

**Reading Municipal Light Board of Commissioners
Joint Meeting with the
Reading Municipal Light Department Citizens' Advisory Board
Regular Session
230 Ash Street
Reading, MA 01867
January 5, 2012**

Start Time of Regular Session: 7:10 p.m.

End Time of Regular Session: 8:37 p.m.

Attendees:

Commissioners:

**Richard Hahn, Chairman
Mary Ellen O'Neill, Commissioner
Robert Soli, Commissioner**

**Philip B. Pacino, Vice Chair
Gina Snyder, Secretary**

Staff:

**Vinnie Cameron, General Manager
Jeanne Foti, Executive Assistant
Jane Parenteau, Energy Services Manager**

**Jared Carpenter, Energy Efficiency Engineer
Paula O'Leary, Operational Assistant
William Seldon, Senior Energy Analyst**

Citizens' Advisory Board (CAB):

**Arthur Carakatsane, Chair
George Hooper, Member
Tony Capobianco, Member**

**John Norton, Secretary
Tom Ollila, Member**

Public:

**John Arena
Bob Quinn
Frederick Van Magness**

**Ron D'Addario
John Rogers
David Williams**

Call Meeting to Order

Chairman Hahn called the meeting to order at 7:10 p.m.

Chairman Hahn stated that, this meeting of the Reading Municipal Light Department (RMLD) Board of Commissioners January 5, 2012, is not being broadcast live at the RMLD's office at 230 Ash Street, Reading, MA. This meeting is being video taped for distribution to the community television stations in North Reading, Wilmington and Lynnfield.

Chairman Hahn said that the RMLD Board of Commissioners has one agenda item, to discuss the Renewable Energy Certificates (RECs).

Chair Carakatsane called the Citizen's Advisory Board (CAB) meeting to order at 7:12 p.m. Chair Carakatsane introduced himself as the representative from Lynnfield. The CAB members introduced themselves as well: Tony Capobianco representative from Reading; Tom Ollila representative from Wilmington; John Norton representative from North Reading; and George Hooper representative from Wilmington.

Chair Carakatsane said that before they address the first major item, it should be noted, that both Boards have received considerable materials (which include memos from staff, numerous items submitted by the members of the Boards and concerned citizens), which will be made part of the official record. Chairman Hahn commented that, as with all meetings, there is the opportunity for public comment. Chairman Hahn polled to see if there were any elected officials who wanted to make a public comment. There were none present. Chairman Hahn addressed the public in attendance and said that if they had any comment following the discussion as the proceedings go forward, to just put up a hand to be recognized. Mr. Van Magness said that he would like to make a statement at some point. Ms. O'Neill pointed out that if a member of the public has a prepared statement it should be made at the beginning of the meeting.

Public Comment

Mr. Van Magness thanked the Board, the CAB members, and the Department. Mr. Fred Van Magness introduced himself and reported that he resides at 243 Franklin Street, Reading and had been involved with the CAB for a few years as well as town government.

Public Comment

Mr. Van Magness commented that the issue of the RECs is somewhat of a charged issue, and he is not sure how to weigh in. The Board may have more information and he does not have the same resources. Mr. Van Magness' point to the Board is that it is the responsibility as elected officials to represent Reading, the three towns, and the benefits to the ratepayers. As Mr. Van Magness looks at the discussion on having potential benefits expire without opportunity to favorably impact ratepayers, he takes exception. Mr. Van Magness noted two issues: 1. Let the RECs expire with no value; or 2. Go to market and collect the dollar value revenue to offset costs and rates. These seem to be the fundamental points. Mr. Van Magness said that he understands renewable energy is important. Having renewable energy is a fabulous opportunity and he is not talking about renewable, but about reducing cost and maximizing revenue. Mr. Van Magness thanked the Chairman for the opportunity to address them this evening.

Mr. Ron D'Addario thanked the Chairman, the RMLD Board, and the CAB Board for having him as well as the staff of the RMLD. Mr. D'Addario said that he will offer an opposing view to Mr. Van Magness. Mr. D'Addario stated that he also is speaking in part as Chair of the Reading Climate Energy and Environmental Committee. Mr. D'Addario reported that a couple of weeks ago, they had a vote on RECs. With four voting members present three members voted to retire the RECs, and one member voted to sell the RECs. Mr. D'Addario commented that there is a responsibility to the ratepayers, but the responsibility includes more than just a dollar sign. He is also a ratepayer who is very concerned about sustainability. Mr. D'Addario would ask that if we claim to be sustainable that the RMLD be sustainable as much as feasibly possible, and if we want to claim that we cannot, sell it away. If RMLD sells the REC's, we will have no sustainability. If we sell all the RECs we cannot both claim it and sell it, because the person or company we are selling to will claim it; they have a right to claim it. We both cannot claim it. The Climate Committee several years ago voted that we try to get ten percent reduction in our greenhouse gases by 2012, and obviously that is not going to happen. That was not just for the RMLD, it was for the town in general. There is a point that you have to look at the science and take action. There is a point that you say we have to start making a change. Will what we do in Reading affect change worldwide? No, but if one thousand, ten thousand, one hundred thousand Readings, with the RMLD starting this effort then you have effect. You can't wait for it to come from the top down, we have to start here. We have to be an example. Not even Mr. Van Magness is looking for the final buck.

Mr. D'Addario hoped he was not putting words in Mr. Van Magness' mouth, and Mr. Van Magness is looking at what is best for everybody. We may have a difference of opinion. What is best for everybody is to start getting on a sustainability kick and not be fearful of it. Mr. D'Addario thanked the Chairman for the time to speak.

Mr. John Arena, who lives at 26 Francis Drive, introduced himself and said that he is a Town Meeting member and a Finance Committee member. He noted that he is at the meeting this evening as a private citizen. Besides the two discussions thus far, there is another aspect he would like to raise. The greater desire of all of us is to increase the demand for sustainable energy; users desire this. Paradoxically, if you hang onto these RECs you deny the market those that would buy them or have the opportunity to buy them. If you restrict supply, the price will increase. In a larger sense by selling them you will ultimately increase the demand for renewable energy, because you will encourage the sale of these RECs, which comes with the production of more of them. If you want to look at the larger goal, creating more renewables, you want to encourage the total user base to be participative. By selling the RECs, you achieve that end goal. It is the short term view versus the long term view. By selling these, you create excitement in the marketplace about the opportunity to participate in renewable energy even if you do not necessarily have a contract. You can still claim your piece of the pie. That in a larger sense provides more bang for the buck than what it means for little Reading. There is far more leverage contemplating the sale of these and the impact it has on a continuing fashion throughout the years done by other towns, done by us in the future, than the economic value to us at the moment. The second point as a consumer is this power has already been produced. The water has come over the dam. The power is done. What we are talking about now is the right to say that we have consumed it. This represents bragging rights. It is like going to a restaurant saying that we are satisfied and paying the check proves that we had our meal. He could care less about bragging rights. If someone else does care about them, (keeping in mind) the power has already been produced and the goodness has already been delivered into the economy and into the environment by selling them you encourage more demand, which has a greater downstream affect than you might imagine. Do not think about just this week, this month, or this town, but think of the larger goal driving, increasing, and encouraging more demand. Then you will see the wisdom in letting these go towards satisfying that larger goal. It is a difficult conversation and a controversial topic. Mr. Arena thanked the Chairman for entertaining his conversation this evening.

Public Comment

Mr. John Rogers, who lives at 39 Tower Hill Road, North Reading, introduced himself, and thanked everyone, the Board, and the staff. He is a Senior Energy Analyst at the Union of Concerned Scientists, a national organization based in Cambridge, and he has worked on renewable energy for two decades as well as volunteer energy issues. From his perspective, when Reading became part of the Cities for Climate Protection movement about six years ago he thought that was great. He wishes that North Reading could do something like that, but looks to Reading for leadership and inspiration, and it was a terrific start. When the RMLD introduced the Green Choice Program four years ago -- a municipal utility offering voluntary renewable energy to its customers, he thought that was terrific. It showed leadership, foresight, and an understanding of what people wanted. Looking at recent numbers, he was very pleased, to see that there was adoption of the Program, that people took that on, and there was very little drop even during the economic downturn. It speaks volumes to the RMLD's customer base interest in renewable energy. It is a small portion of the customer base that is taking advantage of it now, but to see that is marvelous. When he read about the renewable energy purchases that RMLD has made, he meant to write Vinnie and the commissioners a thank you for doing this. Mr. Rogers showed a newspaper article, with the headlines, "RMLD Acquires More Green Power". RMLD is saying that it understands there is value in this, and there are reasons why one might want to do this, and our customer base may want us to do that, and we did this. He thinks that is terrific. If you look at the national perspective until there is a national energy policy and until there is a driver for renewable energy at the national level, the leadership must come from elsewhere. Massachusetts, in 1997, became the first state to mandate that all its investor owned utilities hit a renewable energy target, which has been bumping up every year. Twenty nine states plus the District of Columbia require this for its utilities. Massachusetts back then did not require that municipal utilities participate. It takes leadership at the municipal level to say that we want to increase our portion of renewable energy and understand the value it has. There are a lot of things in terms of energy diversity or the fixed prices we get or the greenness or the sustainability we are voting for with our dollars. He thought that was terrific.

Mr. Rogers said that the voluntary renewable energy market, notwithstanding the comments of the prior speaker, has been a major driver in the market for about half of renewable energy produced in this country since 1998. This is people buying those RECs and retiring them. As we buy them and sell them you are not doing anything to drive the market forward. Buying them and retiring them then as an NSTAR or a National Grid or some other entity is required by compliance to do, makes them go out there and find more. So what do they do, they turn to the private sector. The private sector produces more renewable energy, maybe not right then, but the next month, the next year, or two years down the road. It is an ongoing cycle. Those voluntary renewable energy purchases are driving renewable energy development, they are a major piece.

Mr. Rogers said that if, as a community, we decide to sell the RECs, the next headline says or it has to say that RMLD decided not to acquire green power, so let's be clear. (Mr. Rogers noted the material he provided from the EPA, Federal Trade Commission, and Union of Concerned Scientists) and from the materials sent, it would be fraud to count that as renewable energy. Renewable energy is wrapped up in the Renewable Energy Certificate and that goes to the buyer.

Mr. Rogers said that if we are the buyer, and we can retire them, then we can make those claims. We get to do this because we understand that this is the future we want for our community and is the future we want for our children. Mr. Rogers thinks they made a great decision, and the Board should stick with retiring the RECs. Mr. Rogers expressed his thanks for presenting his opinion.

Chairman Hahn thanked everyone for coming out this evening. There was a lot of thought about this issue. Chairman Hahn wanted to thank everyone for their comments. Chairman Hahn said that out of the four speakers what he heard is that two are for selling and two are for holding. This reflects the difficulty that the town in general and the Board in particular may have. What that shows is that we are representative of your view or you are representative of ours and he is uncertain which is correct. Chairman Hahn said to the public in attendance that if they wanted to speak during the meeting to raise their hands, and he will do his best to give them an opportunity to speak.

Renewable Energy Certificates (RECs) (Attachment 1)

Chair Carakatsane asked if there would be any presentation from staff. Chairman Hahn responded, no, it was not his intent, nor was it his intent to go through the encyclopedia of handouts. Chair Carakatsane suggested that the CAB have discussion on its side, and then make a recommendation.

Renewable Energy Certificates (RECs) (Attachment 1)

Chairman Hahn suggested to Chair Carakatsane there is one issue he is hopeful that they can agree upon, and it is the decision to sell has to be linked to what to do with that money. Chairman Hahn said that he thought he heard at the Board of Selectmen meeting the inkling of a consensus saying that if in fact we do vote to sell these, it would be used solely to reduce power costs and not use them to make other investments. Chairman Hahn said that at the Board of Selectmen's meeting it was said that we could create a separate fund to invest in specific renewable projects in RMLD's service territory. It would be important to clarify this before we vote. Chairman Hahn asked if the Boards can agree if we do sell the RECs that any money needs to flow back to Purchase Power.

Chair Carakatsane said that he has a couple of comments. One of things to keep in mind is that Renewable Energy Certificates encompasses smaller issues under it including three programs: 1. Green Choice Program, where ratepayers pay extra money and that money goes to buying RECs on the market now, and it is specifically detailed that they be retired. 2. RECs have been produced over the last year under the contract with Swift River, which has a series of hydro plants (four) which have been banked, not sold or retired. 3. In 2012, Concord Steam is expected to come online, which is a wood burning plant that will produce far more RECs. A subsidiary issue is if any RECs are sold what do you do with the money. Chair Carakatsane said that he saw inklings in the Subcommittee minutes, and it was expressed at the last joint meeting that any decision should be reviewed annually. Chair Carakatsane pointed out that roughly the annual RECs from the hydro plants if they went to market at this time are worth around \$450,000 to \$500,000. With Concord Steam, the amount that could be garnered for the RECs is \$1 million to \$1.5 million. Overall, we are looking at potentially \$1.75 million to \$2 million. It is the size of what we are talking about and these are important factors.

Chairman Hahn noted that Chair Carakatsane raises an interesting point about how far in advance, if in fact we do authorize the sale, the Boards should review the decision. What he heard suggested was that in calendar year 2012, the issue be revisited at the end of the year. Chair Carakatsane said that this came up at their last meeting in which Chairman Hahn attended, and Chair Carakatsane said he saw that it came up at the subcommittee meetings as well. Chair Carakatsane stated that the review date is a subsidiary issue and could be permanent. Chairman Hahn said that this Board or a future Board could reverse that decision. Chairman Hahn said that he sees two ancillary issues on the table: 1. For what period of time do we sell them, and he heard the proposal for 2012 calendar year; and 2. What to do with those funds. The reason why Chairman Hahn thinks this is important is he does not want to have any misunderstandings going forward. Mr. Pacino said that he wanted to address the issue of review. The Department's fiscal year ends June 30, and he thinks that it would be better to be discussed in June of each year to match the fiscal year of the Department.

Mr. Pacino stated that he is in favor of having an annual review of this going forward. Mr. Pacino said that the June – July time period would be the time to make that decision. Mr. Pacino commented that the budget process begins in January with the budget voted in April or May in which the Board, the Board's Budget Committee, and the CAB have done their review. He thinks a review should take place as part of the budget process each year. Chairman Hahn clarified that what that means is that the sale should be set between January 1, 2012 and June 30, 2013. Chairman Hahn said that he does not want to have any more misunderstandings or disagreements or confusion about what we are doing because that is how we got into this.

Chair Carakatsane said that the approach he is going to take on the CAB side is get input from all and get consensus. Chairman Hahn stated that the Board has a motion that could be read if that is helpful. Mr. Pacino suggested getting input from the CAB and hear their recommendation, and discussion ensued.

Chair Carakatsane stated that it is his intent to get a consensus.

Mr. Capobianco stated that he is a strong proponent that we maintain sustainability. He thinks keeping these RECs off the market will drive the price and encourage renewable development, so his thought is to retire the RECs for all projects. Chair Carakatsane clarified for both projects, Concord Steam and Swift River. Mr. Capobianco replied, yes. Mr. Capobianco stated that it is important that Reading become a leader and with the yearly revenues approximately \$90 million, the benefit to the ratepayer is relatively minimal.

Renewable Energy Certificates (RECs) (Attachment 1)

Mr. Capobianco said that if the Board of Commissioners instructed the RMLD to purchase renewable energy that was at the behest of the ratepayer, so the ratepayers are interested in a sustainable energy portfolio.

Mr. Ollila stated that he is still relatively new on this Board, and he has a lot of questions. His general sense is in agreement with Mr. Capobianco, and that one of the reasons he wanted to get active on this Board is to help promote renewable energy and sustainability. The good news is that this is a prominent issue. Clearly, we have some debate or controversy over the best way to implement that. He frankly has more questions than answers right now. The first thing he would like to ask is this a one time decision that we are going to sell or retire them. We generate new RECs every year. We could say that we are going to generate new RECs this year and next year say we are going to retire them or do it year by year.

Chairman Hahn stated that Mr. Pacino's suggestion is to make this decision in conjunction with the budgeting process and fiscal year, which runs from July 1 to June 30. Currently, we are in January and for all intents and purposes if we were going to make a decision for the next eighteen months that would take us to the end of fiscal year 2013, at which time we could get together and meet again whatever the outcome is. This is not an irrevocable decision.

Ms. O'Neill stated that she feels that if the CAB and Board were to adopt a voluntary renewable portfolio standard or some renewable energy policy that would supersede an annual review. It might provide for annual review, but she does not feel bound to committing to an annual review. Perhaps for the first year, but she would prefer to see us develop a policy that sets us on a course for awhile.

Mr. Norton said that over the last few weeks, he has weighed both sides of this issue. He noted that some of the members know on both the Boards that he was one of the CAB members a few years ago that pushed for the promotion of renewable energy. At this time, he is leaning towards retiring the RECs. He does not think that it is in the best interest, and he hears the ratepayer part of it on the financial standpoint. He has heard from John Rogers from North Reading and from other people in North Reading who could not attend this evening. Every one of them has stated that they want to retire the RECs. He does not think that RMLD can promote being a green power company in our portfolio if we sell them. It is a misleading statement. He is not in favor of selling them. He is in favor of retiring them. Commissioner Hahn makes a very strong case for retiring the RECs. He would not be in favor of the sale of them. His preference is to retire them and be able to say that we have the green power.

Mr. Norton agrees with Commissioner O'Neill that jointly between the two Boards, we do need to develop a very strong policy and adhere to it whichever way it goes. In fairness to everyone, including the General Manager, there needs to be something in place to say this is what we have for policy, and this is how we are going to proceed from here. That is his opinion on the matter and he would hope tonight that this could be resolved one way or the other in order that we can move on. He is strongly in favor of retiring the RECs.

Mr. Hooper said that this has not been an easy decision. He has been back and forth both ways looking at these. Mr. Hooper said that he agrees with Mr. Norton. After reading e-mails and going over some of the input he has had, he believes these RECs are a benefit of our efforts that we have put out there saying that we are green and sustainable, and we want to keep on that path. To sell the RECs, he agrees, would become a false statement. Fiscally, his initial reaction would be to sell them all off and use them to reinvest in other renewable energies. He is now leaning towards retiring them.

Chair Carakatsane said that his thought is similar to those expressed. The first thing he looks at is there is as much as \$2 million sitting on the table. He never leaves money on the table. There would be an impact on the ratepayers. At one point there was a refund to the ratepayers for an even smaller amount. The possibility of up to \$2 million is important even more so in these worse economic times since the Depression. Most people are getting by. Shut offs and delinquencies were up and just coming down, but it is still serious. On the other hand, purchasing renewable energy sources has to be a priority in order to support the market in terms of developing them. Swift River is a great example of that. These projects have a hard time finding purchasers even though you think they would be plentiful. It does come at a premium in which Energy Services has done an excellent job by looking at projects that come within reason, and are not catastrophically above normal rates such as Cape Wind. That is the yin/yang of where the market is to have green power, but at what price, it's still a green plant.

Renewable Energy Certificates (RECs) (Attachment 1)

Chair Carakatsane said that if you are under a portfolio situation, that does not justify it in itself and in his analysis he did not give a whole lot of weight. The important thing is to be buying from such plants at a reasonable price. He also struggles with the Concord Steam Plant, a wood burning plant, and there are environmental questions and green energy proponents that do not consider wood burning renewable or green. There is a real question about the carbon footprint, particularly the CO₂. He has been torn and can go in either direction. When he walked through the analysis, the Green Choice Program the RMLD has mandates to purchase and retire the RECs and is not sure why the RMLD should be considering purchasing RECs that we are developing out of our own contracts and retiring them that way. Get the money back in and they are retired. The philosophical concept he is most prone to is the Swift River RECs are retired. He is more troubled about Concord Steam, which is a larger in scale. He is not as wedded to retiring those as equally wedded to selling them. There is also some debate about what do you do with the money. The idea is to go out and buy more power at a premium. There is a huge argument to give it back to the ratepayers through the Purchase Power Adjustment. Another suggestion is to set up a bank to fund renewable projects within the geographic confines of our service territory.

Chair Carakatsane said that any of those are good; however, he is not sure if they are all legal. He would defer to the General Manager and legal counsel. He does think it is important whatever we sign that either on a calendar year or a fiscal year that the sources of them and what happens to them is reviewed. Policies do not last forever. The policy may be to review them annually. He is never wedded to stay in one direction, because times change. Things happen, and it is important that you never get too wedded to them; goals provide direction. Chair Carakatsane said that he is willing to entertain a motion. Chairman Hahn has no objections to the CAB making a motion.

Mr. Arena had a question on driving demand noting that he sees two scenarios, and maybe he does not understand the math. He sees a scenario where they get earned. If the same program is executed next year with the same funding to provide additional units of energy, we claim the credit. He sees another scenario where the amount we spent this year plus the incremental amount that we get out of selling these, we give up the right to say we used it, but we sleep at night secure in the knowledge that we increased organic demand from the supplier by being able to steer that incremental revenue to Swift River or any other small producer of our choice. That is what he meant earlier when he said you drive demand. You get to steer the extra cash towards the provider of your choice for any source of renewable that you choose. It all depends on the economics; \$2 million is incremental funding. It either has \$2 million worth of value to steer or it has zero. Mr. Arena quoted Robert Kennedy: "If you don't care who gets the credit you can get a lot done." He is not interested in bragging rights, but he would be interested in doubling down in the organic demand, because it has much more staying power.

Chairman Hahn said that if we sell these certificates we do not direct whom they go to. They could be sold to a broker, who could turn around and sell them to someone who is just buying compliance.

Ms. O'Neill pointed out that what Mr. Arena is referring to is the amount of money that we would realize if we sell these and that we would put the money towards buying additional projects. It is her understanding that is not the case. If we were to sell these it is her understanding that the money would go into the RMLD's Fuel Charge. She asked if that were correct. Chairman Hahn responded that is his understanding. Mr. Cameron replied that is where it is collected now. Chairman Hahn said that if the RMLD wants to create a new fund such as one we have now where there is a small charge collected in everybody's electric bill, and where Ms. Parenteau and Mr. Carpenter can go around the service territory and invest in conservation measures at homes or businesses that then save money. Chairman Hahn said that it was decided a fairly long time ago that we wanted to invest in energy efficiency. Money is collected, and we reinvest it in our customers' homes or businesses. The RECs, he thinks, because they were bought as part of a long term purchased power agreement have to go back into that to reduce it. Chairman Hahn said that he thinks that you cannot double down to the extent Mr. Arena described.

Mr. Arena said that if you displace the cost, it would show up somewhere else in the income statement. Chairman Hahn commented that we can, as a group, decide that a conservation program works great, have an even bigger program, and use that to fund renewables such as putting a solar panel on someone's home. This could be done whether you sell the RECs or not. Chairman Hahn's point is that once you sell the RECs you cannot direct where they go, because you do not know. Chairman Hahn thinks that because we collected this money through a portion of our tariff, the Purchase Power Adjustment that is where the credit would have to go.

Renewable Energy Certificates (RECs) (Attachment 1)

Ms. O'Neill commented as an example, it is her understanding that if we were to sell the Swift River RECs for one year, approximately \$450,000 to \$500,000 of that money would go back into the Fuel Charge and would reduce the average residential customer's bill (who uses seven hundred fifty kilowatts a month) by fifty cents a month. For fifty cents a month you would give up all these claims to renewable energy, and you would not be helping to develop new additional renewable projects out there on the market. That would be the actual benefit to the customer -- a fifty cent reduction on their monthly bill to sell the Swift River RECs each year. The RECs are a floating amount in terms of their worth. It is not a definitive sum, and it depends on what is out there in the market. They can change in value, so it is not a guaranteed amount. Ms. O'Neill said that we cannot take that money and put it towards a specific concrete project.

Mr. Arena commented that if you do not sell there is no cost. Ms. O'Neill said that the cost is already included in what we are currently paying in our bills. Ms. O'Neill commented that the Swift River projects are a competitively priced renewable project. Ms. O'Neill stated that the Swift River project is not an expensive project like Cape Wind. Ms. O'Neill commented that the Energy Services staff has done a great job. Ms. O'Neill pointed out that the cost of the renewable energy is shared among all customers.

Chair Carakatsane said that the current rates incorporate two Purchase Power Agreements at a slightly higher premium. Chair Carakatsane commented that the RMLD does purchase from the Spot Market on a daily basis at a much higher rate. The RMLD has competitive rates. The RMLD is not the lowest in state. Chairman Hahn pointed out that the RMLD has the fourth lowest rates in state. Chair Carakatsane stated that the RMLD rates are the second lowest in this area. Chair Carakatsane commented that although there are renewable projects, the RMLD is doing well on the rate side. Ms. O'Neill wanted to add to Chair Carakatsane's comments that reminded her RMLD's annual Purchase Power Contracts cost about \$39 to \$40 million annually. Ms. O'Neill said that \$500,000 is a small percent of what RMLD spends on all the power supply to serve our four towns. Ms. Parenteau said that the numbers Ms. O'Neill is giving is without fuel. Chairman Hahn added that he thinks the amount spent (including fuel) on the total power supply is \$70 to 80 million.

Chairman Hahn explained that \$13 to \$14 million go to the physical assets such as the wires, poles, meters and transformers. Chairman Hahn said that \$70 to \$75 million goes out the door to buy electricity, because the RMLD does not generate its own power, which would make it an even smaller percentage than presented by Ms. O'Neill.

Mr. Soli asked the General Manager that we have these assets in hand and have been collecting them right along so how does the RMLD's Accounting System account for these assets. He asked if we see it in the monthly report. Mr. Cameron responded that the monthly report reflects the Fuel Charge Revenues, and a portion of the Fuel Charge Revenues is where the RECs would be paid for by the consumers. Mr. Soli said that we have these assets in hand. Mr. Cameron said that we do not delineate that. Chairman Hahn said that they do not show up as an asset on our books. Mr. Pacino added that right now it is being expensed. Mr. Soli asked what the RMLD auditor thinks about this. Mr. Cameron responded that the RMLD auditor will write a written explanation of how they believe we should handle that depending on whether we retire the RECs or we sell the RECs.

Mr. Pacino said that as he understands it, right now, these are paid out as part of the fuel purchase costs, which are being expensed. One of the things that is possible is this Board could adjust the rates. The Board could put more into energy conservation. Mr. Pacino's position on this is fairly open. If we sell the RECs, whatever monies are realized each year he is in favor of some sort of annual review, and these monies could be used to adjust the rates. He added that maybe we could cut our fuel costs down or adjust the conservation rate. There could be potentially more conservation money that could be used in the service territory for projects. Chairman Hahn said that decision could be made independently of how we treat the RECs. Mr. Pacino was in agreement. Chairman Hahn added that could be a discussion for another day. Mr. Pacino commented that it could be made independently without selling the RECs, but you raise the rates to the customers. Chairman Hahn said that is a decision the Board would have to make. Mr. Pacino said that to address Mr. Arena's point potentially there could be a way to have some adjustments to the system. Mr. Arena asked if you could wash it through the Fuel Charge.

Mr. Van Magness said that hypothetically, if the RECs were sold, could you take the \$500,000 or \$1 million or whatever the revenue number would be and possibly put that in a separate fund that in fact could be used by the Department to expand the utility owned renewables. Mr. Van Magness commented that perhaps we need a windmill, a solar array or some other new technology that is out there, and then we would become even greener.

Renewable Energy Certificates (RECs) (Attachment 1)

Mr. Van Magness does not think that there is a person in the room that doesn't believe that the wave of the future is to get away from fossil fuel generated power and try to maximize how much we get from renewable power sources. Is this a possibility? Chairman Hahn responded that he thinks you can set up a separate fund to do that, but we collected this money from our customers for these purchases through a written tariff that was filed with the state, the Purchased Power Adjustment clause. It says its purpose is to reflect purchases and sales of electricity.

Chairman Hahn's interpretation of those tariffs is that, and he has performed rate making work for other utilities in the state, if the RECs were sold we would need to flow the money back. Chairman Hahn commented that Mr. Pacino said that we could always start a new fund to fund windmills, but that is a separate decision. Mr. Van Magness responded that he does understand this. Mr. Van Magness was seeing if there were any other alternative, because the goal is that everyone gets more renewable. Chair Carakatsane pointed out that your bill has an extra tariff on it for the energy conservation charge, which funds projects within the RMLD service territory as well as audits and technology. Chair Carakatsane said that within the RMLD's service territory the obvious renewable projects cannot be done, because there is not enough wind to support wind projects, solar is expensive, and there is not sufficient water in the rivers, and they all have their issues. Mr. Van Magness said that he was thinking to a different scale.

Ms. O'Neill said that we are looking for a justification to sell the RECs, and we are dangling money in front of ourselves as a carrot to perhaps do something else, and she disagrees with Chair Carakatsane. To her, the essential argument is we give up the claim to greenness, renewables, sustainability, if we sell the RECs. Ms. O'Neill stated that to her, this is the bottom line. Ms. O'Neill is not enamored with the arguments of the different possibilities that we could do with the supposed money. It is a little bit of a dead end. Ms. O'Neill said that she wants to address the comment that Chair Carakatsane said about the possibility of using the money we receive from our Green Choice Program from those participants to possibly buy our own RECs. She is appalled by that and she has seen that in a memo from staff. She participates in that program, as many here probably do, and at this point the RECs we get from this program are shared among all our customers. We are all enjoying the benefits of that green energy.

Ms. O'Neill said that if we were to sell off our greenness and then turn around and say that the money that the Green Choice participants contributed will buy back those RECs, she would resign from the Green Choice Program. She finds this disturbing, and would advocate that we give that up. She wants to make a strong point about that.

Mr. Soli had a couple of points: 1. Cap and trade says that if you are better than the quota then you can sell off the excess. Currently, the RMLD's quota is zero. If we were to sell off the excess that is what cap and trade is. 2. At the last meeting of this Board we went into Executive Session to discuss power purchases. A respectable developer in the area wishes to develop in our territory a solar project. Chairman Hahn cautioned Mr. Soli because that project was discussed in Executive Session. Mr. Soli added that the solar developer is going to sell power to the RMLD. It is not solar cells on a roof, but a solar farm. Because of the way we went into Executive Session we could not approve this in Regular Session. Basically, the Board thought that was a good idea. Anybody in solar is selling the RECs, because there is a huge payback and without these subsidies they cannot do it. The RMLD is enabling this project and are not adding any part of the RECs. If you are one of those that say you have to have the check then you can brag about it and can't claim it as revenue; however, he would be proud to say that we enabled this solar farm to go ahead. Mr. Soli said that we do not have to hang our heads in shame, because we do not have the RECs, but will be proud, because we enabled this even if the RECs went elsewhere. Who cares because this represents another source of sustainable power that will come about because of our actions? Mr. Soli added that Concord Steam had a hard time trying to find buyers for their project; however, we enabled that to go ahead. The RECs to him are interesting; he is pragmatic and says that let's get the sustainable power out there. Let's do the right thing for the customers.

Mr. Norton made a motion seconded by Mr. Capobianco that the CAB recommend to the RMLD Board of Commissioners not to sell the RECs, however, they should be retired for both the Swift River and Concord Steam purchase power agreements for the duration of the contracts.

Mr. Ollila asked if this is just this year's RECs or all future RECs. Chair Carakatsane responded said that he has an alternative motion. Mr. Hooper asked if the motion can be amended to add "for a period of time". Mr. Hooper asked how long the duration of these contracts is. Ms. Parenetau replied fifteen years. Chair Carakatsane suggested putting in a review period.

Mr. Norton, Aye; Mr. Hooper, Aye; Mr. Ollila, Aye and Mr. Capobianco, Aye; Chair Carakatsane, No.

Motion carried 4:1:0. Chair Carakatsane voted against the motion.

Renewable Energy Certificates (RECs) (Attachment 1)

Alternative Motion:

Mr. Norton made a motion to recommend to the RMLD Board of Commissioners adopt a policy of retiring all RECs obtained for a period of time.

Chairman Hahn clarified that there was one motion moved and seconded and asked why this motion. Chair Carakatsane asked for debate on the first motion noting the second motion was not seconded. Mr. Hooper said that the first motion closes out options, because the contracts run fifteen years. Mr. Hooper commented that once we get greener, sustainable, renewable energy, and more RECs will be generated, we might want to reconsider this. Chair Carakatsane pointed out two things on the motion that has been seconded: 1. This restricts it to Swift River and Concord Steam, and 2. He assumes that there will be more purchases in the next couple of years. There could be wording that ties it into the duration of the contracts with reviews. Also, any policy or other vote can change this recommendation. If in six months from now we do not like it, we change this. Chair Carakatsane stated that the second motion was something put together here to be more encompassing to have a policy. Chair Carakatsane commented that what he hears is a request for a policy that is carte blanche, but he does not recommend that. Chair Carakatsane stated that he could not support that.

Chair Carakatsane polled the CAB members for comment on the original motion where it is for the duration of the contract. Mr. Capobianco said that he can support it unless there is a reason or another vote to make another recommendation; Mr. Hooper said that it was fine, and Mr. Ollila said that it was fine as is. Chair Carakatsane stated that as the motion exits he cannot support it.

Mr. Pacino suggested making a motion at this point, and then each Board member would be given the opportunity to express their opinions. Chairman Hahn said he would entertain a motion.

Ms. Snyder made a motion seconded by Ms. O'Neill to direct the General Manager to hold and retire and not sell the Renewable Energy Certificates received from RMLD's renewable energy purchases for Swift River and the Concord Steam projects for the duration of the contracts. The Board discussed the motion.

Mr. Pacino wanted to thank everyone for all their input and noted it has been a very interesting debate. There has been a lot of thought, a lot of input. He wanted to thank anyone who has submitted written comments and took the time to do this. He read all the comments. Mr. Pacino said that some of them were very thoughtful and for those not in attendance this evening, he would also like to thank them for their comments. He is glad that all the comments will be made part of the written record. He said that Mr. Van Magness said some of the things that he feels. We have a commitment to the ratepayers. It is \$2 million that is here. These projects have supported the facilities. They have gotten them off the ground. Mr. Pacino pointed out that in terms of the research no other municipalities are retiring the RECs, and asked Mr. Cameron if that were correct. Mr. Cameron replied that is correct of those whom he contacted. Mr. Pacino commented that the municipalities are under no mandate to sell these. There is no state mandate that we retire these. We did appear in front of the Reading Selectmen, both cases were made, and the Selectmen were very much emphatic that basically these should be sold, because they benefit the ratepayers. It was their feeling that there was benefit to the ratepayers and to go forward to help the ratepayers. Mr. Pacino thinks that there is some way there can be some balancing that can be done going forward in terms of how we set some of the rates. He would like to see this reviewed. At some point, he would like to offer an amendment that the policy only covers through the period of June 30, 2013 in order to have a definite set period. There are many people out there in this economy who are struggling. He is a Certified Public Accountant and has many companies that are struggling and some after thirty five years are going out of business, which is a shame. We should sell these, and it is something that can be addressed in eighteen months. State regulations, rules and regulations could change as well as economic conditions. These should be sold and he has made his position known before the Commission. He read Chairman Hahn's memo. He appreciates the memo, and thought it was very informative and very well done. He said that he did not understand what the RECs were. Most of this discussion took place at the Power & Rate Committee, when he was not there. This issue did not come up until it was presented to the full Board. His position is that the RECs should be sold for the benefit of the ratepayers. It is part of our commitment to the ratepayers not only in Reading, but in Wilmington, North Reading and Lynnfield Center.

Mr. Soli asked a point of order that motions should be forward going. The motion should say hold and let expire and not sell so that would be one way to approach it. Another approach would be if you do not want to hold them, you could have a motion to sell and what that motion includes. Mr. Soli stated that he is a pragmatist and believes a lot of people in Reading are pragmatists as well and they want to see good things happen. Selling the RECs is the pragmatic thing to do, and it does not change sustainable power.

Renewable Energy Certificates (RECs) (Attachment 1)

Ms. Snyder said that the argument that power is sustainable if you sell the RECs is incorrect. There is a lot of documentation that has been submitted to this Committee demonstrating that at various levels of the government. They are the ones that set up the whole REC system in order to account for this. The preponderance of comments that she has seen and received has supported retaining the RECs. Holding them drives the market to create more renewable energy. Selling is a short term gain for long term harm, and fundamentally, does not make sense. To purchase them and then to turn around and sell them represents a loss. She is against selling the RECs.

Ms. O'Neill stated that she is opposed to selling the RECs, and she does represent the ratepayers. There are many aspects in which you can represent ratepayers. One is not exclusive of the other. We have to look at quality of life on our planet for our children and grandchildren. She feels voting to retire the RECs on the larger scale is symbolic of a vote for the future. Ms. O'Neill wanted to correct a statement made by Mr. Pacino about the members of the commission who attended a Board of Selectmen meeting. There was no stance, no vote, or motion taken by the Board of Selectmen in terms of how they feel. Two Selectmen did speak up. Mr. Pacino said that he takes issue with this. Ms. O'Neill added that two people on the Board of Selectmen did indicate selling, based on the information they had that was not as extensive as we have received. There was no motion. Ms. O'Neill said that she feels that this is a Board and CAB decision.

Chairman Hahn said that his position is well known if anyone reads *The Reading Chronicle*. We decided as a group, sometime ago, that we wanted to include renewable energy in our power supply portfolio. We knew that it would be costing more than conventional power supply. We did not decide to make this 50% or 75% of our portfolio. We thought it was important to have a small percentage of our supply portfolio in renewable projects. We worked very hard to get renewable projects that were reasonably priced. We have been fortunate to achieve that. We looked at many projects in which the price was much higher and said no. We found two good projects, and we think in a couple of years this will represent approximately nine percent of our portfolio. It does not make sense to him having worked so hard to bring in renewable projects to turn around and give that up. If we do that or had done that we would have raised our rates for no reason. It is not the right thing to do.

Ms. Snyder re-read the motion.

Ms. Snyder made a motion seconded by Ms. O'Neill that the Reading Municipal Light Department Board of Commissioners to direct the General Manager to hold and retire and not sell the Renewable Energy Certificates received from RMLD's renewable energy purchases for Swift River and Concord Steam projects for the duration of the contracts.

Motion carried 3:2:0. Messrs. Pacino and Soli voted against this motion.

Mr. Pacino made a motion seconded by Mr. Soli to add the amendment to the main motion to add at the end to read "not to sell through June 30, 2013."

Motion failed 2:3:0. Chairman Hahn, Ms. O'Neill and Snyder voted against the amendment.

Mr. Pacino said that with circumstances that may change over a period of time, there needs to be an appropriate review period, and eighteen months seems reasonable. It will tie it into the fiscal year budget process. Chairman Hahn added if the original motion is voted we can always go back and revisit it.

Chair Carakatsane stated that he wanted to thank everyone for attending and for the very respectful debate. It is more philosophy than nuts and bolts. He wanted to thank the Board members and the public in attendance for all the input.

Chairman Hahn wanted to echo Chair Carakatsane's comments to all the members of the public who took time to share their thoughts with us, and he values that input and is always here to receive it.

Adjournment

At 8:37 p.m. Ms. Snyder made a motion seconded by Ms. O'Neill to adjourn the Regular Session

Motion carried 5:0:0.

A true copy of the RMLD Board of Commissioners minutes
as approved by a majority of the Commission.

Gina Snyder, Secretary
RMLD Board of Commissioners

RENEWABLE ENERGY CERTIFICATES

a. MEMO DATED OCTOBER 21, 2011



To: Vin Cameron

From: Jane Parenteau
Bill Seldon

Date: October 21, 2011

Subject: Renewable Energy Certificates (RECs)

The Reading Municipal Light Department (RMLD) entered into a Purchase Power Agreement (PPA) with Swift River Hydro for the output of four hydro projects including capacity, energy, Renewable Energy Certificates (RECs) and all other environmental attributes. In addition, RMLD has signed a PPA with Concord Steam, a biomass project which is scheduled to be operational in early 2013.

Swift River Hydro

Table 1 shows the projected monthly Mwh generation for each of the four projects that RMLD has negotiated a PPA: Woronoco, Turners Falls, Pepperell, and Indian River. Swift River currently has a PPA for the Collins project with NSTAR which expires in September, 2013.

Table 1
Projected Monthly Mwh

	Average <u>Woronoco</u>	Average <u>Turners Falls</u>	Average <u>Pepperell</u>	2011 <u>Indian River</u>	2011-12 Total <u>Energy Output</u>	Average <u>Collins</u>	2015 Total <u>Energy Output</u>
January	993	139	685	307	2,124	581	2,704
February	898	169	688	263	2,018	515	2,533
March	1,367	418	972	440	3,197	707	3,903
April	1,503	392	957	793	3,646	703	4,348
May	1,267	231	811	634	2,944	665	3,609
June	750	13	529	329	1,621	442	2,063
July	460	247	308	154	1,168	271	1,439
August	387	244	264	129	1,024	258	1,282
September	364	0	233	127	723	215	937
October	521	68	410	207	1,206	313	1,519
November	839	91	566	379	1,875	440	2,314
December	1,001	264	700	467	2,433	561	2,993
Annual Output:	10,350	2,276	7,123	4,228	23,978	5,667	29,645
CT Class 1 RECs:	3,881 ¹	2,276 ⁴	7,123 ⁵	4,228 ⁶	17,509	-	17,509
CT Class 2 RECs:	6,469 ¹	-	-	-	6,469	5,667 ¹⁰	12,136
RI New RECs:	3,881 ⁷	-	3,775 ⁸	-	7,657	-	7,657
RI Existing RECs:	6,469 ²	-	3,348 ⁹	-	9,817	-	9,817
MA Class 1 RECs:	4,037 ³	-	8,500 ⁷	4,228 ⁶	16,765	5,667 ¹¹	22,432
MA Class 2 RECs:	6,314 ³	-	-	-	6,314	-	6,314

One REC is equivalent to 1,000 kWhs or 1 Mwh of generation. Based on the projected monthly generation, it is anticipated that the four projects would have an annual generation of 23,978 Mwths. This would result in the RMLD receiving 23,978 RECs.

Investor Owned Utilities (IOUs) have a Renewable Portfolio Standard (RPS). Below is a summary of the RPS.

- Under the Class I Renewable Portfolio Standard, all retail electricity suppliers must provide a minimum percentage of kilowatt-hours (kWh) sales to end-use customers in Massachusetts from eligible renewable energy resources installed *after* December 31, 1997, according to the following schedule:
 - 5.0% of sales by 12/31/2010
 - 6.0% of sales by 12/31/2011
 - 7.0% of sales by 12/31/2012
 - 8.0% of sales by 12/31/2013
 - 9.0% of sales by 12/31/2014
 - 10.0% of sales by 12/31/2015
 - 11.0% of sales by 12/31/2016

Currently, Massachusetts municipals are exempt from the Renewable Portfolio Standard.

The current RECs that are attributable to the Swift River Hydro projects have a financial value.

Table 2 shows the projected four year market value of the anticipated RECs from Swift River.

Table 2
Market Value

	2011	2012	2013	2014
CT Class 1 RECs:	\$ 418,903.39	\$ 407,478.75	\$ 407,478.75	\$ 388,437.69
CT Class 2 RECs:	\$ 2,186.20	\$ 4,372.40	\$ -	\$ -
Annual Value	\$ 421,089.59	\$ 411,851.15	\$ 407,478.75	\$ 388,437.69
MA Class 1 RECs:	\$ 494,563.50	\$ 502,945.93	\$ 494,563.50	\$ 486,181.07
Annual Value	\$ 494,563.50	\$ 502,945.93	\$ 494,563.50	\$ 486,181.07

Concord Steam

In 2013, the RMLD anticipates that the Concord Steam Project should achieve Commercial Operation. Based on an annual plant production of 130,000 Mwths and the RMLD receiving 33% of the output, the RMLD would have an additional 42,500 Mwths with an equivalent of 42,500 RECs. The projected market value of NH Class 1 REC is \$29.00 REC. This would result in an annual value of approximately \$1.2 million.

The RMLD has several options available regarding RECs.

Potential Options:

Option 1: If the RMLD would like to refer to the output of the hydro projects as "renewable", then RMLD would need to retire the RECs from the projects. By doing so, the value of the RECs would be zero.

Option 2: Currently the RMLD does not have a RPS. The RMLD could set a policy where a portion of the RECs are sold and a portion could be retired. This would provide RMLD with additional funds that could be earmarked for other sustainable projects within the RMLD service territory (i.e., Solar on municipal buildings).

Option 3: The RMLD could market all the RECs until it has a RPS. The revenue that RMLD receives as a result of this could be used to lower the overall cost of the project. For Swift River, it is estimated that utilizing this option could reduce the overall cost of the project by approximately \$20/Mwh.

Energy Services would like to work with the RMLD Board and CAB to determine the direction that would best serve the interest of the RMLD customers.

With the lack of an RPS, many municipalities are marketing the value of the RECs associated with their renewable resources. These systems include Ipswich, Princeton, Taunton and Templeton. Additionally, Holden, Wellesley, Middleborough, and Concord are currently selling their Solar RECs (SRECs).

We look forward to discussing this concept with you as well as both the RMLD and CAB Boards.





RENEWABLE ENERGY CERTIFICATES

b. RMLD BOARD POWER & RATE COMMITTEE MINUTES





Reading Municipal Light Department (RMLD) Board of Commissioners
Power & Rate Committee
Regular Session Minutes
January 19, 2011

Start Time: 7:30 p.m.

End Time: 9:10 p.m.

Attendees:

Committee Members:

Messrs. Hahn, Soli and Ms. O'Neill

RMLD Commissioner:

Ms. Snyder

RMLD Staff:

Messrs. Cameron, Seldon, and Ms. Parenteau

Mr. Hahn called the meeting to order at 7:30 p.m.

At 7:35 pm Mr. Hahn made a motion seconded by Ms. O'Neill to go into Executive Session to discuss power supply issues based on Chapter 164 Section 47D exemption from Public records and open meeting requirements, and return to regular session for the sole purpose of adjournment.

Motion carried 3:0:0.

Mr. Soli, Aye; Ms. O'Neill, Aye; and Mr. Hahn; Aye.

The Power & Rate Committee re-entered Regular Session.

Concord Power and Steam LLC

The Reading Municipal Light Department Board Power & Rate Committee moves to recommend to the RMLD Board of Commissioners to authorize the General Manager of the Reading Municipal Light Department to finalize negotiations and execute a contract with Concord Power and Steam LLC.

Motion carried 3:0:0.

Swift River Trading Company, LLC

The Reading Municipal Light Department Board Power & Rate Committee moves to recommend to the RMLD Board of Commissioners to authorize the General Manager of the Reading Municipal Light Department to finalize negotiations and execute a contract with Swift River Trading Company, LLC.

Motion carried 3:0:0.

RMLD's Fiscal Year 2011 Addendum to the Cost of Service Study

Mr. Cameron presented the update to the Residential and Industrial Time of Use (TOU) rates. Mr. Cameron said that he brought these rates to the Power & Rate Committee on December 7, 2010 and the Committee wanted Mr. Cameron to see if it would be possible to diminish the amount of On-Peak hours and make the rate change revenue neutral. Mr. Cameron said that the On-Peak hours were now 12 pm to 7 pm and the rate change was revenue neutral for both the Residential and Industrial TOU rates.

Discussion followed.

Mr. Soli presented an analysis he performed showing that the Return on Ratebase in the FY11 COSS was not equal for all rate classes. Discussion followed. Mr. Cameron said that he would take a look at the analysis and get back to the Power & Rate Committee.

Mr. Hahn made a motion seconded by Ms. O'Neill that the Power & Rate Committee recommend to the Board of Commissioners to authorize the General Manager to implement new Time-of-Use Rates for Residential and Industrial Customers as described in the Addendum to the 2011 Cost of Service Study.

Mr. Hahn Aye, Ms. O'Neill, Aye, Mr. Soli, Nay.

Motion carried 2:1:0. Mr. Soli voted against this motion.

Motion to Adjourn

At 9:10 pm Mr. Soli made a motion seconded by Ms. O'Neill to adjourn.

Mr. Hahn, Aye; Ms. O'Neill, Aye; and Mr. Soli, Aye.

Motion carried 3:0:0.



Reading Municipal Light Department (RMLD) Board of Commissioners
Power & Rate Committee
Regular Session
April 20, 2011

Start Time: 6:30 p.m.

End Time: 9:15 p.m.

Attendees:

Committee Members:

Messrs. Hahn and Soli, Ms. O'Neill

RMLD Staff:

Mr. Cameron, Ms. Parenteau, and Mr. Seldon

Mr. Hahn called the meeting to order at 6:30 p.m.

Executive Session

At 6:31 pm. Mr. Soli made a motion seconded by Ms. O'Neill that the Power & Rate Committee go into Executive Session to discuss issues related to Chapter 164 Section 47D, exemption from public records and open meeting requirements in certain instances, and return to Regular Session.

Motion carried 3:0:0.

Mr. Soli, Aye; Ms. O'Neill, Aye; and Mr. Hahn, Aye.

Ms. Parenteau provided an update to the Power & Rate Committee on the RMLD's intention to go out for power supply Request for Proposal (RFP). Ms. Parenteau explained that the RMLD is following its Power Supply Strategy of layering and laddering of the RMLD power supply portfolio formulated several years ago. Ms. Parenteau said that this presentation was for information only and no action was necessary by the Power & Rate Committee. Mr. Cameron suggested that a final presentation be made to the Power & Rate Committee in May and at that time a recommendation to the RMLD Board could be made.

Discussion followed.

The members of the Power & Rate Committee agreed that they would meet in May and take up the Power Supply RFP and make a recommendation to the RMLD Board.

Street Light Rate

Mr. Cameron presented the Street Light Cost of Service memo to the Committee. Mr. Cameron said that the RMLD requested that Mr. Cameron review the Street Light Rate from the FY11 COSS. Mr. Cameron did so and found that the RMLD's present rate is higher than the cost of service according to the FY11 COSS. When Mr. Cameron performed a Cost of Service analysis of the Street Light Rate based on the replacement cost for the present street lights in the service territory he found that the rate should be decrease. Mr. Cameron also found that according to MGL Chapter 164, Section 58, street light rates can be set at the average cost of electricity for a municipal light department. Mr. Cameron said the he calculated the average price cost of street light rate and found that they were marginally lower than the proposed cost of service rate.

Mr. Cameron said that the RMLD will have their revenues reduced by about \$300,000 annually if the proposed street light rates or the average street light rates are adopted by the RMLD Board.

Mr. Soli said that he thought the rates could be lowered even more than what is proposed by Mr. Cameron because the capital cost of the rates do not equal the Net Plant of the street lights according to the FY11 COSS. Mr. Cameron reminded Mr. Soli that his analysis is based on replacement cost of the present street lights on the system and not historical Net Plant of the street lights.

Discussion followed.

Mr. Hahn made a motion seconded by Ms. O'Neill to recommend to the RMLD Board of Commissioners to accept the Proposed Street Light Rate as presented by the General Manager.

Motion passed 2:1:0. Mr. Soli opposed.

Commercial C-Rate

The RMLD needed to change the On-Peak and Off-peak Rate in the Optional Contract demand portion of the C commercial C-Rate. This was not done when the Industrial time of Use Rate was filed on April 1, 2011.

Mr. Hahn made a motion seconded by Ms. O'Neill to recommend to the RMLD Board of Commissioners to accept the Commercial C-Rate as presented by the General Manager.

Motion passed 3:0:0.

Net Metering Rate

Mr. Cameron started out by stating that there is a Net Metering Rate that is law however this applies to the Investor Owned utilities, not the municipal electric utilities and Mr. Cameron has this in writing from the RMLD's General Counsel. Mr. Cameron went on to explain that the RMLD has Net Metering requirements on its website that residential customers must follow in order to install generation in their homes. This generation is mostly solar installations and in one instance a customer installed a Combined Heat and Power system. The Net Metering requirements the RMLD is proposing to file as a rate includes what the customer must do in order for their generation not to back feed the RMLD's distribution system in the event of an power outage, how the metering scheme will work, and what the customer will be paid for energy generated onto the RMLD's distribution system.

Discussion followed.

The committee was concerned that the Net Metering information was not in rate form. The committee said that the Net Metering rate should be brought back to the committee in rate form in May. Mr. Cameron said that he would do that.

Terms and Conditions

Mr. Cameron said that the RMLD's Terms and Conditions is a rate that includes many items that apply to all RMLD customers. The Terms and Conditions were included on the agenda for possible changes to the re-connect charges; however, after assessing the charges, Mr. Cameron is not proposing any changes to them.

Discussion followed.

Green Choice Program

Mr. Seldon explained that since the RMLD signed the Swift River Contract for hydro power the RMLD has been receiving renewable Energy Certificates (RECs). Mr. Seldon pointed out that the RECs received from Swift River are more than the amount of RECs being sold to RMLD customers in the Green Choice program. Mr. Seldon said that the RMLD is considering changing the Green Choice program. Mr. Seldon stated there could be several options, one of which could be building a solar installation on a roof at the RMLD.

Discussion followed.

Water Heater Rate Update

Mr. Cameron said that the RMLD is preparing to go out for qualifications for companies that could provide systems that would control water heaters and other appliances in homes and businesses.

Discussion followed

Motion to Adjourn

At 9:15 p.m. Ms. O'Neill made a motion seconded by Mr. Hahn to adjourn.
Mr. Hahn, Aye; Ms. O'Neill, Aye, Mr. Soli, Aye.

Motion carried 3:0:0.



Reading Municipal Light Department (RMLD) Board of Commissioners
Power & Rate Committee
Regular Session
May 16, 2011

Start Time: 7:00 p.m.
End Time: 8:10 p.m.

Attendees:

Committee Members: Messrs. Hahn and Soli, Ms. Snyder
RMLD Staff: Messrs. Cameron and Seldon, Ms. Parenteau,

Mr. Hahn called the meeting to order at 7:00 p.m.

Executive Session

At 7:01 p.m. Mr. Soli made a motion seconded by Ms. Snyder that the Power & Rate Committee go into Executive Session to discuss issues related to Chapter 164 Section 47D, exemption from public records and open meeting requirements in certain instances, and return to Regular Session for the release of Executive Session minutes and adjournment.

Motion carried 3:0:0.

Mr. Soli, Aye; Ms. Snyder, Aye; and Mr. Hahn, Aye.

At 7:27 p.m. the Committee re-entered Regular Session.

Annual Request for Proposal for Power Supply

Ms. Parenteau said that the RMLD is following its Power Supply Strategy of layering and laddering of the RMLD power supply portfolio formulated several years ago. Ms. Parenteau explained the memo and spreadsheet that presented how much energy the RMLD was requesting and for the period 2012 through 2015.

Discussion followed.

Mr. Hahn made a motion seconded by Ms. Snyder to recommend to the RMLD Board of Commissioners to accept the Annual Request for Proposal for Power Supply as presented by the General Manager and staff.

Motion passed 3:0:0.

Net Metering Rate

Mr. Cameron stated that this rate was brought to the Committee on April 20 and reviewed. The Committee instructed the General Manager to put it in rate form, which the General Manager has done. Ms. Snyder pointed out several typos in the document. Mr. Soli said that Section 9, which is mostly legal requirements with language that should be looked at by lawyers in order to ensure that the RMLD has the required protections in the event of a problem with the customer interconnection.

Discussion followed.

Mr. Cameron said that he would send this to General Counsel for review.

Motion to Adjourn

At 8:10 p.m. Ms. Snyder made a motion seconded by Mr. Soli to adjourn.

Mr. Hahn, Aye; Ms. Snyder, Aye, Mr. Soli, Aye.

Motion carried 3:0:0.



Reading Municipal Light Department (RMLD) Board of Commissioners
Power & Rate Committee
Regular Session
June 22, 2011

Start Time: 6:35 p.m.

End Time: 7:25 p.m.

Attendees:

Committee Members:

Messrs. Hahn and Soli, Ms. Snyder

RMLD Staff:

Messrs. Cameron and Seldon and Ms. Parenteau

Mr. Hahn called the meeting to order at 6:35 p.m. Mr. Soli and Mr. Hahn were in attendance at the start of the meeting. Ms. Snyder had previously informed the Committee that she would be arriving late, due to a prior commitment.

Executive Session

At 6:35 pm. Mr. Hahn made a motion that the Power & Rate Committee go into Executive Session to discuss issues related to Chapter 164 Section 47D, exemption from public records and open meeting requirements in certain instances, and return to Regular Session for the release of Executive Session minutes and adjournment.

Mr. Soli questioned why the Power & Rate Committee needed to go into Executive Session. Mr. Hahn stated that the General Manager and RMLD Staff were going to present information on power supply that is confidential. Mr. Soli still questioned why the need for Executive Session. Mr. Cameron said that each time he and the RMLD Staff have made a presentation on power supply to the RMLD Board, CAB or a committee that included sensitive information of a competitive nature it has been done in Executive Session.

Discussion followed.

Mr. Soli seconded the motion on the table.

Motion carried 2:0:0.

Mr. Hahn, Aye; Mr. Soli, Aye.

The Power & Rate Committee re-entered Regular Session at 7:15 pm.

Response to Mr. Soli's Inquiry on the Proposed Street Light Rates

Mr. Cameron stated that Mr. Soli circulated a handout at the May 25, 2011 RMLD Board Meeting concerning the proposed street light rates the RMLD is putting in place on August 1, 2011. Mr. Cameron said that Mr. Soli basically redid his analysis of the proposed street light costs, and that Mr. Soli had used only the directly-charged street light maintenance costs shown in the FY12 budget. Mr. Cameron developed a response to Mr. Soli's analysis, which was sent to all RMLD Board Members. Mr. Cameron pointed out that Mr. Soli's analysis understates the cost of maintaining the street lights by only using the direct charge maintenance costs shown in the FY12 Operating Budget. The RMLD's originally proposed street light rate used the allocated costs from the FY11 Cost of Service Study, which correctly assigns operating, maintenance costs associated with the operation of the street lights on annual basis.

Discussion followed.

Mr. Hahn said that the committee should take this issue again at a future meeting.

Ms. Snyder entered the meeting at this point. Mr. Soli left the meeting at this point.

Motion to Adjourn

At 7:25 p.m. Mr. Hahn made a motion seconded by Ms. Snyder to adjourn.

Mr. Hahn, Aye; and Ms. Snyder, Aye.

Motion carried 2:0:0.



Reading Municipal Light Department (RMLD) Board of Commissioners
Power & Rate Committee
Regular Session
July 21, 2011

Start Time: 7:00 p.m.
End Time: 9:00 p.m.

Attendees:

Committee Members:	Messrs. Hahn and Soli and Ms. Snyder
RMLD Staff:	Mr. Cameron, Ms. Parenteau, and Mr. Seldon
Commissioners:	Ms. O'Neill

Mr. Hahn called the meeting to order at 7:00 p.m.

Renewable Energy Policy

Mr. Hahn asked Mr. Soli to present his request concerning a Renewable Energy Policy for the RMLD. Mr. Soli said that he thought the RMLD needed both a Renewable Energy Policy as guide for the RMLD purchasing renewable energy.

Discussion followed.

Mr. Hahn asked the General Manager and Staff to come up with initial language for a Renewable Energy Policy.

Direction Regarding Renewable Power

Mr. Soli thought that the RMLD was also in need of a direction in purchasing customer owned generation. Mr. Cameron said that legal counsel is reviewing the customer owned generation guidelines as requested by the Power & Rate Committee.

Discussion followed.

Energy Environmental Policy Concepts

Ms. Snyder said that she cut these concepts from articles and other things she found on the Internet that were related to Environmental Policies.

Discussion ensued.

Ms. Snyder said that she would like to look these over and get back to the committee with a formalized draft policy.

Article Relative to - Greater Reliance on Efficiency, wind and Long Term Contracts Reduces Risks and Ratepayer Costs

Ms. Snyder said that she sent this to the General Manager and thought it would be helpful for the RMLD. Mr. Cameron said that he downloaded the report, which he had with him. Mr. Cameron said that the report analyzes power supply planning from regions such as vagueness, ignorance, uncertainty, and risk. Mr. Cameron said that the conclusions are that central station power projects are not the most favored and that companies should be looking at renewable energy projects in small to medium sizes.

Concepts for Possible RMLB Environmental Policy

Ms. Snyder said that this information was from her and that it is somewhat related to the article submitted.

Discussion followed.

Other Discussion

Mr. Hahn said that he had a discussion with the General Manager recently about the RMLD's ability to use the Renewable Energy Certificates (RECs) from the Swift River project to cover the RMLD requirement for RECs in the Green Choice program. Mr. Hahn said he agreed with that concept. Ms. O'Neill said that she disagreed and that the Green Choice Program should be discontinued. Ms. O'Neill believed that the Green Choice program had outlived its usefulness and that since the RMLD is receiving RECs with the Swift River power purchase the RMLD should consider going in another direction.

Discussion followed.

Mr. Hahn asked the General Manager and Staff to come back to the committee with more detail about the Green Choice Program.

Motion to Adjourn

At 9:00 p.m. Mr. Soli made a motion seconded by Ms. Snyder to adjourn.

Mr. Hahn, Aye; Ms. Snyder, Aye, Mr. Soli, Aye.

Motion carried 3:0:0.

Reading Municipal Light Department (RMLD) Board of Commissioners
Power & Rate Committee Regular Session Minutes
October 3, 2011

Start Time: 6:30 p.m.
End Time: 9:00 p.m.

Attendees:

Committee Members: Messrs. Hahn and Soli and Ms. Snyder
RMLD Staff: Mr. Cameron, Ms. Parenteau, and Mr. Seldon
Commissioners: Ms. O'Neill

Chairman Hahn called the meeting to order at 6:30 p.m.

Ms. Snyder made a motion seconded by Mr. Soli to go into Executive Session based on Chapter 164, Section 47D exemption from the public records and open meeting law requirements in certain circumstances, to discuss proposals from renewable energy projects and return to Regular Session.
Mr. Hahn, Aye; Ms. Snyder, Aye, Mr. Soli, Aye.

Motion passed 3:0:0.

The Power & Rate Committee re-entered Regular Session at 8:15 p.m.

Sustainable Energy Policy

Mr. Seldon stated that at the last meeting of the Power & Rate Committee on July 21, 2011, which was a joint meeting with the Policy Committee, the RMLD General Manager and staff were told to come back to the Power & Rate Committee with a draft policy addressing renewable energy acquisition. The RMLD has developed a draft Sustainable Energy Policy for the committee's review. Mr. Seldon went over the salient points of policy. Mr. Seldon pointed out that the Policy elements include reaching certain renewable energy portfolio levels at stated milestones, price levels of projects that would warrant consideration by the committee, and how to deal with Renewable Energy Certificates (RECs).

Discussion followed.

The sense of the committee was that the policy would need further discussion.

Environmental Policy

Ms. Parenteau gave an overview of the draft environmental policy the Staff developed and was presenting. At the last meeting of the Power & Rate Committee meeting the committee discussed the development of an Environmental Policy and asked staff to come up with a draft policy.

Discussion followed.

Chairman Hahn asked the General Manager and Staff to determine the cost of taking the actions included in the policy and bring them back to the committee.

Net Metering Rate

Mr. Cameron explained that the RMLD had brought a draft Net Metering Rate to the committee in July and was asked to make changes to the rate, have counsel review the rate, and bring it back to the committee for further review. Chairman Hahn asked about the metering scheme described in the rate.

Discussion followed.

Mr. Cameron thought it would be best if he sent a schematic and explanation of the net metering scheme to the committee. Chairman Hahn said that would be helpful in understanding how the net metering works.

Other Business

Chairman Hahn acknowledged that the RMLD Board of Commissioners had received a few e-mails from customers asking about 0% loans to finance energy efficiency measures. Mr. Cameron said that he would get background on this and bring it back to the Board for discussion.

Motion to Adjourn

At 9:00 p.m. Mr. Soli made a motion seconded by Ms. Snyder to adjourn.

Motion carried 3:0:0.

Reading Municipal Light Department (RMLD) Board of Commissioners
Power & Rate Committee Joint Meeting with the Citizens' Advisory Board
Regular Session
October 24, 2011

Start Time: 7:00 pm
End Time: 8:28 pm

Attendees:

Committee Members: Mr. Hahn, Ms. Snyder, and Mr. Soli
RMLD Staff: Mr. Cameron, Mses. O'Leary and Parenteau, and Mr. Seldon
CAB: Messrs. Carakatsane, Chairman (Lynnfield), Hooper (Wilmington), Capobianco (Reading)

Chairman Hahn called the RMLD Board of Commissioners' Power & Rate Committee meeting to order at 7:05 P.M.

Chairman Carakatsane called the CAB meeting to order at 7:05 P.M.

The Retiring/Expiring of Renewable Energy Certificates (RECs)

Mr. Carakatsane explained that at the last CAB Meeting on October 4, a question was raised about what was happening with the Renewable Energy Certificates (RECs). He added that there was knowledge that the RECs are being let to expire and in the meantime, the Board as a whole has not considered the issue. It was a concern of the CAB, so this meeting was requested to discuss both sides of the issue.

Mr. Seldon wished to modify some comments made at the last meeting. He clarified that the RECs for the Green Choice Program were allowed to expire, because that is how the program was set up. The new RECs that the Department is getting with the Swift River Project are not expired, and are being banked in the RMLD's account.

Chairman Hahn stated that the Board has discussed the issue, but there is no unanimous consensus as to whether the RECs should be retired. The Board asked Energy Services to come in with options, and the Board allowed the RECs to be bought and expired under the Green Choice Program.

Ms. Parenteau added that there has been discussion at this Committee level to develop a sustainability policy and address what to do with RECs in the policy. The Committee has also discussed whether or not to utilize the Swift River RECs to satisfy the Green Choice RECs. A definitive answer has not arisen, but there has been discussion.

Chairman Hahn noted that RECs could be sold on a retroactive basis so no value has been lost by sitting on them.

Ms. Parenteau said that the whole purpose of Green Choice is that the RMLD would go out, purchase RECs, and retire them. Since then the RMLD found a purchase power agreement with Swift River, which is a whole new set of RECs. With the new set of RECs a discussion on what should the policy be related to the RECs and how to move forward is now a pertinent discussion.

Mr. Carakatsane asked how the RECs expire.

Ms. Parenteau passed out an informational page (from mass.gov), which gives a summary and an overview of what is an RPS (Renewable Portfolio Standard), how the RECs work, how does a REC originate, and who keeps track of a REC. It also notes that generation providers who are classified as renewables have the ability to sell those RECs. She added that within the current contract with Swift River, Swift River generates the RECs, which go onto a GIS system.

Chairman Hahn explained that the GIS system maintains all the generator attributes. When a REC is generated, it is tracked on the GIS system.

Mr. Hooper asked if the Swift River REC would expire.

Ms. Parenteau responded that once the REC is banked, it is the RMLD's, and that it only has a value if someone wants to buy it. The RMLD has complete control over the REC, and it stays in our bank.

Ms. Snyder asked if the Green Choice RECs are retired annually.

Ms. Parenteau responded that the RECs are retired quarterly, and noted that there is a window of time that generators have to put the information into the system in terms of transferring the RECs. For example, from July through December, Quarter 1 RECs can be recorded.

Discussion ensued.

Mr. Capobianco noted that the RMLD is buying energy along with the RECs.

Chairman Hahn responded that was correct, and it goes into the RMLD's energy supply portfolio.

Mr. Carakatsane recalled that the basic idea behind the Green Choice Program was to raise money to invest in renewables.

Chairman Hahn stated the RECs were bought because the RMLD wanted to say that it had some renewable green power.

Mr. Soli asked how residential solar customers could get RECs.

Chairman Hahn explained that a customer would have to be a certain size to go into the GIS system, so a single rooftop solar panel would not be eligible. He added that there are developers who will install residential solar panels, and they will take the RECs and bundle them to be big enough to go into the GIS system.

Ms. Parenteau commented that there are also aggregators that will go up to individual solar customers and will start a contract with them to aggregate their solar to buy RECs. She noted that Jared Carpenter is looking into the possibility of aggregating some of the individual solar customers and working with a third party vendor who has the ability to do it.

Discussion ensued.

Mr. Carakatsane asked if a RPS policy had been developed.

Ms. Parenteau responded that Energy Services had a meeting with the Power and Rate Committee and presented an outline of a sustainability policy.

Mr. Carakatsane asked if an energy portfolio standard and having RECs go hand in hand.

Ms. Parenteau stated that municipal utilities are exempt at the present time.

Chairman Hahn noted that the Board of Commissioners has directed the General Manager and the employees to go find renewable projects, i.e., Concord Steam, Swift River Hydro, solar. Chairman Hahn believes the Board does not want to opt into an RPS, but would rather set its own policy, which is more complicated than it appears. He added that the initial step was the Green Choice Program: buy the REC and see if there is customer interest; however, there was only tepid interest. He said that the Board must decide what percentage of the portfolio should be renewable taking into consideration that it is a policy issue, a rate issue, and a generation/supply issue.

Mr. Carakatsane asked what is done with the RECs, besides sell them and get cash back to possibly subsidize buying renewables.

Ms. Parenteau noted that if the RECs were sold, the RMLD would not be buying anything that is "green". She added that what makes this "green" is having the certificate attached to the megawatt hours and keeping those together.

Mr. Carakatsane asked if you could use them to buy more "green".

Mr. Seldon explained that one of the options (as listed in a memo attached to the agenda packet) is if all or a portion of the RECs are sold you can use the money for other sustainable projects. He commented that as long as the Board sets the criteria, the Energy Services Division (ESD) could do it.

Ms. Parenteau added that it is really a policy decision.

Chairman Hahn stated that if the RMLD wants to be called "green" then a piece of paper is needed that says it is "green".

Ms. Snyder said that it appears the power generation is completely separated from the "greenness" of it, so you can sell the "greenness".

Mr. Capobianco stated that all we are really talking about is whether or not we call ourselves "green". If we want to say we are "green", the RECs get retired; if we want to take the money and invest it in other renewable projects, then we have to say we are not green.

Mr. Seldon said that if you wanted to take it one step further, we could say that we are going to call so much of the power green and retire a portion of the RECs, and sell the others for investment.

Discussion ensued.

Ms. Parenteau stated in her opinion that it is very important, no matter what option the Board may decide, that it is communicated clearly that if the RECs are sold, that we do not call it "green".

Mr. Soli commented that controlling the peak is important, and whatever the RMLD does, it should be encouraging solar. He added that if it means the RECs should be sold to use that money to build solar, and encourage solar, then that is what is important to him. Saying that you're green or not is not so important to him, but protecting the environment by cutting down CO₂ is more important.

Chairman Hahn offered a different viewpoint. He agreed that controlling the peak load is important, but CO₂ comes from generation throughout the year and is just as damaging in January as in August. He added that solar only has a 16% capacity factor, wind 25%, water 30%, and hydro 30-60%. Per kW of capacity, hydro will avoid most greenhouse gas. He believes they are all important and would not exclude hydro and wind, and solar is the most expensive.

Mr. Carakatsane asked where is the Board and/or Committee in this discussion, policy or thoughts?

Chairman Hahn stated that at the last Committee meeting they had a lot of questions that they were trying to get answered. He believes it comes down to whether the RMLD wants to be called "green" or not, and how much more above market will we pay? He said they have not come to a quick resolution on this, because it is not a simple solution.

Mr. Hooper said that in his opinion although we are talking about "green", it makes more sense to sell the RECs and invest in more renewable energy.

Mr. Capobianco's opinion was to sell the RECs and use that money to bridge the gap for more renewable energy at a more reasonable cost, and increase the amount of renewable energy within the portfolio. He agrees with Mr. Soli regarding solar panels, however, you don't get as much bang for the buck.

Chairman Hahn stated that if RMLD is not worried about its current portfolio being "green", then don't buy renewables, buy conventional power supply, and take that money that is saved and invest directly in the RMLD's service territory. Mr. Hahn (own opinion) does not believe the RMLD should buy renewable power, sell the RECs, and call itself "green".

Discussion ensued.

Mr. Cameron stated that he doesn't believe a project is dead forever with respect to "green". He believes that at a certain point in time you can stop selling the RECs and retire them. He added that the Department does not have an RPS yet, and thinks the legislature may in the future have municipalities come under an RPS. When that happens, municipalities will be scrambling. After some research, he found that those municipalities that do have renewables are selling them. If the RMLD comes under an RPS, he would hope that the RMLD would have been proactive enough to have enough potentially green power in their portfolio so that if RMLD stops selling RECs, the RMLD would meet that portfolio standard. He believes that it is a question of philosophy, and agrees that Chairman Hahn is correct that if we sell the RECs, we cannot call ourselves "green". He feels that the Department should do a middle of road concept in acquiring green power and sell the RECs and relieve some of the cost. Mr. Cameron added that the RMLD should keep in mind that the RPS is now for the Investor Owned Utilities (IOUs), as the Department adds more potentially green power to the portfolio so that it can be there if and when a RPS is imposed. He does not disagree with Chairman Hahn, but wants to be conscious of the fact that the RMLD should be where it may need to be in the future with respect to an RPS.

Mr. Carakatsane commented that he sees Chairman Hahn's point; however, at the moment he is not against selling a portion of the RECs to try to recoup some of the expenses. He feels there is an obligation to the ratepayers to keep costs down.

Mr. Carakatsane explained that tonight was a gathering of information to discuss the philosophies of both sides. He said that perhaps after the Committee comes up with a draft; both the CAB and the Power & Rate Committee could meet jointly again.

Discussion ensued.

Mr. Soli had a question about the banking of RECs asking if the RECs have a shelf life.

Ms. Parenteau would get the information to Mr. Soli.

Discussion ensued.

Mr. Carakatsane said it sounds as though an annual discussion should take place on what to do with the RECs.

Ms. Parenteau would like to get direction from the Board and the CAB in the form of a policy.

Chairman Hahn said that ESD couldn't move forward until the Board and the CAB decide whether the RMLD is going to be "green" or not.

Ms. Snyder stated that in the conversations she has had with people from the energy office in Rhode Island, they were very interested in solar because of the issue of summer peaks. Ms. Snyder likes Option 2 with some of the RECs being sold and those funds used for municipal buildings getting solar.

Chairman Hahn would like to see the costs in a numerical analysis. If the Department did sell the RECs, how much money would we raise and would it make a difference? He stated that without some kind of numerical analysis, it is just guessing.

Mr. Capobianco stated that one of the reasons for holding on to the RECs is because we may be subject to an RPS in the future, and he wanted to know if he were correct.

Mr. Cameron said that if the RECS could be sold, and then if we do have a RPS apply to us, the Department would stop selling the RECs and then they would count as "green".

Chairman Hahn explained that the Department would buy RECs from Swift River and whatever RECs the RMLD gets in 2012 or 2013, the Department would sell. Then come 2015, the RMLD stops selling them. He said that doesn't mean that those RECs are banked all along the way, and added that RECs can't be sold and banked.

Mr. Capobianco said then why not sell them until the Department is forced to retain them.

Ms. Snyder and Chairman Hahn responded that the Department bought them to be "green".

Mr. Capobianco said they could be sold to subsidize the purchase of more green energy.

Chairman Hahn's question is how much money will be received if they are sold, and how much will the Department be able to do that is "green".

Mr. Carakatsane referred to Table 2 in the memo regarding market value.

Discussion ensued.

Mr. Carakatsane said that he encourages discussion by both Boards and the Committee on this issue, and for the Committee to perhaps develop a draft policy for review. He would welcome a financial analysis.

Mr. Soli commented that the options listed in the memo are good, and added that there should be a 2B. outlining what to do with the money.

Mr. Parenteau stated that ESD would provide more numbers or any other information the Boards would like.

Chairman Hahn noted that if the RMLD decides to sell RECs, he does not see how he could approve buying another Swift River. He feels RMLD would be taking money out of ratepayers' pockets and not be any "greener" than before.

Mr. Carakatsane asked if the Committee had anything on the table such as a meeting in the future on this issue.

Chairman Hahn stated that it will be brought up at their next meeting, and feels the issue should be decided quickly.

Ms. Snyder asked if the joint meeting of the Power and Rate and the Policy Committees was because of this issue.

Mr. Cameron responded that there were still some questions on the policy, so it was not ready to go to the Policy Committee. He feels this issue goes hand in hand with the policy. He said that the policy would have to go back to the Power and Rate Committee again for review, and keep the CAB apprised.

Chairman Hahn asked the CAB what option they liked.

Mr. Carakatsane responded that he likes Option 2, which would include a policy, perhaps a 2B, although he is concerned about not enough opportunity.

Chairman Hahn also wanted to know where those prices are going in the future. He added that the outlook of supply and demand is heavily in favor of supply, and if Cape Wind comes in the state will be awash with RECs. The RECs won't be worth much.

Mr. Carakatsane said he prefers a year-to-year approach, because what may make sense now may not make sense 18 months or two years from now.

Mr. Soli suggested having specific review dates and/or periods in the policy.

Adjournment

A motion was made at 8:15 P.M. by Mr. Hooper and seconded by Mr. Capobianco to adjourn the CAB meeting.

Motion carried unanimously 3:0:0.

A motion was made at 8:16 P.M. by Ms. Snyder and seconded by Mr. Soli to adjourn the RMLD Board of Commissioners Power & Rate Committee meeting.

Motion carried unanimously 3:0:0.

Reading Municipal Light Department (RMLD) Board of Commissioners
Power & Rate Committee Meeting
Regular Session
December 5, 2011

Start Time: 7:05 p.m.
End Time: 8:28 p.m.

Attendees:

Committee Members: Messrs. Hahn and Soli and Ms. Snyder
RMLD Staff: Mr. Cameron, Ms. Parenteau, and Mr. Seldon

Chairman Hahn called the meeting to order at 7:05 p.m.

At 7:06 p.m. Ms. Snyder made a motion seconded by Mr. Soli to go into Executive Session based on Chapter 164, Seciton 47D exemption from the public records and open meeting law requirements in certain circumstances and return to Regular Session.

Chairman Hahn called for a poll of the vote:

Mr. Hahn, Aye; Ms. Snyder, Aye; Mr. Soli, Aye.

Motion passed 3:0:0.

The Power & Rate Committee reentered Regular Session at 7:28 p.m.

Swift River LLC - Renewable Energy Certificates

Chairman Hahn said that the committee would be taking up the issue of Renewable Energy Certificates (RECs) the RMLD receives from the Swift River hydroelectric projects.

Mr. Cameron said that Ms. Parenteau would be presenting this issue to the Board. Ms. Parenteau stated that the Power & Rate Committee has taken up this issue at a prior meeting. The RMLD is receiving RECs from the Swift River Hydroelectric project and these RECs have a value of approximately \$400,000 based on the REC market presently. Ms. Parenteau said that selling the RECs is the right thing to do because the RMLD is not under a Renewable Portfolio Standard (RPS) and it will lower the costs to the RMLD customers. Mr. Cameron said that that if RMLD comes under a RPS they will have to meet certain renewable energy percentage in its power supply portfolio. Mr. Cameron also believes that the RMLD should be buying some renewable power at competitive costs so that if the RMLD comes under a RPS then the RMLD will stop selling the RECS and be positioned to meet the requirements of the RPS.

Discussion followed.

The committee felt that they should take up the Sustainable Energy Policy at this time since it is related to the REC issue they are discussing.

Sustainable Energy Policy

Mr. Seldon explained that the RMLD had made changes to the Sustainable Energy Policy that was brought to the committee in prior meetings. Mr. Seldon said that the policy now includes a target date for the RMLD achieve certain levels of renewable energy in its power supply portfolio. Ms. Parenteau also said that the policy includes the RMLD reassessing whether the REC should be sold or not.

Discussion ensued.

Chairman Hahn said that it was his intention when the RMLD started purchasing renewable energy that the REC not be sold. Mr. Soli reiterated that the Sift River RECs were worth approximately \$400,000.

Mr. Soli made a motion seconded by Ms. Snyder that the Reading Municipal Light Department (RMLD) Power & Rate Committee recommend to the RMLD Board of Commissioners to authorize the General Manager to sell the Renewable Energy Certificates associated with the output of the four hydroelectric plants owned by Swift River LLC that the RMLD presently has entitlement to.

Discussion followed.

Ms. Snyder made a motion seconded by Mr. Soli to add to the motion on the table the words "and to be reconsidered annually by the RMLD Board."

Discussion followed.

Chairman Hahn called for a vote on the amended motion.

Motion failed 1:2:0. (Hahn and Soli voted against.)

Discussion followed.

Chairman Hahn then asked for a vote on the original motion made Mr. Soli.

Motion failed 1:2:0. (Hahn and Snyder voted against.)

Net Metering Rate

Mr. Cameron pointed out that this rate had been brought to the Power & Rate Committee prior to this meeting. Mr. Cameron said that has incorporated the comments from the previous the Net Meeting was discussed and they have been incorporated into the Residential and Commercial Net Metering rates.

Chairman Hahn said that he had a question as to the metering scheme the RMLD was proposing in the Net Metering Rate and his questions were answered by Mr. Cameron.

Mr. Soli said that he had several questions on the rates. Mr. Soli said that it looks like the usage and the energy being sent to the RMLD's system was being netted out. Mr. Cameron said that is not what is proposed. Mr. Cameron said that he will take his comments and make revisions and get it back to the committee quickly.

Ms. Snyder made a motion seconded by Mr. Soli for the Reading the Reading Municipal Light Department (RMLD) Power & Rate Committee recommend to the RMLD Board of Commissioners to accept the Residential and Commercial Net Metering Policies, with edits, to the RMLD Board of Commissioners.

Motion passed 3:0:0.

At 8:28 p.m. Mr. Soli made a motion seconded by Ms. Snyder to adjourn.

Motion carried 3:0:0.



RENEWABLE ENERGY CERTIFICATES

c. RMLD BOARD MEETING MINUTES





Reading Municipal Light Board of Commissioners

Regular Session

230 Ash Street

Reading, MA 01867

January 26, 2011

Start Time of Regular Session: 7:32 p.m.

End Time of Regular Session: 9:00 p.m.

Attendees:

Commissioners:

Mary Ellen O'Neill, Chairman

Philip B. Pacino, Secretary

Robert Soli, Commissioner

Richard Hahn, Vice Chair

Gina Snyder, Commissioner

Staff:

Vinnie Cameron, General Manager

Jeanne Foti, Executive Assistant

Jane Parenteau, Energy Services Manager

Beth Ellen Antonio, Human Resources Manager

Robert Fournier, Accounting/Business Manager

Kevin Sullivan, E&O Manager

Citizens' Advisory Board

Arthur Carakatsane, Chair

Chairman O'Neill called the meeting to order and stated that the meeting of the Reading Municipal Light Department (RMLD) Board of Commissioners is being broadcast live at the RMLD's office at 230 Ash Street, Reading, MA. Live broadcasts are available only in Reading due to technology constraints. The meeting was video taped for distribution to the community television stations in North Reading, Wilmington and Lynnfield.

Opening Remarks/Approval of Meeting Agenda

Chairman O'Neill thanked everyone for their efforts where this is the second meeting of the month. Chairman O'Neill asked Board members present if there were suggested changes or additions to the agenda. There were none. Ms. Snyder said she would like the opportunity to mention an event coming up this Saturday at this meeting. Chairman O'Neill stated that she would put that on under General Discussion.

Introductions

Chairman O'Neill introduced Citizens' Advisory Board Chair, Arthur Carakatsane.

Approval of January 5, 2011 Board Minutes

Mr. Pacino made a motion seconded by Mr. Hahn to approve the Regular Session meeting minutes of January 5, 2011 as presented.

Motion carried 5:0:0.

Chairman O'Neill stated that based on Mr. Soli's comment from the last meeting, she would like to see reflected in the minutes the nays and abstentions listed by names for all formal motions. In terms of public transparency even if a vote does not pass all the names should be listed.

Report from RMLD Board Committees (Attachment 1)

Power & Rate Committee – Vice Chair Hahn

Mr. Hahn reported that the Power & Rate Committee met jointly with the Citizens' Advisory Board on January 19, 2011 in which they met in both Regular and Executive Session on a couple of items that involved power supply contracts. The first power contract was Concord Power and Steam which is a wood burning cogeneration facility in New Hampshire from which the RMLD would like to purchase a portion of the output. The second power supply contract was Swift River Trading Company, LLC which consists of four run of the river hydroelectric sites. The RMLD intends to buy the output of four facilities. Mr. Hahn commented that various aspects of this power supply contract were discussed in executive session. Mr. Hahn pointed out that at the meeting the Committee voted 3:0:0 to approve the Concord Power and Steam contract and 3:0:0 to approve the Swift River contract.

Hahn advised the Board on a last minute development related to the Swift River contract. Mr. Hahn said that the votes Committee took at the meeting were to authorize the General Manager to finalize negotiations under the terms and conditions presented to the Committee. Before the General Manager signs the contract this matter needs to be cleared up and a resolution achieved such that Swift River provide what was contracted for. Mr. Hahn's suggestion is that the RMLD Board go forward with both power contracts and authorize the General Manager to finalize negotiations.

Report from RMLD Board Committees (Attachment 1)

Power & Rate Committee – Vice Chair Hahn

Mr. Hahn said that we will ask that legal counsel seek confirmation in whatever form is required ensuring Swift River has freed itself from any past commitments or encumbrances.

Mr. Carakatsane commented that the vote of the Citizens' Advisory Board for the Concord Power and Steam, LLC and Swift River Trading Company, LLC was to recommend these contracts unanimously to the Board.

Discussion followed.

Mr. Hahn made a motion seconded by Ms. Snyder that the Reading Municipal Light Department Board of Commissioners authorize the General Manager of the Reading Municipal Light Department to finalize negotiations and execute a contract with Concord Power and Steam, LLC in accordance with the term sheet that was approved at the Power & Rate Committee meeting on January 19, 2011.

Motion carried 5:0:0.

Discussion followed.

Mr. Hahn made a motion seconded by Ms. Snyder that the RMLD Board of Commissioners authorize the General Manager of the Reading Municipal Light Department to finalize negotiations and execute a contract with Swift River Trading Company, LLC in accordance with the term sheet discussed at the Power & Rate Committee meeting on January 19, 2011. The General Manager will not sign the deal until legal counsel seeks confirmation in whatever form required ensuring Swift River Trading Company, LLC has freed itself from any past commitments or encumbrances.

Motion carried 5:0:0.

Chairman O'Neill reported that for the Addendum to the Cost of Service Study there will be a motion, report from the Citizens' Advisory Board, and a ten minute presentation from Mr. Soli given in advance to the Board, followed by discussion.

Mr. Hahn reported that the third item the Power & Rate Committee took up was an Addendum to the 2011 Fiscal Year Cost of Service Study and the specific action discussed was to make some changes to RMLD's existing Time of Use Rates which includes the Residential Time of Use and Commercial/Industrial Time of Use. Mr. Hahn stated that the changes were to shorten the length of the on peak period. Mr. Hahn explained that the Time of Use rates have different charges, higher charges for use during the on peak hours when everyone is using power and lower charges during the off peak hours when power usage costs are lower. Mr. Hahn commented that the purpose of these rates is to provide an incentive to customers to shift their usage pattern from the on peak period to the off peak period. Mr. Hahn said that the proposal and analysis was provided by the General Manager and discussed at the Power and Rate Committee meeting. The Power and Rate Committee approved a motion to recommend to the full Board that these rate changes be approved which passed 2:1:0 with Mr. Soli casting the dissenting vote.

Mr. Carakatsane stated that the CAB voted unanimously to recommend the proposed changes with a small proviso that the Department will report back on the effectiveness and financial implications of the rate change in six months. It was also discussed that there were concerns on the rates and that the RMLD promote these rates to its customers.

Mr. Soli provided a presentation on his Analysis of Possibilities for the Industrial Time of Use Rate. Mr. Soli said that his objection to the rate change was for the Industrial Time of Use even though the motion included Residential Time of Use. Mr. Soli performed an analysis showing off peak reads and on peak reads.

Mr. Soli advocated that there should be a study performed on the Industrial Time of Use rate before implementing the proposed rate change.

Chairman O'Neill thanked Mr. Soli for his presentation.

Mr. Cameron said that he brought back to the Board what he was directed to do in shortening the hours from 10 am to 8 pm to 12 pm to 7 pm and to make the rate revenue neutral. Mr. Cameron said that in the revenue proof in the Addendum to the FY 2011 Cost of Service Study the rates being proposed are revenue neutral.

Discussion followed.

Report from RMLD Board Committees (Attachment 1)

Power & Rate Committee – Vice Chair Hahn

Chairman O'Neill asked if the rates are approved tonight, when they will be filed with the DPU. Mr. Cameron replied that there is a timing issue with reprogramming the meters and before the rate is filed this needs to be in sync. Chairman O'Neill asked for further clarification as to the exact timetable. Mr. Cameron will get back to the Board when the filing takes place.

Mr. Hahn made a motion seconded by Ms. Snyder that the Reading Municipal Light Board of Commissioners accept the Addendum to the RMLD's Fiscal Year 2011 Cost of Service Study that proposes changes to the RMLD's Residential and Industrial Time of Use rates.

Motion carried 4:1:0. Mr. Soli voted against this motion.

Chairman O'Neill thanked Messrs. Hahn and Soli for their work on this.

Budget Committee – Secretary Pacino

Mr. Pacino reported that the Budget Committee met before the RMLD meeting. Mr. Pacino stated that he and the General Manager met in December 2010 to go over the budget process as well as the reporting of this information. The memo dated January 21, 2011 details the changes in the process.

Mr. Cameron detailed the changes to the budget process. The proposed budget will be annual numbers without the departmental detail numbers. In addition to the proposed FY budget numbers, there will be presented current year six month numbers, six months budget numbers and the three prior years' actual numbers.

Mr. Cameron said that there will be capitalized budget figures for capitalized labor in each department which will be shown for the forecast for previous year by department. Mr. Pacino commented that the three prior years for capital labor will be a new item in this year's budget process. Mr. Cameron said that any multi year projects in the budget will be shown; and any carry over projects will be identified in the capital budget.

Mr. Cameron presented a memo to the Budget Committee on the expenses for the upcoming year. Mr. Cameron reported the budget books will be delivered on March 31 as has been done in previous years. Mr. Cameron would like to get the CAB and the Budget Committee to have met by the second week of May to get a motion to the RMLD Board at its meeting in May if feasible; if not, June. Mr. Cameron added that part of the monthly Budget Variance Report to the Board would reflect only division level numbers, which will result in less detail. Mr. Cameron said that the departmental budget process and back up can be available for both the RMLD Board and the Citizens' Advisory Board.

General Manager's Report – Mr. Cameron

Mr. Cameron reported on the following:

Sweat Shirts for Soldiers

The Town of Reading is running a Sweat Shirts for Soldiers program. The 26th "Yankee" Brigade Headquarters and the 26th Signal Company will deploy to Afghanistan in February. The town of Reading would like to get every soldier a sweatshirt. The cost for each shirt is \$25 and your donation can be sent to the Town Hall. The town is going to have a ceremony at the high school for the soldiers and from there they go to Hanscom Air Base.

Residential Customer Survey

The residential customer survey will begin in February with 400 of RMLD's customers being called. This will be conducted by telephone, with a company RMLD has used in the past and will contain 50 questions.

Dave Roffi

Dave Roffi, a Stockman with 32 years of service at the RMLD, passed away on Monday evening. Dave was a very good and loyal employee of the RMLD and he will be dearly missed. Our thoughts and prayers are with Dave's wife and children. The Board expressed their condolences.

Financial Report –December, 2010 – Mr. Fournier (Attachment 2)

Mr. Fournier reported on the Financial Report for December 2010 which represents the first half of the 2011 fiscal year.

Fournier reported Net Loss for December was \$240,000 decreasing year-to-date Net Income to \$2.1 million. The year to date budgeted Net Income is \$2.7 million.

Financial Report – December, 2010 – Mr. Fournier (Attachment 2)

Mr. Fournier noted that the Base Revenues are \$23.3 million compared to the budgeted amount of \$20.8 million. Purchased Power Base costs were \$14.1 million compared to the budgeted amount of \$14.1 million. Mr. Fournier said that the Operating and Maintenance expenses were at \$6.1 million compared to the budgeted amount of \$6.2 million.

The Depreciation Expense and Voluntary Payments to the Towns are on budget. Cumulatively, all five divisions were under budget by \$131,000 or 1.4%.

Mr. Soli asked a couple of questions about the Gaw revenue; Chairman O'Neill asked about the Hazmat charges. The Department answered all questions.

Mr. Fournier reported that on the pension trust for the first six months ending December 31, 2010, there is \$3.7 million in the cash account and \$1 million in the investment account with the total net assets of \$4.7 million.

Power Supply Report – December, 2010 – Ms. Parenteau (Attachment 3)

Ms. Parenteau reported on the Power Supply Report for December 2010. Mr. Parenteau reported that RMLD's load for December was 62 million kilowatt hours which was a fraction less compared to December 2009. Energy costs were \$3.58 million which is equivalent to \$.0577 per kilowatt hour. In December, the Fuel Charge Adjustment was \$.059 per kilowatt hour. RMLD's sales in December were 54.5 million kilowatts. In December the RMLD under collected by \$441,000, resulting in a Deferred Fuel Cash Reserve balance of \$2.45 million. Mr. Parenteau said that in January the Fuel Charge Adjustment remained the same at \$.059 per kilowatt hour and currently the forecast is that it will remain unchanged for February. Ms. Parenteau reported that the RMLD purchased approximately 19% of its energy requirement from the ISO Spot Market with the average cost of \$66 per megawatt hour. Ms. Parenteau pointed out that per Mr. Soli's request at the last meeting this has been incorporated in Table 1. The RMLD hit a demand of 113.5 megawatts on December 20, 2010 at 7:00 p.m. compared to the peak of 113 megawatts which occurred in December 2009. The RMLD's monthly capacity requirement was 205.3 megawatts. The RMLD paid \$1.5 million for capacity which is equivalent to \$7.39 per kilowatt month. Ms. Parenteau said that at last month's meeting, there was a question on the discrepancy on the Watson Unit, on the actual versus original forecasted prior to the project coming in online. Energy Services is in the process of finalizing this information and will e-mail the full Board. The RMLD's transmission costs for December were \$626,000 which is a 3% increase from November.

Chairman O'Neill asked about the capacity requirement. Ms. Parenteau replied that this month it went down slightly because of Hydro Quebec. Ms. Parenteau explained that for the first auction, Hydro Quebec received a 1,400 megawatt credit, however based on a deterministic model; it received zero capacity for the months of December through February, as a result of that it lowered the overall requirement for the entire pool. The overall costs were the same and they bought a little less in the market.

Engineering and Operations Report – December, 2010 - Mr. Sullivan (Attachment 4)

Mr. Sullivan reported on the Engineering and Operations Report for December 2010.

Mr. Sullivan provided an update on the Gaw project. Mr. Sullivan said that the milestones and completion dates remain the same. Mr. Sullivan reported that there was an increase of RMLD labor for \$6,800. Mr. Sullivan said that the project is winding down however, there are additional costs. Mr. Sullivan reported on the soil remediation cost which is at \$2.4 million, including the paid and unpaid invoices. Chairman O'Neill asked if the soil remediation costs are complete. Mr. Sullivan replied it is close; however, there are some filings and reports that need to be done. Mr. Sullivan added that relative to the soil remediation that West Street is closed out, not the substation.

Mr. Sullivan commented on the following projects worked on during the month: Project 4 Boutwell Street – in process; Project 7 URD Completion – completed waiting for costs; Project 36 3W8 Salem Street & Baystate Road - in process; Project 37 Elm Street – in process; Project 38 – 115kV Insulator Replacement RMLD received the insulators; and Project 11 Gaw Substation – in process.

Mr. Sullivan said that on the service installations on the residential side there were approximately 35 services and on the commercial side there were two services. In routine construction there were 23 cutouts making a total of 223 for fiscal year 2011.

Engineering and Operations Report – December, 2010 - Mr. Sullivan (Attachment 4)

Mr. Sullivan reported on the Reliability Report. The Customer Average Interruption Duration Index (CAIDI) rolling average for the month is up to 2.5 minutes for the month; however, the rolling average was down approximately the same amount at 46.26 minutes. The System Average Interruption Frequency Index (SAIFI), the rolling average decreased significantly for the year, with a small amount of customers out in December totaling 267. The Months between Interruptions (MBTI) is up significantly from 14.8 months to 16.67 months for customers on the system.

Mr. Sullivan provided an update on the reliability statistics number: outage incidents 14, customers affected 267, feeder outages 0, area outages 10, and service outages 4 with the causes of outages remaining the same with tree conditions, animals, connectors and failed hardware.

General Discussion

Ms. Snyder said that as a follow up to the new programs for the energy efficiency there will be a blower door demonstration put on by the Cities for Climate Protection and the Town of Reading who are sponsors. This will be held at Conservation Commission's Mattera Cabin, 1481 Main Street on Saturday, January 28 at 10:00 am. There will also be weatherization and energy efficiency tips.

BOARD MATERIAL AVAILABLE BUT NOT DISCUSSED

Rate Comparisons, January 2011

E-Mail responses to Account Payable/Payroll Questions

Upcoming Meetings

Wednesday, February 23, 2011 and March 30, 2011

Mr. Pacino said that he will be unable to attend the RMLD Board meeting on February 23, 2011.

Executive Session

At 9:00 p.m. Mr. Pacino made a motion seconded by Mr. Hahn that the Board go into Executive Session to approve Executive Session meeting minutes of December 1, 2010 and discuss strategy with respect to Chapter 164 Section 47D, exemption from public records and open meeting requirements in certain instances, and return to Regular Session for adjournment.

Motion carried 5:0:0.

Mr. Soli, Aye; Ms. Snyder, Aye; Chairman O'Neill, Aye; Mr. Hahn, Aye; and Mr. Pacino, Aye.

Adjournment

At 9:00 p.m. Mr. Pacino made a motion seconded by Mr. Soli to adjourn the Regular Session.

Motion carried 5:0:0.

A true copy of the RMLD Board of Commissioners minutes
as approved by a majority of the Commission.

Philip B. Pacino, Secretary
RMLD Board of Commissioners



Reading Municipal Light Board of Commissioners
Regular Session
230 Ash Street
Reading, MA 01867
May 25, 2011

Start Time of Regular Session: 7:30 p.m.
End Time of Regular Session: 9:00 p.m.

Attendees:

Commissioners:

Richard Hahn, Chairman
Gina Snyder, First Secretary
Robert Soli, Commissioner

Philip B. Pacino, Vice Chair
Mary Ellen O'Neill, Second Secretary

Staff:

Vinnie Cameron, General Manager
Paula O'Leary, E&O Operational Assistant
Kevin Sullivan, E&O Manager

Robert Fournier, Accounting/Business Manager
Jane Parenteau, Energy Services Manager

Citizens' Advisory Board

Arthur Carakatsane, Chairman

Chairman Hahn called the meeting to order and stated that the meeting of the Reading Municipal Light Department (RMLD) Board of Commissioners is being broadcast live at the RMLD's office at 230 Ash Street, Reading, MA. Live broadcasts are available only in Reading due to technology constraints. This meeting was video taped for distribution to the community television stations in North Reading, Wilmington and Lynnfield.

Opening Remarks/Approval of Meeting Agenda

Chairman Hahn asked the Board members present if there were suggested changes or additions to the agenda.

Ms. O'Neill requested that future agendas specify any anticipated items for action by the Board. The motion itself need not be listed, but if there are any anticipated motions, the topic of those should be listed under the committees or separately if appropriate.

Chairman Hahn asked if it would be where the Board expects to take a vote.

Ms. O'Neill responded, "yes," and explained that if someone wanted to come down and speak on a particular topic, he/she would know what was being discussed at the meeting.

Chairman Hahn suggested that in the right hand column on the agenda words be added such as "Vote Required".

Discussion followed.

Mr. Pacino suggested the words, "Action Item", and the Board agreed.

Introductions

There were no members of the public present, and the CAB representative, Chairman Arthur Carakatsane, would be late arriving.

Report from Board Committees

Budget Committee – Vice Chair Pacino

Report of May 9 and May 25 Meetings

Mr. Pacino reported that the Budget Committee reviewed the FY12 Capital and Operating Budgets as presented on May 9. The CAB approved those versions of the budgets. The Committee approved both the Capital and Operating Budgets as presented at that meeting by a vote of 3:0:0.

Mr. Pacino reported that at this evening's Committee meeting two items were considered: 1) The Operating Budget had some changes in an addendum that lowered the Net Income from \$4.3 million to \$3.9 million, approximately a \$430,000 decrease due to additional costs related to Power Supply, the demolition of the old Control Center, fuel expenses and fuel revenue. Mr. Pacino said that the Budget Committee reviewed those changes this evening with the General Manager and staff and approved the changes by a vote of 3:0:0. Mr. Pacino explained that these changes had been presented to members of the CAB and at least four of the members saw no problems with the addendum, and did not feel a meeting was necessary to discuss the changes. 2) Although the Department is

**Budget Committee – Vice Chair Pacino
Report of May 9 and May 25 Meetings**

still below making its 8% return, it made more revenue than anticipated. The Committee discussion about the excess included returning it to the customers or putting it in the Pension Reserve, which is severely under funded. If it were to be refunded no customers may have to give it back in the future in the form of a rate increase. It doesn't rule out a rate increase, but it would delay the process. The Budget Committee felt it was prudent to transfer the funds into the Pension Reserve, and recommended that the motion for the transfer be approved.

Mr. Soli asked about whether the CAB was meeting on the changes.

Mr. Cameron explained that when the CAB recommends the budget, it includes "no significant changes are made without CAB approval." The CAB was notified by e-mail and asked if they considered these changes significant, and they e-mailed back that they did not.

Mr. Soli questioned the Open Meeting Law.

Mr. Cameron responded that it was informational only and no discussion took place.

Mr. Pacino made a motion seconded by Ms. Snyder that the RMLD Board of Commissioners approve the FY12 Capital Budget as presented in the amount of \$5,910,048 on the recommendation of the RMLD Board Budget Committee, the RMLD Citizens' Advisory Board, and the General Manager.

Motion carried 5:0:0.

Mr. Soli questioned why the topic/motion was not on the agenda.

Chairman Hahn stated that the discussion of the budget was on the agenda, but not flagged as a vote.

Mr. Cameron noted that the e-mails from the CAB would be a part of the meeting.

Mr. Pacino made a motion seconded by Ms. Snyder that the RMLD Board of Commissioners approve the FY12 Operating Budget based on a Net Income Amount of \$3,939,043 on the recommendation of the RMLD Board Budget Committee, the RMLD Citizens' Advisory Board, and the General Manager.

Mr. Soli moved to table the motion until Mr. Carakatsane arrived to hear his input. Mr. Pacino seconded the motion.
Motion carried 4:1:0. (Chairman Hahn voted against this motion.)

Ms. O'Neill asked if this is the format (the Net Income Amount) that the Board usually approves for the budget.

Mr. Cameron stated that it has been used in the past, although last year was done differently, the Board accepted the Operation and Maintenance section of the budget, but the revenues were not accepted, because a Cost of Service Study (COSS) needed to be done.

Mr. Pacino noted that he would have liked to see the two (budget) motions on the agenda.

Chairman Hahn asked if they could be attached separately, and Mr. Pacino said that was fine. Chairman Hahn's preference was to attach motions separately or the agenda becomes crowded. He said that motions for bids will continue to be put in the agenda itself, and motions that can be reasonably anticipated will be attached.

**Power & Rate Committee – Chairman Hahn
Report of May 16 Meeting**

Chairman Hahn reported the following: 1) A discussion continued from the Power & Rate Committee's April meeting regarding the possibility of a long term contract with an existing resource in New England, and the Committee decided not to recommend any action at this time. 2) An Annual Request for Proposals (RFP) for Power Supply was discussed, and a motion was made and approved by a vote of 3:0:0 to recommend to the full Board that they approve the RFP as presented. 3) New streetlight rates were recommended by the General Manager. Chairman Hahn pointed out for the most part the rates are lower than the existing rates for most categories of streetlights, although some old fashioned streetlights cost more. The Committee made a motion to recommend to the full Board that these new rates be accepted by a vote of 2:1:0 with Mr. Soli voting against this motion. 4) A change to the Commercial C Rate was discussed at the April 20 Committee meeting, but no action was taken, because it had to go to the CAB. The CAB accepted the Commercial C Rate at its May 18 meeting, and the Power & Rate Committee voted to recommend the rate change to the full Board by a vote of 3:0:0.

May 25, 2011

Power & Rate Committee – Chairman Hahn

Report of May 16 Meeting

CAB Chairman, Mr. Carakatsane, arrived at this time during the meeting.

Chairman Hahn told Mr. Carakatsane that there was one item regarding the FY12 Operating budget that was held until he arrived.

Mr. Carakatsane stated that the CAB had met several times on the FY12 budgets and recommended approval of both the Capital and Operating budgets. He noted that the CAB was apprised of the changes to the Operating Budget and no one requested that a discussion be re-opened. He added that they also recommended other items, i.e., rate changes that are before the Board tonight.

Ms. Snyder made a motion seconded by Mr. Pacino that the RMLD Board of Commissioners approve the Annual Request for Proposal for Power Supply based on the recommendation of the RMLD Board Power & Rate Committee, the RMLD's Citizens' Advisory Board, and the General Manager to authorize the General Manager to execute one or more Power Supply Agreements in accordance with the RMLD's Strategic Power Supply Plan for power supply purchases for a period not to exceed 2012 through 2015 and in amounts not to exceed 22.050 MW in 2012, 16.750 MW in 2013, 17.600 MW in 2014, and 15.925 MW in 2015.

Mr. Pacino amended the original motion with the following changes: strike the word "and", between Committee and the RMLD and place a comma there. Add in after the Citizens' Advisory Board, "and the General Manager", and delete the words in the last sentence after 2015.

Ms. Snyder accepted the amended motion.

Motion carried 5:0:0.

Ms. O'Neill mentioned that she still wants the Department to continue to pursue efforts to obtain additional renewable energy power supply resources.

Chairman Hahn noted that it is still the objective of the Board to find reasonably priced renewable energy.

Ms. Snyder made a motion seconded by Mr. Pacino that the Reading Municipal Light Department Board of Commissioners approve the adoption of the streetlight rate as proposed based on the recommendation of the RMLD Board Power & Rate Committee, the RMLD's Citizen's Advisory Board, and the General Manager.

Mr. Soli was concerned that sometime in the future someone may ask what did they really vote on since no real record of what is being voted on, i.e., the rates, is in the motion.

Chairman Hahn stated that his recollection is that the filing of the rates speaks for what was done, and asked the General Manager if the rates have been attached to motions in the past.

Mr. Cameron responded that rates have not been attached in the past, but can be.

Mr. Soli said that a COSS has generally been on the meeting agenda, and the Board has approved the COSS, which is the record of what the Board voted on.

Ms. O'Neill proposed to amend the main motion to read, "Move that the Reading Municipal Light Department Board of Commissioners approve the adoption of the revised streetlight rate as shown in attachment A based on the recommendation of the Power & Rate Committee, the RMLD's Citizens' Advisory Board, and the General Manager.

Mr. Soli handed out a chart, and said that he would say, "Table 1 attached". He said the table shows what the committee voted on, but that he had a problem squaring the number with Table 2, the operating budget, and came up with an \$84,000 disparity.

Chairman Hahn stated that if Mr. Soli's intention is to attach this Table, he could not support that. The only thing voted on was the rates for each class of streetlight. He added that it is not appropriate to attach this Table to the motion, but if Mr. Soli would like to bring the table to the Committee for discussion that would be fine.

Mr. Soli wanted to find out about the disparity that appeared to be in the table between budget and expense on the streetlights.

Chairman Hahn noted that there are two components, capital and maintenance per lamp.

Chairman Hahn said that he has the opportunity to bring it to the Committee, and also noted that the table should be reviewed by the staff and the Committee prior to being presented at a board meeting.

Power & Rate Committee – Chairman Hahn

Report of May 16 Meeting

Ms. O'Neill clarified that the attachment is the chart that the Power & Rate Committee received that showed the different type of streetlights and the proposed rates. Mr. Cameron suggested that the FY11 Streetlight COSS be attached.

Chairman Hahn stated that the Power & Rate Committee and the CAB voted to accept the rates that are contained in the FY11 Streetlight COSS, and suggested creating a two-column table to show the lamps that are offered and the rates that will be charged. He stated that the handout is inappropriate, and he would not attach the entire COSS, because it was the rates that were voted.

Ms. O'Neill asked if there were one chart in the COSS that contained the rates.

Chairman Hahn stated that Table 4 lists the existing rate and the proposed rate, and could be attached to the motion. He asked if the motion could refer to Table 4.

Ms. O'Neill amended the motion as follows:

Move that the Reading Municipal Light Department Board of Commissioners approve the adoption of the revised streetlight rate as shown in Table 4 of the April 14, 2011 memorandum from the General Manager to the Board of Commissioners based on the recommendation of the RMLD Board Power & Rate Committee, the RMLD Citizens' Advisory Board, and the General Manager.

Ms. Snyder accepted the amended motion.

Motion carried 3:2:0. (Messrs. Pacino and Soli voted against this motion.)

Chairman Hahn asked the General Manager to take Mr. Soli's handout, review it, and respond to Mr. Soli's question.

Mr. Cameron stated that the response would go to the entire Board.

Ms. Snyder made a motion seconded by Mr. Pacino that the Reading Municipal Light Department Board of Commissioners approve the adoption of the Commercial C rate changes based on the recommendation of the RMLD Board Power & Rate Committee, the RMLD's Citizens' Advisory Board, and the General Manager.

Mr. Soli had the same comment and concerns as the previous motion with no rate(s) being listed in the motion.

Ms. Snyder moved to amend the motion as follows:

Move that the Reading Municipal light Department Board of Commissioners approve the adoption of the Commercial C rate changes based on the attached RMLD Tariff – MDPU #223 dated to be filed June 1, 2011 and on the recommendation of the RMLD Board Power & Rate Committee, the RMLD's Citizens' Advisory Board, and the General Manager.

Ms. O'Neill seconded the motion.

Motion carried 3:0:2. (Messrs. Pacino and Soli abstained.)

Mr. Pacino made a motion seconded by Mr. Soli to bring the (FY12 Operating Budget) motion (see below) back to the table.

Motion carried 5:0:0.

Mr. Carakatsane stated that the CAB received the changes to the Operating Budget, and no member requested a meeting to reconsider the budget. He added that if a member were interested in a meeting, one would have been convened.

Move that the RMLD Board of Commissioners approve the FY12 Operating Budget based on a Net Income Amount of \$3,939,043 on the recommendation of the RMLD Board Budget Committee, the RMLD Citizens' Advisory Board, and the General Manager.

Motion carried 5:0:0.

Approval of April 27, 2011 Board Minutes

Ms. Snyder made a motion seconded by Mr. Pacino to approve the Regular Session meeting minutes of April 27, 2011 with the following changes requested by Mr. Soli: On Page 5, third paragraph from the bottom, after the words "transfer scheme", change the period to a comma and add "and its design is being improved."

Motion as revised carried 5:0:0.

Pension Trust Transfer

Mr. Cameron reminded the Board a motion was needed for a transfer to the Pension Trust.

May 25, 2011

Pension Trust Transfer

Ms. O'Neil made a motion seconded by Ms. Snyder to approve the transfer of \$1 million from the Operating Fund to the Pension Trust based on the recommendation of the Budget Committee and the General Manager.

Motion carried 5:0:0.

General Manager's Report – Mr. Cameron

E-Billing - The e-billing system went live on May 1, 2011 for both the residential and commercial customers, and any residential customer who did not fill out an RMLD update sheet and would like to receive an e-bill should contact the RMLD.

Investments – The RMLD has a considerable amount of cash in a MMDT fund that has very low interest, and therefore not working well for the Department. Mr. Cameron advised the Board that he will be going out for an RFP for investment services. If a satisfactory investment firm were selected, he would probably recommend that the OPEB fund be invested to try to earn more interest. He spoke to the Town Manager and met with the Assistant Town Manager, Treasurer, and Mr. Fournier. They interviewed one firm just to see what they do for other municipal entities. He does have an RFP that he can put together and send out.

Chairman Hahn questioned if this is something that the Department would make a recommendation to the Budget Committee.

Mr. Cameron stated that bids do not go to a committee and the Board.

Chairman Hahn stated that the idea of choosing a different investment strategy, not the RFP itself, is something reasonable to put before the Budget Committee.

Mr. Cameron said that he had no problem with submitting it to the Budget Committee.

Mr. Soli questioned when the Board went through the paperwork for the OPEB, the Board was very careful about the language saying that the Town Treasurer had that responsibility not the Board. He wondered how all of this would affect the language that is currently set up for the OPEB.

Mr. Cameron responded that he didn't know how this would affect that language, and added that the town treasurer would be using this firm to invest money.

Mr. Pacino asked if the town would have input with the selection of the firm.

Mr. Cameron stated that given that the town treasurer is custodian, they would be part of the selection process.

Mr. Pacino asked if this is going to change the legal ramifications of what they put in that document.

Mr. Cameron suggested speaking to Rubin and Rudman.

Mr. Pacino stated that he would feel comfortable with Rubin and Rudman looking at it.

Chairman Hahn stated that one of the reasons he would want it sent to the Budget Committee is because he thinks it is important to understand what the liability question is. He said that is why the change in strategy should be discussed further before an RFP is sent out. The Board should have a better understanding and have some documentation on the pros and cons of doing this and how it affects the Department. Chairman Hahn will leave it up to the General Manager as to how to best proceed in improving the use of the assets.

Mr. Pacino wished to again stress that if any member of the public has any questions or concerns, the General Manager is available anytime in his office. Mr. Pacino added that the public may contact the General Manager directly or the Chairman of the Board or even Mr. Pacino, the senior member of the Board.

Financial Report – April, 2011 – Mr. Fournier (Attachment 1)

Mr. Fournier reported on the Financial Report for April 2011.

Mr. Fournier reported that the ten-month year to date Net Income is a little over \$2.6 million. The year to date budgeted Net Income is \$1.6 million, making the difference \$989,000. Mr. Fournier said that the year to date Fuel Revenues exceeded Fuel Expenses by \$338,000. The energy conservation expenses exceeded energy conservation revenues by \$129,000. The Gaw soil remediation expenses total \$1.2 million for this fiscal year bringing the total cost combining the two fiscal years to \$2.3 million.

Mr. Fournier reported major expenses over budget were the maintenance of line transformers by \$634,000, which represents a lot of the Gaw soil remediation expense, and employee benefits by \$325,000. The latter number was due to sick leave buy back payments made.

Financial Report – April, 2011 – Mr. Fournier (Attachment 1)

The Depreciation Expense and Voluntary Payments to the Towns were on budget. Cumulatively, all five divisions were over budget by \$541,275.

Discussion followed.

Power Supply Report – April, 2011– Ms. Parenteau (Attachment 2)

Ms. Parenteau presented the Power Supply Report for April 2011. Ms. Parenteau reported that RMLD's load for April was 53.3 Million kWh, about a half percent increase compared to April 2010. Energy costs were \$2.75 million, which is equivalent to \$.051 cents per kilowatt hour. RMLD sales totaled approximately 56.3 million kWhs and, as a result, the RMLD overcollected by \$229,000 resulting in a Deferred Fuel Cash Reserve balance of \$2.66 million.

In April and May, the Fuel Charge Adjustment was set at \$.0535 cents per kilowatt hour.

Ms. Parenteau reported that the RMLD purchased approximately 27% of its energy requirement from the ISO Spot Market at an average cost of \$41.20 per kilowatt hour. The RMLD hit a peak of 92.6 MW at noon on April 28, 2011 as compared to a peak of 95.6 MW, which occurred on April 7, 2010 at 9:00 P.M. The RMLD's monthly capacity requirement was around 213 MW. The RMLD paid \$1.62 million for capacity, which is equivalent to \$7.59 per kW-month. Ms. Parenteau noted that on Table 3, the Stoneybrook Peaking Plant had an adjustment.

Ms. Parenteau reported that transmission costs for April were \$620,000.

Discussion followed.

**Engineering and Operations Report – April, 2011 - Mr. Sullivan (Attachment 3)
Gaw Update**

Mr. Sullivan reported on the Engineering and Operations Report for April 2011.

Mr. Sullivan said that the Gaw Project had no changes in the tangible milestones. He added that the running total of the project is \$6.846 million, and the soil remediation expense for this month is \$7,600.

Mr. Sullivan listed the following projects worked on during the month: Projects 1, 2, 5, 36, 9, and 11. He added that another project was completed this month making a total of 9 completed projects.

Mr. Sullivan said that on the service installations that there were two commercial services in Wilmington, one on Ballardvale Street and one on Main Street. Residential services: there were approximately 25-30 services for the month. In routine construction there were 31 cutouts replaced making a total of 338 for fiscal year 2011.

Mr. Sullivan reported on the Reliability Report: Customer Average Interruption Duration Index (CAIDI) is up nine minutes due to the storm on April 1; the System Average Interruption Frequency Index (SAIFI) decreased with 494 April customers affected by outages as compared to March's 1,877. The Months between Interruptions (MBTI) is up from 22 to 23 months.

Mr. Sullivan provided an update on the reliability statistics numbers that include the April 1 storm: 124 calls, 24 (14 on 4/1) outage incidents, 494 customers affected, no feeder outages, 20 area outages, and 4 service outages. Fifteen outages were due to trees, others were caused by birds, insulators and failed hardware.

Ms. O'Neill stated that although she understands the numbers on reconciling the Gaw Project, the numbers do not include the soil remediation expenses, and to her that is the total project cost and therefore more realistic.

Ms. O'Neill asked for an update on the Meter Upgrade Project, and would like one each month. She added that the publicity has been good on the Project.

Mr. Sullivan responded that the running total of installed meters is about 4,900, averaging about 1,000 per month. He added that the concentration of installations has presently been in Reading, but does include all four towns, and installation is also being done on Saturdays.

Mr. Soli questioned Mr. Sullivan on an invoice from the Massachusetts Department of Environmental Protection (MassDEP) regarding the Gaw Project asking how long these charges would be billed, and Mr. Sullivan responded that there was just this one charge.

May 25, 2011

M.G.L. Chapter 30B Bid

2011-14 Residential and Commercial Energy Audits

Ms. Snyder made a motion seconded by Ms. O'Neill to award bid 2011-14 for Tier II Residential Energy Audits to Energy Egghead, LLC as the only qualified bidder on the recommendation of the General Manager.

Motion carried 5:0:0.

Mr. Cameron explained the bid was sent to many potential bidders, and only one was received. He then went over the costs.

Ms. Snyder asked if the Department is tracking if customers are saving energy after an audit.

Ms. Parenteau stated that it has not been done; however, the Department has the ability to do it.

Ms. Snyder stated that she would like to see that.

Ms. O'Neill had some reservations about awarding the contract to the only one that was received, not knowing why no one else bid.

Ms. Parenteau had spoken to the Purchasing Manager, who did contact several of the potential bidders as did Mr. Carpenter. It appears to be a staffing issue for some of the organizations, because the RMLD requires that they be certified; others want to provide more than just an audit. She added that the bid was advertised in the *Reading Chronicle*. Chairman Hahn noted that the bid was e-mailed to many companies, and thought that a longer term of two or three years might be more attractive to some. He added that there is not a lot of margin in this for a company, and since the contract takes effect on July 1, there is no time for a second bid. Mr. Hahn asked if Egghead is the incumbent firm, and Ms. Parenteau replied that Egghead does provide the current audits. Ms. O'Neill asked if there had been a previous bid, and Ms. Parenteau responded that it had been bid last year. Ms. Parenteau added that the Customer Service Manager has received positive feedback from customers regarding the firm. The Department hopes to go out for a longer-term contract next year. Ms. Parenteau reported that through April 144 audits were completed, and three audits using the blower door.

Mr. Soli asked if all the munis have to provide this service, and Mr. Cameron responded that it is his understanding that they do, and added that the investor-owned companies must also provide the service.

Discussion followed.

General Discussion

Mr. Carakatsane suggested making the Meter Project and E-billing more prominent on RMLD's web site.

Regarding e-billing, Ms. Snyder stated that she thought she would receive an e-mail after she returned the red card.

Mr. Fournier responded that he would look into it.

Ms. O'Neill requested an update on the Green Communities Act in Massachusetts.

BOARD MATERIAL AVAILABLE BUT NOT DISCUSSED

Rate Comparisons, April, 2011

E-Mail responses to Account Payable/Payroll Questions

Upcoming Meetings

RMLD Board Meetings

Wednesday, June 22, 2011

Executive Session

Not held.

Adjournment

At 9:00 p.m. Mr. Soli made a motion seconded by Mr. Pacino to adjourn the Regular Session.

Motion carried 4:1:0. (Ms. O'Neill voted against this motion.)

A true copy of the RMLD Board of Commissioners minutes
as approved by a majority of the Commission.

Gina Snyder, Secretary
RMLD Board of Commissioners



RENEWABLE ENERGY CERTIFICATES

d. MEMO DATED DECEMBER 27, 2011



10



READING MUNICIPAL LIGHT DEPARTMENT

To: RMLD Board

Date: December 27, 2011

From: Vinnie Cameron

Subject: Discussion of Renewable Energy Certificates

Over the past six months, the Reading Municipal Light Department (RMLD) has been engaged in discussions with the Power & Rate Committee and the Citizens' Advisory Board (CAB) over the issue of selling or retiring the Renewable Energy Certificates (RECs) that the RMLD receives as a result of various RMLD Purchase Power Agreements (PPAs). The RMLD has been directed by the RMLD Board to purchase renewable energy (wind, solar, hydroelectric, biomass, etc.) at reasonable rates. Over the last year, the RMLD has signed two such contracts, one with Concord Steam, a biomass generator and the other with Swift River, LLC, an owner of several hydroelectric dams. The price of these two projects is very competitive and their effect on the RMLD's rate is insignificant. Attributes of these two projects also include RECs.

The intent of this memo is to inform the RMLD Board and the CAB as to the facts surrounding the REC issue.

What is a REC?

The REC, in its simplest form, is a representation that electricity that was generated from an eligible renewable energy resource. A renewable energy provider (such as a wind farm) is credited with one REC for every 1,000 kWh or 1 MWh of electricity it produces.

What can you do with a REC?

A utility company may retire the RECs they receive from renewable energy suppliers or they can sell the RECs into the REC market. There are different "Class" designations of RECs based on the mode of generation, location, and date of development.

What is the REC market?

REC markets have been established in order for owners of RECs to sell them to entities that require RECs. RECs can be traded directly from buyer to seller, however, marketers, brokers, or asset managers are found in the marketplace.

Renewable generation facilities will often sell their RECs to these entities who then resell them on the market at a later date.

There are also Solar RECs, which are associated with the output of solar energy installations. Currently, these RECs are worth \$550 a megawatt-hour or \$.55/kWh in Massachusetts. In 2012 and 2013 the Solar RECs decrease in worth gradually to an estimated \$365 megawatt-hour or \$.365/kWh in 2021. Solar RECs are purchased by Investor Owned Utilities (IOUs) as part of their RPS solar energy requirements.

What is a Renewable Portfolio Standard?

The Massachusetts Department of Energy Resources (MDOER) developed the Massachusetts Renewable Portfolio Standard (MRPS) to require IOUs to purchase certain amounts of Green Energy as a percentage of their overall electricity sales. In doing so, the Commonwealth of Massachusetts encouraged the development of renewable energy in Massachusetts and New England. The percentages of renewable energy required by the MRPS are shown below.

- 5.0% of sales by 12/31/2010
 - 6.0% of sales by 12/31/2011
 - 7.0% of sales by 12/31/2012
 - 8.0% of sales by 12/31/2013
 - 9.0% of sales by 12/31/2014
 - 10.0% of sales by 12/31/2015
 - 11.0% of sales by 12/31/2016
 - 12.0% of sales by 12/31/2017
 - 13.0% of sales by 12/31/2018
 - 14.0% of sales by 12/31/2019
 - 15.0% of sales by 12/31/2020
- and an additional 1% of sales each year thereafter.

Who needs to purchase RECs?

IOUs need to purchase RECs under the requirements of a MRPS outlined above. Other entities may purchase RECs in order to show their support for renewable energy development or to offset their carbon footprint.

How does the MRPS effect municipal electric utilities?

The municipal electric utilities in Massachusetts are exempt from the MRPS.

Does the RMLD have any interaction with the REC market in addition to the RECs they receive from the Swift River projects?

The RMLD has developed the Green Choice program, which offers customers the option to purchase RECs as part of their bill. The RMLD purchases RECs from the REC market in order to satisfy the requirements of the Green Choice Program. The RMLD could also use the RECs they receive from Swift River to satisfy the RECs needed for the Green Choice Program.

What is the RMLD's RECs worth?

As stated above, the RMLD has signed power supply agreements with two renewable energy suppliers. The RECs from the Swift River Project is worth about \$494,000 annually, at the present REC market rate.

The RMLD will also receive RECs associated with the electrical output from the Concord Steam Plant. When the Concord Steam Project comes on line in 2013 the RECs could be worth approximately \$1.6 million annually, based on normal operation of the plant and the present biomass REC market.

What is the relative worth of the RECs?

The RECs from Swift River have been forecast to have an annual worth of about \$494,000 in 2012 and the RMLD has estimates its overall revenue requirement in 2012 to be \$87,845,000. The Swift River RECs are approximately .56% of the RMLD annual revenues requirements.

With the addition of the Concord Steam RECs the total worth of the RMLD RECs, based on today's REC market, will be approximately \$1.6 million, which could represent 1.8% of the RMLD revenue requirements in 2013.

For the average residential customer, the \$494,000 of Swift River RECs equates to \$.56 per month or \$6.77 per year. In 2013, with the Concord Steam Plant coming on line, the total RMLD RECs may be worth approximately \$1.6 million at present market rates. In 2013, RECs may equate to \$1.82 per month or \$21.94 per year for an average residential customer.

What do other municipal electric utilities do with the RECs they receive?

I conducted a survey of municipals in Massachusetts concerning whether they have renewable energy in their portfolio and if they do; what do they do with the RECs they receive. Hull, West Boylston, Concord, Middleboro, Ipswich, Holden, Paxton, Templeton, and Wellesley, all responded that they sell their RECs.

Groveland responded that they don't have renewable energy presently but were in favor of selling them.

What is the difference between RECs and the RGGI (Regional Greenhouse Gas Initiative) program?

The REC market was developed to encourage the development of the renewable energy industry. As stated above, the IOUs have to purchase RECs to satisfy requirements of the MRPS. The RGGI program was developed to allow generating plants to purchase emission allowances that offset their air emissions. Generators cannot offset their air emissions with RECs.

Are RECs related to the Massachusetts Green Communities Act?

The two programs are mutually exclusive.

How do the RMLD customers feel about the RMLD acquiring renewable energy?

The Customer Survey the RMLD performed in 2010 said that a majority of the RMLD customers were in favor of the RMLD acquiring renewable energy. However, the survey did not ask the customers if they were in favor of paying a higher price for renewable energy.

The Town of Reading considered becoming a Green Community a few years ago. A city or town must meet six prongs to become a Green Community under the Massachusetts Green Community Act and be charged the Massachusetts Renewable Energy Trust Charge of \$.0025/kWh. At that time I met with the Town Managers of the four towns concerning this issue and they agreed that they did not want their constituents to pay higher costs due to Reading becoming a Green Community. The Town of Reading did not become a Green Community.

What can the RMLD do with the revenue if they sell the RECs?

A case can be made that any revenue from the sale of the RECs should be credited to the Fuel Charge since the RECs are purchased on \$/kWh basis. However, the RMLD could set aside an amount of money in the Capital Budget, similar to the revenue received from the REC sale, for development of renewable energy projects in its service territory. In doing so, the customers would be getting some value for the RECs.

Does the RMLD have a Sustainable Energy Policy in place?

The RMLD General Manager, Staff, and Power & Rate Committee have been working on a Sustainable Energy Policy for the past several months. The RMLD wants to work cooperatively with the RMLD Board to establish a policy that represents views of the Board with respect to purchasing renewable energy and minimizing the ongoing cost of renewable energy to its customers.

If you have questions concerning this issue please call me at 781-942-6415.





RENEWABLE ENERGY CERTIFICATES

e. COMMISSIONER SOLI'S PUBLIC DOCUMENT





Upcoming RMLB Vote on RECs (Renewable Energy Certificates) & Rates

Tomorrow evening, December 7, the Reading Light Board will vote on what use to make of the RECs the RMLD receives from its sustainable power contracts. For the years 2011 and 2012 the value of these RECs averages \$495,000 per year — with the value increasing to nearly \$1.7 million per year for 2013 and after.

At its December 5 meeting, the RMLB's Power & Rate Committee voted 2 to 1 not to sell these RECs, but just to hold on to them and let them expire.

So I come before the Board of Selectmen these evening to inform you and the community of this upcoming vote in the hope that community pressure may convince the RMLB to overturn the committee's Monday vote and to sell these RECs.

The RMLB members who voted not to sell the RECs are Richard Hahn and Gina Snyder.

The two other RMLB members who will be voting on Wednesday are Mary Ellen O'Neill and Philip Pacino.

Thank you,
Robert Soli, RMLB Commissioner

2011 DEC -6 PM 2:21



RENEWABLE ENERGY CERTIFICATES

f. CHAIRMAN HAHN'S PUBLIC DOCUMENT



RMLD SHOULD NOT SELL ITS RENEWABLE ENERGY CERTIFICATES

Massachusetts' investor-owned electric utilities are required by state law to have a specified portion of their power supply from renewable resources. Municipally-owned electric utilities, such as the Reading Municipal Light Department ("RMLD"), are exempt from such requirements. However, the RMLD Board of Commissioners ("Board") believes that it is prudent and responsible to voluntarily include renewable resources in the RMLD's power supply portfolio. I know this because several years ago the Board unanimously adopted a policy direction to (a) implement an RMLD Green Choice program and (b) add renewable energy resources to the RMLD's electric supply portfolio. The desirability of having renewable energy was confirmed by a recent RMLD survey, where nearly 75% of our residential customers supported the inclusion of renewable energy in RMLD's supply portfolio. RMLD staff was directed to bring desirable projects to the Board and the Citizens Advisory Board ("CAB") for their review. The Board and the CAB reviewed several projects, and unanimously approved two projects, knowing that they would cost more than conventional power supplies. To prove that these sources of power are renewable, the output of each project is certified as renewable energy and is issued Renewable Energy Certificates ("RECs").

Some have suggested that the RMLD now sell the RECs associated with its renewable projects and use that money for other, unspecified purposes. **I oppose the sale of RMLD's RECs at this time for the following reasons.**

- Selling the RECs will cause our current renewable resources to no longer be renewable, as they will lose the certification that proves that their output qualifies as renewable energy. Such a move will undercut the policy direction unanimously adopted by the Board and the CAB and the preferences of our customers.
- RMLD staff has stated that the current value of these RECs is about \$500,000. RMLD's annual revenue is about \$89,000,000, so the value of the RECs is less than six tenths of one percent of RMLD's total revenue. For the typical residential customer, selling the RECs would save only \$0.50 per month. Such a small savings is not worth undercutting a sound policy to be environmentally responsible. If customers wish to save money on their electric bills, please call the RMLD and sign up for our energy conservation programs. You will save much more than \$0.50 per month.
- Renewable energy costs about \$0.10 per kilowatt-hour compared to \$0.05 per kilowatt hour for conventional non-renewable power supplies. If we sell the RECs for \$0.03 per kilowatt-hour, we will no longer be renewable but the net costs from these purchases will be \$0.07 per kilowatt-hour, or 40% more than conventional power supplies. Thus, if we buy renewable energy and sell the RECs, we will have raised our costs unnecessarily, and we won't have any renewable energy resources.
- There would be severe restrictions on what the RMLD could do with the revenue from the sale of RECs. The only proper use for such funds would be to offset purchased power costs. Such funds could not be used for other purposes, such as funding the construction of RMLD's own renewable projects.

Some have suggested that RMLD should purchase the output from renewable sources now, and annually sell RECs until municipal electric systems are required to have renewable sources. The specter of very high prices for renewable energy projects due to a sudden demand for renewable energy by Massachusetts municipally-owned electric companies is offered as a rationale for such a strategy. Such an argument should be rejected for the following reasons.

- All of Massachusetts' municipally-owned electric utilities account for less than 10% of the state's total electricity sales. Imposing requirements for renewable sources for these utilities would not represent a huge increase in the demand for renewable energy.
- Even if requirements for renewable sources of electricity were imposed, such a requirement would be accompanied by advance notice and would be phased in starting at a very low level. Municipal electric systems will not see a large sudden increase in state-imposed requirements.
- Massachusetts law establishes caps or limits on how much RECs will cost, thus limiting RMLD's exposure to the cost of compliance with any future renewable energy requirements.

Be environmentally and fiscally responsible. Keep the RECs.

Dick Hahn, Chairman
RMLD Board of Commissioners





RENEWABLE ENERGY CERTIFICATES

g. MEMO DATED DECEMBER 28, 2011





To: RMLD Board of Commissioners ("RMLB")
RMLD Citizens Advisory Board ("CAB")

From: Dick Hahn

Date: December 28, 2011

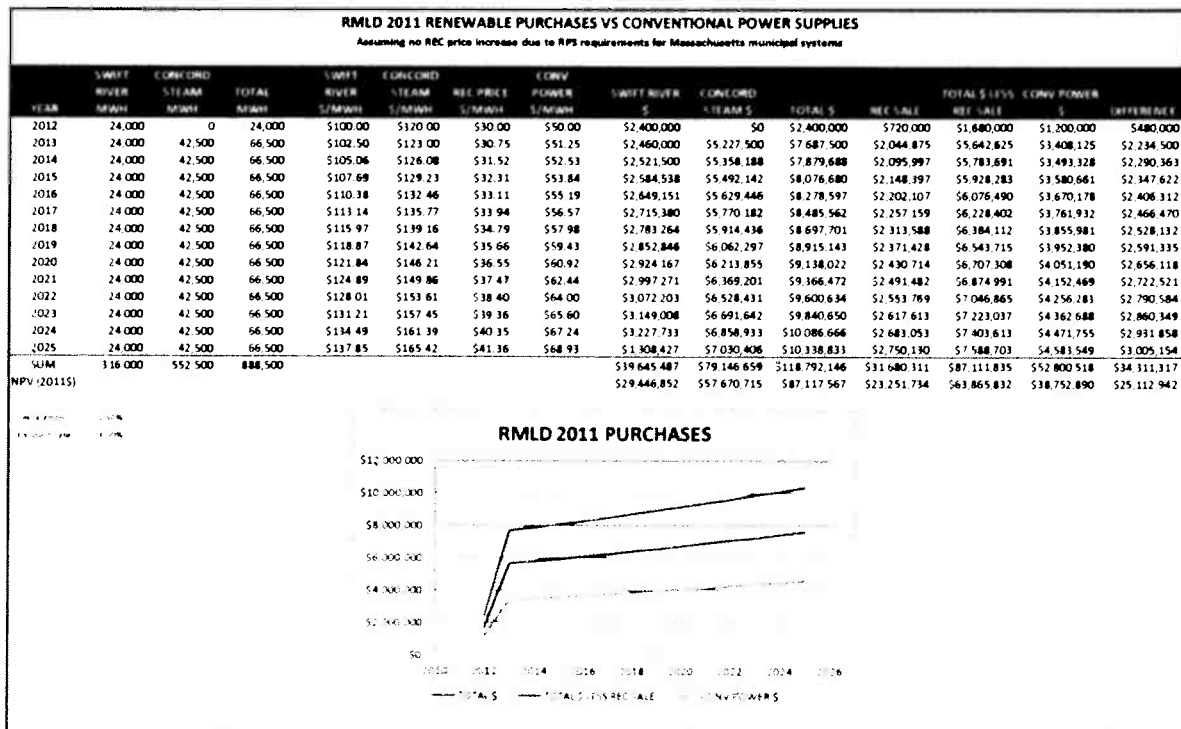
RE: Renewable Energy Strategies

Over the last several weeks, considerable discussion has taken place regarding Renewable Energy Certificates ("RECs") and whether to sell RECs that the RMLD receives from its renewable energy purchases or whether to keep these RECs. During this debate, a claim has been made that a strategy of (a) entering into long-term contracts to buy the output of renewable energy projects including RECs now and (b) selling those RECs until such time as the RMLD is required to comply with Massachusetts' Renewable Portfolio Standards ("RPS") represents the preferred option for RMLD ratepayers. I have performed a detailed pro forma analysis and have concluded that such a strategy is not the preferred option. If the RMLD wishes to sell RECs now, and therefore not be renewable or green, the RMLD ratepayers would have been better off if the RMLD did not buy the output of renewable energy projects now, but rather wait until, if ever, the RMLD is required to comply with Massachusetts RPS. This memo describes the analysis that I performed.

The RMLD currently has long-term contracts with two renewable energy projects, Swift River and Concord Steam. The Swift River Project consists of several existing, small hydro-electric generators built many years ago located in Massachusetts, and is estimated to provide about 24,000 MWH per year. Concord Steam is a wood-fired cogeneration plant located in Concord, NH. When completed and placed in-service in 2013, RMLD's purchased share of the output of Concord Steam is expected to be about 42,500 MWH annually. The RMLD buys energy, capacity, and RECs from these two projects. Because the RMLD buys the RECs, it can claim that these projects provide renewable energy, consist with RMLB policy and direction given to RMLD staff.

Purchases from these projects cost significantly more than conventional power suppliers. This fact was known when the RMLB and the CAB unanimously voted to authorize the RMLD to execute these contracts. Figure 1 below compares the annual cost of the Swift River and Concord Steam project purchases to an equivalent purchase from conventional, non-renewable resources. Figure 1 also shows the cost of the Swift River and Concord Steam project purchases assuming the RMLD sells the RECs. As shown in Figure 1, if the RMLD keeps the RECs, it will legitimately have a portion of its power supply portfolio from renewable energy resources, albeit at a higher cost than if it has purchased from conventional resources. If the RECs are sold, the RMLD will not have any renewable energy resources in its portfolio but it will still pay considerably more than conventional power suppliers. Thus, if the RECs are sold, the RMLD will have unnecessarily increased its power supply costs without any benefit.

Figure 1



The next step in the analysis is to examine what would happen if the RMLD (and other municipal electric systems in Massachusetts) were mandated to comply with a RPS. When the

RPS were imposed on the Massachusetts investor-owned utilities, advance notice was given, and the percentage of each utility's supply portfolio that must be from renewable energy resources began at a very low level (i.e., 1%) and was gradually increased over time (i.e., at 1% per year). I have assumed a similar approach for any RPS that might be mandated for Massachusetts municipal systems. Specifically, I have assumed that the RPS commences in 2015 at 1% and increases at 1% per year thereafter. Figure 2 below depicts the assumed RPS that would apply to the RMLD in this analysis.

Figure 2

ASSUMED RMLD RPS			
YEAR	RMLD MWH	% RPS	MWH RPS
2015	760,563	1.00%	7,606
2016	771,971	2.00%	15,439
2017	783,551	3.00%	23,507
2018	795,304	4.00%	31,812
2019	807,233	5.00%	40,362
2020	819,342	6.00%	49,161
2021	831,632	7.00%	58,214
2022	844,106	8.00%	67,529
2023	856,768	9.00%	77,109
2024	869,620	10.00%	86,962
2025	882,664	11.00%	97,093

Massachusetts RPS also contains a provision that caps the cost of compliance. Entities subject to a RPS can opt to pay an Alternative Compliance Payment ("ACP"), based upon a known rate per MWH. If REC prices, either those embodied in long-term renewable power contracts or market prices for RECs sold separately, exceed the ACP rate, utilities that are subject to the RPS can opt to make a payment to the Commonwealth of Massachusetts Clean Energy Center ("CEC") equal to the ACP rate multiplied by the number of RECs possessed that fall short of the RPS. Thus, the ACP serves as a cap on RPS compliance costs. Utilities will not be required to pay prices for renewable projects such as Cape Wind, which costs about \$190 per MWH escalating at a high rate. Figure 3 below shows the ACPs assumed in this analysis. The 2011 ACP is set at \$62.13 per MWH.¹ I have assumed that this payment will escalate at 2.5% per year.

¹ The 2011 ACP of \$62.13 per MWH is for Massachusetts Class I RECs. The ACP for Class II RECs, such as hydro facilities that were in service prior to 1997, is \$25.00 per MWH. For the purposes of this analysis, I have assumed that the Class I ACP applies to all RECs purchased by the RMLD.

Figure 3

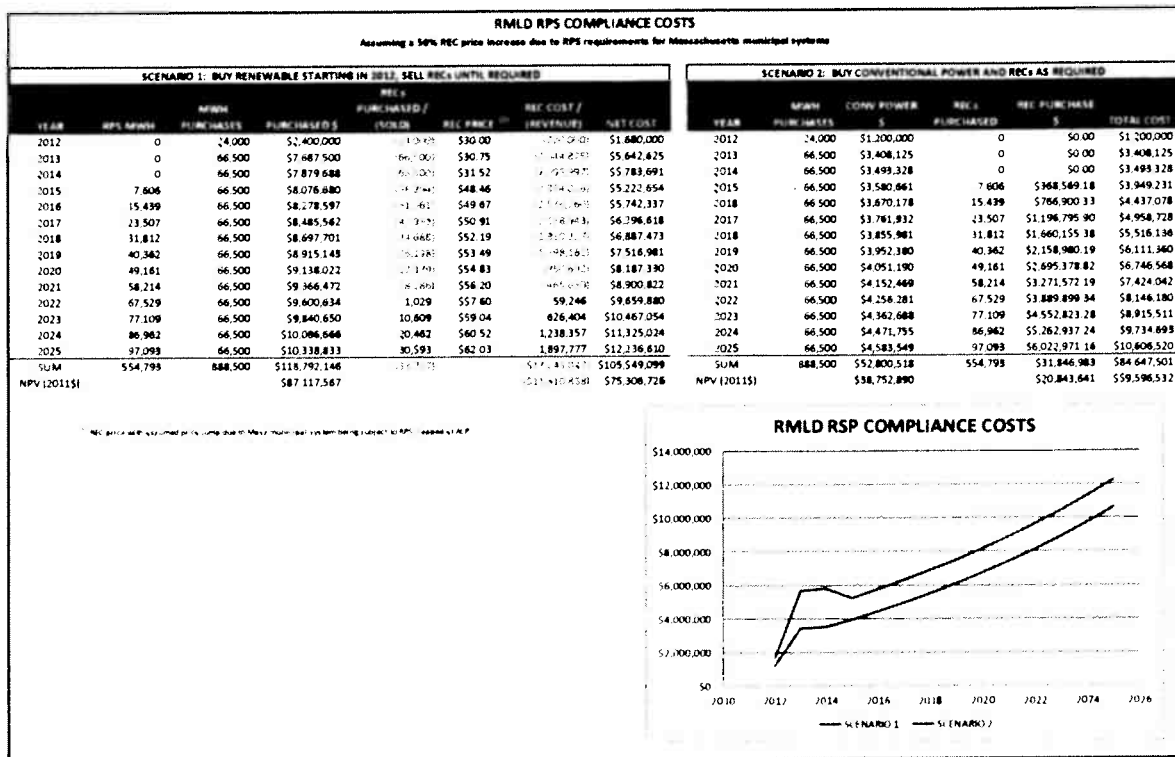
ALTERNATIVE COMPLIANCE PAYMENT	
YEAR	ACP \$/MWH
2012	\$63.68
2013	\$65.28
2014	\$66.91
2015	\$68.58
2016	\$70.29
2017	\$72.05
2018	\$73.85
2019	\$75.70
2020	\$77.59
2021	\$79.53
2022	\$81.52
2023	\$83.56
2024	\$85.65
2025	\$87.79

To address the claim that REC prices would dramatically increase when and if Massachusetts municipal systems become subject to mandatory RPS, I initially assumed that REC prices would increase by 50% in 2015, the first year of the assumed RMLD RPS. Under the assumptions described above, I determined the power supply costs for complying with a RPS for two scenarios. The first scenario uses the Swift River and Concord Steam contracts as the compliance strategy, with any available RECs being sold starting in 2012 and revenues from the sale of these RECs used to reduce power supply costs until they are needed for RPS compliance. To the extent that the Swift River / Concord Steam purchases do not provide sufficient RECs to comply with the RPS, additional RECs are purchased separately. Any surplus of RECs is assumed to be sold at the higher REC prices (i.e., plus 50% in this scenario). The second scenario assumes no renewable energy purchases, but complies with the RPS using a strategy of buying RECs as needed. Figure 4 below provides the results of this comparison over the 14 year study period from 2012 to 2025, which are also summarized as follows.

- Costs for Swift River / Concord Steam without REC sale: \$118.8 million
- Costs for Swift River / Concord Steam without REC sale: \$105.5 million
- Conventional power purchases plus REC purchases: \$84.6 million
- Conventional power purchases; no REC purchases: \$52.8 million

It's important to put these numbers in perspective. The RMLD total annual power supply costs are currently about \$75 million. If this amount were to escalate at 2.5% per year (the same assumption made above), total power supply costs over the 2012 to 2015 period would be approximately \$1,270 million. The compliance costs estimated here, while a large dollar amount, represent a small portion of RMLD's total power supply costs.

Figure 4



This analysis clearly shows that buying the output of renewable projects now and selling the RECs until needed results in significantly higher costs than a strategy of buying conventional power supplies and buying RECs as needed.

To test the robustness of this conclusion, I analyzed other assumed increases in REC prices once Massachusetts' municipal electric systems become subject to a RPS. Figure 5 below provides a summary of the results. Assumed price increases in these sensitivity analyses ranged from 0% to 200%. In my opinion, such large prices are unlikely to occur because Massachusetts' municipal



SUMMARY OF RMLD RPS COMPLIANCE COSTS

SCENARIO 1: BUY RENEWABLE STARTING IN 2012; SELL RECs UNTIL REQUIRED
SCENARIO 2: BUY CONVENTIONAL POWER AND RECs AS REQUIRED

REC PRICE JUMP	SUM		NPV (2011\$)		% SAVINGS WITH SCENARIO 2	
	SCENARIO 1	SCENARIO 2	SCENARIO 1	SCENARIO 2	SUM	NPV
0.00%	\$108,343,157	\$74,031,840	\$77,761,593	\$52,648,651	46%	48%
25.00%	\$106,946,128	\$79,339,671	\$76,534,161	\$56,122,592	35%	36%
50.00%	\$105,549,099	\$84,647,501	\$75,306,728	\$59,596,532	25%	26%
75.00%	\$104,152,070	\$89,955,332	\$74,079,296	\$63,070,472	16%	17%
100.00%	\$102,755,040	\$95,263,162	\$72,851,863	\$66,544,412	8%	9%
125.00%	\$102,068,959	\$97,869,838	\$72,249,071	\$68,250,464	4%	6%
150.00%	\$102,068,959	\$97,869,838	\$72,249,071	\$68,250,464	4%	6%
175.00%	\$102,068,959	\$97,869,838	\$72,249,071	\$68,250,464	4%	6%
200.00%	\$102,068,959	\$97,869,838	\$72,249,071	\$68,250,464	4%	6%

SCENARIO 1 - BUYING AND BANKING RECs - IS ALWAYS MORE EXPENSIVE