

Reading Municipal Light Department (RMLD) Board of Commissioners

Power & Rate Committee Meeting

Regular Session

May 30, 2012

Start Time: 6:07 p.m.

End Time: 6:40 p.m.

Attendees:

Committee Members: Mses. Snyder (Chairman) and O'Neill and Mr. Pacino

RMLD Staff: Messrs. Cameron, Seldon and Carpenter and Ms. Parenteau

Commissioner: Ms. West

Chairman Snyder called the meeting to order at 6:07 p.m.

Chairman Snyder stated that this meeting of the Reading Municipal Light Department (RMLD) Power & Rate Committee on May 30, 2012 is 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 Snyder stated that the agenda for tonight's meeting is being recorded so that a power supply project which needs to be addressed before the full Board of Commissioners meeting can be discussed prior to taking up the rest of the agenda.

At 6:21 p.m. Mr. Pacino made a motion seconded by Ms. O'Neill to go into Executive Session based on Chapter 164, Section 47 D exemption from public records and open meeting requirements on certain instances, to discuss power supply, Solar Energy Hub - 16 Upton Drive, Wilmington and Solar Energy Hub - 24 Industrial Way, Wilmington, and return to Regular Session.

Motion carried 3:0:0.

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

Renewable Energy Policy

Chairman Snyder said that the renewable energy policy is attempting to meet a number of goals. The General Manager has made the effort to obtain more renewable energy projects for the RMLD's power supply portfolio in case a renewable portfolio standard is imposed on municipal departments; the RMLD Board wants to demonstrate leadership and is addressing the larger environmental concern; the RMLD has a responsibility to show leadership by obtaining renewable energy that will provide a better future for us all. Addressing the question of who wants renewable energy, we've heard from members of the public who have indicated at public meetings, they support Renewable Energy, but there's a lack of understanding of Renewable Energy Credits (RECs). The RMLD also has a Green Choice program, but commissioners have indicated that people don't understand the program and so would like to improve it.

Chairman Snyder then handed out a Renewable Energy Policy with additions that she developed with changes to the Renewable Energy Policy that was developed by the Power & Rate Committee (attached). Chairman Snyder said that she included a Brown Choice option in her draft of the Renewable Energy Policy to allow customers to opt out of paying for the Renewable Energy Certificates. Chairman Snyder explained her changes to the Power & Rate Renewable Energy Policy, particularly the Brown Choice program, which would address the issue of customers who do not want to contribute to the purchase of renewable energy. The Brown Choice program would parallel the Green Choice program, where customers could opt out of the Renewable Energy Certificates (RECs) portion of the renewable power supply, while the Green Choice program would continue to exist for customers who wanted to purchase additional renewable energy credits to offset their electricity use or reduce their carbon footprint.

Mr. Pacino stated that in calendar year 12 and 13 if we go forward, we'd need to promote Brown Choice, Green Choice, and we'd need some sort of public relations effort. Mr. Pacino believes that for 2012, 2013 he would like to see some RECs sold and some retired, we need to compromise. Mr. Pacino stated that he would like to find some common ground that the committee and the RMLD Board could agree upon.

Mr. Pacino noted that FY14 would be an effective date to review a policy for the retirement or sale of the RECs. Mr. Pacino stated that he wished we had more time; he supports the 5% goal and the increase of 1% in each of the next five years. He's very supportive.

Mr. Pacino went on to say that he thought we should take a look over the next 3 to 6 months, there's a lot to it. We could introduce Brown Choice and see what to do with Green Choice. Mr. Pacino stated that the Green Choice Program needs to be reinvented so that more customers become involved in the program.

Ms. O'Neill thinks that the Brown Choice program is interesting and would like to look into it more thoroughly. Ms. O'Neill noted that the RMLD renewable energy is currently at 3% with the positive environmental attributes, and feels that it is too small an amount to divide up the 3% we have. Ms. O'Neill noted that she feels committed to the Renewable Energy Policy that was recommended by the Power & Rate Committee and doesn't understand why Mr. Pacino is hesitant about it.

Mr. Pacino said that he thinks that the 5% level is too high and should be looked at as a guide but not to sell all the RECs until some time in the future when the RMLD is above the 5% level.

Kommentar [g1]: I don't have this in my notes, and it conflicts with Phil's earlier statement, but if it's on the tape he must have said something to this effect, but perhaps he was addressing keeping REC's from a 5% portfolio.

Ms. O'Neill stated that she is in favor of the 5% level of Renewable Energy projects in the RMLD's portfolio a start and hopefully in FY13 the RMLD can be above the 5% level. Ms. O'Neill feels that the renewable energy contracts were purchased to retire the RECs and that is what we should be doing with them. Ms. O'Neill also thinks that the Green Choice program needs to be examined to make it more attractive to RMLD customers.

Mr. Pacino said that he agrees that the 5% level should be attained, but at some transition point so that some of the RECs can be sold as well as retired.

Ms. Snyder said that selling the RECs was not the original intent of the renewable energy power supply agreements. Selling the RECs was brought to the Power & Rate Committee after the contracts were signed.

Ms. O'Neill said that the RMLD should reach the 5% level of renewable energy in the power supply portfolio and then sell the remainder, if any, of the RECs in FY12.

Ms. Snyder called for public comment.

Ms. West, RMLD Commissioner, said that she was puzzled why the Power & Rate Committee is working on a policy to recommend to the RMLD Board. Ms. West thought the responsibility of the Power & Rate Committee was to recommend rates and power supply contracts to the RMLD Board. Ms. West also questioned if the Power & Rate Committee is acting in the best interest of the ratepayers after looking at the content of their policy. Ms. West also reminded the committee members that Rubin and Rudman came up with a legal opinion on the REC issue, which stated that the RMLD did not have to retire the RECs under Massachusetts State law. Ms. West went on to say that the instruction from the Board of Selectmen, the CAB and the Reading and North Reading Selectmen was that they did not feel that we should keep all the RECs. Ms. West believes that we are not acting upon that feedback.

Kommentar [g2]: I'm curious as to why you have "RMLD Commissioner" here when you did not include it in the May 1st Policy Committee minutes when referring to comments by Ms. O'Neill?

Ms. O'Neill said that we have had public comment in support of renewable energy and retaining the RECs in the RMLD power supply. Ms. O'Neill said that as an elected board, we are not bound to follow the instructions from other elected public bodies. As far as the legal opinion goes, she has had a conversation with Mr. Cameron and she believes there are varied opinions on the subject of the RECs. Ms. O'Neill anticipated that the legal opinion, as our particular opinion from our paid consultant, would come out the way it did.

Ms. O'Neill is not saying that the legal opinion is wrong, but it is very debatable and we have other sources of information that define renewable energy as understood by the utility industry as having associated RECs. The RECs represent the positive environmental attributes of the energy production and helps promote the renewable energy market. Ms. O'Neill said that if the bottom line is a penny, a dollar, or a hundred dollars and the bottom line is fiscal then we are in bunch of hot water. Ms. O'Neill said that we should be looking to the greater good and there are many factors to be taken in to consideration. The amounts of RECs we have are good, the rates are wonderful, and we have great energy conservation programs and she is not willing to compromise those things.

Mr. Pacino reiterated that in FY12 and FY13 some of the RECs should be sold and some should be retired. He went on to say that the Green Choice program should be restructured and the Brown Choice program is worth looking into, but the Power & Rate Committee needs to move this forward and the statement about "upon implementation" of the Brown Choice program would take some time to implement and Green Choice exists now. Mr. Pacino said that he thinks selling and retiring RECs should be considered.

Chairman Snyder indicated that she doesn't think the customers understand the Green Choice program. The committee has two policies in front of them. Neither of the policies, the way they are written, achieves what the Power & Rate Committee is suggesting at this point in time. Does anybody have any suggestions on the policies?

Ms. West made a comment that not all her edits that were suggested to be made in the Policy Committee's Renewable Energy Policy were included in the policy that was in front of them.

Discussion followed.

Ms. O'Neill said that she is interested in the Power & Rate Committee policy and it doesn't appear that is what Mr. Pacino is interested in and it will probably fail at the Board Meeting.

Chairman Snyder asked again for a motion on the policy. Upon hearing no motions on the policies, she suggested the committee move on to the rest of the agenda.

Solar Energy Hub

Mr. Pacino made a motion seconded by Ms. O'Neill to recommend to the RMLD Board of Commissioners to authorize the General Manager to finalize negotiations and execute a contract with Solar Energy Hub for the purchase of not more than 1.5 megawatts of solar power, in a term not to exceed 15 years, on a site at 24 Industrial Way, Wilmington, Massachusetts.

Ms. Snyder Aye, Ms. O'Neill, Aye, Mr. Pacino, Aye.

Motion carried 3:0:0.

At 6:40 p.m. Mr. Pacino made a motion seconded by Ms. O'Neill to adjourn.

Motion carried 3:0:0.

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

Kommentar [g3]: I don't think this was done as a roll call?

Revision No. 1 RMLD Policy No. Effective Date Review Date

Renewable Energy Policy

General Manager

Per Board Vote
Chairman/Date

I. Purpose

- A. To develop an approach for implementing the vision of its strategic plan that the RMLD “demonstrate leadership and excellence in providing low cost, clean and reliable electric service.”
- B. To establish general guidelines that promote the inclusion of renewable energy projects in order to further implement one of the primary strategies of the RMLD’s strategic plan to procure a long – term diverse and environmentally responsive power supply portfolio.
- C. To provide options for customers wishing to pursue carbon offsets or the purchase of renewable energy supplies and for those not wishing to participate.

II. Responsibilities

- A. RMLD Board of Commissioners
 - 1. Responsible for approving this policy.
- B. RMLD Power and Rate Committee
 - 1. Review all staff-recommended renewable energy project proposals and make recommendations to the Board of Commissioners.
- C. General Manager
 - 1. Responsible for implementing this policy.

III. Policy Elements

- A. Renewable energy includes energy which comes from hydro, solar, wind, geothermal, and (potentially) biomass sources and which include the renewable energy certificates (RECs) that certify them.
- B. The goal of the RMLD is to have five percent of its power supply portfolio come from renewable energy sources by the end of calendar year 2012. The percentage of the power supply portfolio deriving from renewable energy resources will increase by one percent per year for the five year period of 2013-2017 at which time the RMLD Board will assess this goal.
- C RECs associated with power supply contracts will be retained except:
 - a. Upon implementation of a “Brown Choice” program to parallel the “Green Choice” program, RMLD will provide customers with the option to opt out of the REC portion of the renewable power supply.
 - b. Customers may purchase additional RECs via the “Green Choice” program if they wish to increase their portion of power from renewable supplies. These RECs will come first from RMLD’s RECs if any are available.

- c. Additional RECs from the "Brown Choice" opt-out program, if any, will be sold and the revenue will be returned to the fuel charge.
- D. If Massachusetts state law requires the RMLD to participate in the Massachusetts Renewable Portfolio Standard (RPS) the RMLD will review and make required adjustments to its power supply portfolio.
- E. The RMLD will strive to diversify renewable energy projects by type, size, and location and will also include environmental impacts in the evaluation process.
- F. The value of the RECs held, sold, and retired by the RMLD shall be included in the monthly financial reports prepared for the Board of Commissioners as well as included in the RMLD Annual Report. The valuation of the RECs held and retired shall be based on a mark-to-market valuation on the respective reporting date.