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AGENDA
RMLD CITIZENS' ADVISORY BOARD (CAB)

THURSDAY, FEBRUARY 16, 2012

7:00 P.M.

at

**READING MUNICIPAL LIGHT DEPARTMENT
WINFRED SPURR/AV ROOM
230 ASH STREET
READING, MA 01867**

1. Call Meeting to Order – A. Carakatsane, Chairman
2. Minutes of Meeting – January 5, 2012
3. Renewable Energy Certificates (RECs) – A. Carakatsane, Chairman
Reconsideration/Discussion
4. Executive Session
Suggested Motion:
MOVE that the CAB go into Executive Session based on Chapter 164, Section 47D exemption from public records and open meeting requirements in certain instances, to approve minutes, to discuss power supply, renewable energy, and return to regular session.
5. Strategic Power Supply Plan - Annual Power Supply RFP
Suggested Motion:
MOVE that the Reading Municipal Light Department Citizens' Advisory Board (CAB) recommend to the RMLD Board of Commissioners 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 2013 through 2016 and in amounts not to exceed 28 MW in 2013, 22 MW in 2014, 21 MW in 2015, and 20 MW in 2016 as presented by the General Manager and Staff.
6. Other Items for Discussion
7. Schedule Next Meeting
8. Adjournment

This Agenda has been prepared in advance and does not necessarily include all matters, which may be taken up at this meeting.

Upcoming RMLD Board Meetings:

Wednesday, February 29, 2012, 2011 – Regular RMLD Board Meeting

**CITIZENS' ADVISORY BOARD (CAB)
JOINT MEETING WITH RMLD BOARD of COMMISSIONERS (on Agenda Item 2)
MEETING MINUTES
Regular Session**

TIME: 7:00 P.M.
DATE: Thursday, January 5, 2012
PLACE: Reading Municipal Light Department (RMLD) 230 Ash Street, Reading, MA,
Cafeteria
PRESENT: CAB: A. Carakatsane, Chairman (Lynnfield), J. Norton, Secretary (North Reading) G.
Hooper (Wilmington), T. Capobianco (Reading), T. Ollila (Wilmington)
RMLD Board of Commissioners: R. Hahn, Chairman, P. Pacino, vice Chair, G. Snyder,
Secretary, Mary Ellen O'Neill, R. Soli
RMLD Staff: V. Cameron, J. Foti, P. O'Leary, J. Parenteau, W. Seldon, J. Carpenter
PUBLIC: John Arena, Ron D' Addario, Bob Quinn, John Rogers, Fred Van Magness, David
Williams

NOTE: Joint Meeting was taped by RCTV for distribution to communities.

1. 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 videotaped 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.

2. Renewable Energy Certificates (RECs)

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.

Renewable Energy Certificates (RECs)/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

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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.

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.

Note: Public Comment ended here.

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

Renewable Energy Certificates (RECs)

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.

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.

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.

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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.

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.

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Mr. Hooper said that this has not been an easy decision, and that 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.

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.

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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.

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 how does the RMLD's Accounting System account for these assets we have in hand that we have been collecting right along. 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

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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.

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 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.

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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. Parenteau 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.

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.

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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.

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, and have been fortunate to achieve

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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, Mses. 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.

NOTE: The RMLD Board of Commissioners adjourned their meeting at this point (8:37 P.M.).

3. Return to Regular Session

Note: No Executive Session was required regarding the Renewable Energy Certificates. The CAB remained in Regular Session.

4. Minutes of Meeting – October 24, 2011

Mr. Hooper made a motion seconded by Mr. Norton to accept the minutes of October 24, 2011 as written.

Motion carried: 4:0:1. (Mr. Norton abstained)

5. Sustainable Energy Policy Update – V. Cameron, J. Parenteau

Note: See discussion under Item 2, Renewal Energy Certificates (RECs). No other Update.

6. Net Metering Rate – V. Cameron, J. Parenteau

Mr. Cameron explained that there were two net metering rates included in the packet--one for Residential customers and one for Commercial customers. Mr. Cameron noted that these are the guidelines for a customer installing renewable energy at their home or facility, how it is accepted by the RMLD, and what the RMLD will pay for the power. The rate says that RMLD is going to pay the fuel charge for the month, so whatever gets generated back to our system, RMLD will pay the fuel charge for the month, which is the current guideline. The rate is not filed with the DPU, and it should be. The Power and Rate Committee has accepted it; the Board has accepted it; and it is now before the CAB so that it can be filed formally.

Mr. Hooper made a motion seconded by Mr. Norton to recommend to the Board of Commissioners the adoption of the net metering rate for both residential and commercial customers.

Motion carried 5:0:0.

7. CAB Rotation Schedule for RMLD Board Meetings – P. O’Leary

January – J. Norton; February – A. Carakatsane; March – T. Capobianco; April – J. Norton; May – G. Hooper; June – J. Norton; - July – J. Norton; August – T. Ollila; September – A. Carakatsane; October – G. Hooper; November – T. Capobianco; December – A. Carakatsane.

8. Other Items for Discussion – APPA 2012 Legislative Rally

Chairman Carakatsane explained that the Legislative Rally is an annual event where representatives of Public Power discuss particular public power issues with various members of Congress. Chairman Carakatsane has gone the past three or four years, and would like to attend again this year. He added that a vote from the CAB for the expenditure is required.

A motion was made by Mr. Norton and seconded by Mr. Hooper that Chairman Carakatsane be allowed to attend the APPA 2012 Legislative Rally in Washington D.C. with the expenses being charged to the CAB budget.

Motion carried 4:0:1. (Mr. Carakatsane abstained.)

Mr. Cameron announced that there is a new NEPPA Director, Larry Brownell.

Mr. Carakatsane noted that the November financials were distributed prior to the meeting. Mr. Cameron stated that if anyone had any questions on the financials to please let him know.

Mr. Capobiano asked if perhaps links could be added to the Agenda Items so that it would be quicker to bring up the specific document on the computer and easier to navigate. Mr. Cameron would look into this.

9. Schedule Next Meeting.

Mr. Parenteau would like to get an early start on their layering and laddering approach to power supply since gas prices are at a two year low whenever the next CAB meeting is scheduled.

Consensus was to have a meeting in late February or March.

10. Executive Session

Mr. Norton made a motion seconded by Mr. Hooper that the CAB go into Executive Session based on Chapter 164, Section 47D exemption from public records and open meeting requirements in certain instances, to discuss power supply, renewable energy, and return to regular session for the sole purpose of adjournment.

Motion carried by a poll of the CAB: 5:0:0.

Mr. Hooper – Aye; Mr. Norton – Aye; Mr. Carakatsane – Aye; Mr. Ollila – Aye; and Mr. Capobianco – Aye.

11. Adjournment

A motion was made at 9:08 P.M. by Mr. Norton and seconded by Mr. Hooper to adjourn the CAB Regular Session meeting.

Motion carried 5:0:0.

Respectfully submitted,

/pmo

John Norton, Secretary

Minutes approved on: _____