying up and cost staying down.

Mr. Underhill posted transactions under the TFA which is driven by time and price triggers. If the price in the forward market is below a four-year historic average, the RMLD will buy peak/off peak energy and fill those blocks. December 30th was the date that we actually closed on the transaction for this year. We brought just under 7% of our retail load at below the four-year historic average for energy. In 2022, the RMLD signed up for just under 2% of our load and you have the corresponding budget impacts for those two years purchases there. And some of this information appears every month in one of the other slides but I wanted to pull it out and to show you how the continuing compare with our day transaction activity.

10. **Engineering and Operations Report (Attachment 5) - Mr. Jaffari**

Mr. Jaffari went over his presentation. As far as reliability, I'm glad to announce that this year was another successful year with good numbers and we have submitted for an award to APPA for the Northeast region.

Mr. Jaffari went over the causes of the outages, lots of storms, tree falls and animal contacts; despite these the reliability statistics are still good and staff if managing well.

Mr. Jaffari discussed the updates on the Service Requirements Handbook that is published on the website; updates were posted today. A Service Requirements Committee was formed and completed in CY2020. This process started by doing a study on 46 municipal utilities and IOUs researching the best business practices, models, incentives, electrification concerns, energy efficiencies, and the solar/BESS installations.

Many of the SRH sections have been updated and were made more user friendly with updated figures, drawings, and tables. Sections such as primary metering, URDs, etc. RMLD has raised the level of the transformation that it would provide for the customers up to and including 750 KVA for Non-URD customers. However, they still need to pay for primary cables and installation labor. So, this strategic change will provide incentive for the customers, especially commercial/industry, to move into our service territory. The requirements for URD customers have not been changed.

For primary metering, RMLD has multiple requirements for customers to be considered including: (1) customers must have only one account and not multiple accounts and (2) customer must have over 1500 KVA of single or cumulative load or cumulative. However, in order to be qualified, requires RMLD's analysis and discretion by the Primary Metering Committee. The SRH committee will look at other parameters like (1) the difficult to access electrical facilities; (2) the long primary distributions; and (3) unique electrical set up, constructions, and configurations. Each customer's request will be reviewed and decided on a case by case.

The IRD retail incentives are reviewed on a regular basis and updated on the website. In this section of SRH, RMLD has made lots of improvements in programs and incentives, which include promoting energy efficiency appliances like Star Energy appliances and electrification and offering incentives for the heat pumps, EV chargers, panel upgrades, and outside electric appliances. There is a section in SRH that shows basically what those are and how the customers could benefit from those programs.

Ms. O'Brien thanked the Service Requirements Committee for their time and effort on the handbook. The Service Requirements Handbook has been on the website for many years. It's very comprehensive. It's very typical for large utilities to have these. Having a dedicated committee to continuously look at its content and ensure proper updates commensurate with industry changes and best utility practices Is important. Many of the updates are geared more towards developers and commercial. Ms. Mulvaney is going to send out a press release on it as well.

11. **RMLD Procurement Requests Requiring Board Approval (Attachment 6)** - Mr. Jaffari

IFB 2020-30 Station 4 Air Conditioning Project
Mr. Jaffari explained that this is the cooling system for station for the control house. The switchgear inside the control house is running hot during summertime, which reduces the thermal capacity/ampacity or current carrying capability of the feeders going out of substation. So, in order to prolong the life of the equipment as well as improving the ratings of the cables and the gateway going out of the station, a cooling unit is required to improve the overall operating conditions.

The RMLD sent a bid to 26 bidders and only two responded: Kneeland Construction Corporation and Ambient Temperature. Ambient Temperature was the lowest responsible responsive bidder. Kneeland Construction did not meet the requirement to be specialized in HVAC.

Mr. Pacino made a motion that bid 2020-30 for Station 4 Air Conditioning Project be awarded to: Ambient Temperature Corporation for $104,600.00, pursuant to M.G.L., c. 30 § 39M, as the lowest responsible and eligible bidder, on the recommendation of the General Manager, seconded by Mr. Hennessy. Roll Call Vote: Chair Stempeck, aye; Mr. Hennessy: aye; Mr. Talbot: aye; Mr. Pacino, aye; Mr. Coulter, aye. **Motion carried: 5:0:0.**

12. **Discussion of whether to adopt the open meeting exemption under G.L. c. 164, § 47D in connection with the Board's review of power supply matters.**

The Board of Commissioners discussed the language for motions used in order to go into motion to discuss power supply contracts.

Mr. Pacino made the motion pursuant to G.L. c.164 section 47D, the Board hereby moves that the disclosure of confidential power supply information, including confidential provisions of Power Purchase Agreements ("PPAs"), will adversely affect its ability to conduct business in relation to other entities making, selling, or distributing electric power and energy pursuant to G.L. c.164. The Board's review and discussion of PPAs and related information subject to contractual confidentiality obligations shall be exempt from the open meeting requirements of G.L.c.30A, sections 20 and 21, seconded by Mr. Hennessy. Roll Call Vote: Mr. Hennessy, aye, Mr. Pacino, aye; Mr. Stempeck, aye; Mr. Talbot, aye, Mr. Coulter, aye. **Motion carried: 5:0:0.**

13. **General Discussion – Chair Stempeck**
The next Board meeting was scheduled for February 18th. Mr. Coulter will cover the February CAB meeting (date to be determined)**.**

14. **Executive Session – ACTION ITEM**
Mr. Pacino made the motion that the Board go into Executive Session to consider the purchase of real property for the construction of a new substation in Wilmington and to discuss confidential, competitively sensitive or proprietary information in relation to a potential transaction with an energy power supplier in connection with the purchase and sale of electric power and energy and return to

Regular Session for the sole purpose of adjournment., Seconded by Mr. Hennessy. Roll Call Vote: Chair Stempeck, aye; Mr. Hennessy: aye; Mr. Talbot: aye; Mr. Pacino, aye; Mr. Coulter, aye. **Motion carried: 5:0:0.**

15. **Adjournment**
The Board of Commissioners returned to regular session for the sole purpose of adjourning and promptly adjourned at 10:23 PM.

BOARD MATERIAL AVAILABLE BUT NOT DISCUSSED
Accounts Payable/Payroll Questions

A true copy of the RMLD Board of Commissioners Minutes
As approved by a majority of the Commission

Philip B Pacino
Philip B Pacino (Apr 27, 2021 15:30 EDT)

Philip B. Pacino, Secretary Pro Tem
RMLD Board of Commissioners