



Town of Reading Meeting Minutes

2016-09-22 LAG

Board - Committee - Commission - Council:

RMLD Citizens Advisory Board

Date: 2020-06-18

Time: 6:30 PM

Building:

Location:

Address:

Session:

Purpose:

Version:

Attendees: **Members - Present:**

Mr. Jason Small, Vice Chair (North Reading); Mr. George Hooper, Secretary (Wilmington); Mr. Vivek Soni (Reading)

Members - Not Present:

Mr. Dennis Kelley, Chair (Wilmington); Mr. Joseph Markey (Lynnfield)

Others Present:

Mr. Robert Coulter, Board of Commissioners
Ms. Coleen O'Brien, Mr. Hamid Jaffari, Ms. Wendy Markiewicz, Mr. John McDonagh, Ms. Kathleen Rybak, Mr. Charles Underhill
Public: Ms. Lynne Champion, 8 Franklin Avenue, Wilmington; Mr. James Satterthwaite, 8 Hunt Street, Reading

Minutes Respectfully Submitted By: Mr. George Hooper, Secretary *George Hooper*

Topics of Discussion:

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

1. Call Meeting to Order – J. Small, Vice Chair

Vice Chair Small called the meeting of the Citizens' Advisory Board to order at 6:30 PM, and noted the meeting was being audio recorded.

Vice Chair Small welcomed Robert Coulter the new RMLD Commissioner.

2. General Manager's Update – C. O'Brien, General Manager

COVID-19 Update: Ms. O'Brien provided a brief update on the RMLD response to COVID-19. RMLD remains in Phase A.5 of the Infections Disease Operating Procedure (EOP-20-03 HR). Staff will be returned to the office gradually, and the building remains closed to the public. Ms. O'Brien noted that everyone is still healthy.

20-Year Agreement: Ms. O'Brien reported that Lynnfield is the only outstanding vote. They will keep their vote with Town Meeting (rather than going with Board of Selectmen), but will need to push it out until the fall Town Meeting. Ms. O'Brien noted nothing (in the Agreement) ends - this is just an extension of another 10 years. As far as we know, there is no legislative issue having to do with

changing the agreement – it is purely a COVID-related delay. Once the Lynnfield letter is received, the extension will be sent out for signature.

Ms. O'Brien updated the CAB on some Facilities projects at 230 Ash Street. The parking lot (including EV charging stations) and roof repairs are complete. The deck replacement is nearly complete.

3. Finance Report – W. Markiewicz, Director of Business, Finance & Technology

Materials: *RMLD Financial Review (Presentation Slides)*

Ms. Markiewicz reported that the 2019 Financial Audit had been delayed due to COVID-19 complications; draft financial statements will be issued at the beginning of July. Ms. Markiewicz reviewed *Financial Highlights CY2019 (Slide 2)*. RMLD ended 2019 with a 9.33% rate of return (ROR) – \$1,078k over the allowed 8% ROR (due to underspending). Ms. Markiewicz reviewed the factors that contributed to the underspending. The \$1,078k was transferred to the rate stabilization fund (RSF). Ms. Markiewicz noted the transfer is not required; we did it because we felt with COVID hitting peoples' lives and businesses, we want to give back to the customers. The RSF is intended to stabilize rate fluctuations.

Ms. Markiewicz went on to review *Strategic Planning (Slide 3)*, which includes re-forecasting of the six-year plan with COVID impacts and the decrease in kWh sales. Management is (preliminarily) planning to supplement rate increases with \$2m from the RSF; there will be no rate increase in CY21. Going forward, RMLD will continue to supplement a portion of any intended rate increase at ~2% for CY22 and CY23. RMLD will continue to stay on target with capital projects (spending).

Ms. Markiewicz reviewed *Operating Cash in Relation to Operating Expenses – Six Year Plan (Slide 4)*, which shows the ratio (in months) of cash available to cover the average monthly operating expense. We are trying to stabilize this and remain consistent. *Rate Stabilization Fund Balance (Slide 4)* shows for 2019 the additional \$1,078k (noted earlier). For CY20 we will not take any action; in CY21 funds are coming out (\$2,000k) to supplement the rate increase, and the same thing in CY22 (\$560k) and CY23 (\$587k). We want to stay at about \$6.5m in that rate stabilization fund. Ms. Markiewicz reviewed *Capital Funds Balances (Slide 6)*, which shows spending (on the right) and funding source (on the left). Spending for the two major projects that are in the budget (the Wilmington Substation and the Meter Replacement) are identified in color to show exactly when those projects start and end. In CY22 we are dipping below where we want to be; this is a bit concerning, but we want to try to balance everything, so it does not put us in a situation to add any excess burden to customers. Vice Chair Small asked if there were any questions; there were none.

4. Integrated Resources Report – C. Underhill, Director of Integrated Resources

Materials: *Citizens' Advisory Board Meeting Presentation Slides*

Ms. O'Brien provided an update on the *Green Communities Program (Slides 2-4)* from the perspective of RMLD. Green Communities is primarily a program for towns. One qualification for application is that towns served by an MLP must have at least one IOU metered customer (residential or commercial) within the town making application. It appears that all four towns within the MLP must join (have an IOU meter in each town) or all four towns would have to pay-into the trust. Ms. O'Brien discussed the challenges for an MLP as a franchise; compliance with the statute and identification of IOU meters within the RMLD franchise territory. Ms. O'Brien stated that she and the BOC Chair would be participating in a conference call with the Town of Reading and the DOER around this criteria and member benefits of the Green Communities Program. Ms. O'Brien noted that RMLD staff wants to support whatever ideas the towns have as long as they are within our business model.

Mr. Soni said that he would also be on that call. Mr. Soni noted that there is a group called GRACE (Greater Reading Alliance for Clean Energy) that has reached out to all of the RMLD towns. We are

trying to make sure all of these voices are integrated and that anything that is asked of RMLD can be coordinated.

Mr. Underhill continued with the Integrated Resources report. *RMLD New Programs Update (Slide 5)* outlines the three new programs launched recently. Mr. Underhill noted the programs have been very successful and are likely to exceed the budget targets. *Purchase Power Expense (Slide 6)* continues to track below budget; sales are down, and therefore, our energy costs are down. Loads are expected to increase dramatically with heat and humidity. *Energy Costs (Slide 7)* are staying on track with where we expected our portfolio costs to be through the year. *Capacity Costs (Slide 8)* are tracking well. Mr. Underhill noted that the bump in the blue (Budget) line is due to the single capacity payment that is made to the Watson facility. RMLD is an owner in that project, and has a balloon payment due every February. *Transmission Costs (Slide 9)* (based on our billed load every month) is coming in low due in part to the performance of the battery system; we have taken ~2.5 to 3 megawatts off the monthly peaks and save that as avoided transmission expense.

Mr. Underhill then reviewed *Actual kWh Purchases by Resources (Slide 10)* noting that because loads have been below expectation, RMLD has actually had a net-sell position on the spot market for the first four months. That tells us that RMLD is getting paid at market costs and it is keeping our energy costs on track.

Mr. Underhill reviewed RMLD Power Supply: Outlook Through 2030 (slide 11), which illustrate the portfolio of RMLD resource commitments. The light blue line at the top is a current contract under negotiation; all other contracts have been executed. Everything up through the light blue is non-carbon portfolio resources. For all of them, we have either the RECs or the right of first refusal on the RECs, or we have the option to buy emission-free energy certificates for non-nuclear units. All those units are standing by and can be put into a portfolio once we understand from the legislature what our obligations are going to be under the Golden Bill. Stoney Brook (the thin gray bar at the top) is a fuel oil and natural gas unit, but with the loads down in New England we do not see that unit operating very much. Mr. Underhill pointed out that Exelon is due to expire soon. The hatched blue is market exposure, which we can fill above our current policy designation. The yellow is the 15% annual market position that we keep as part of our risk mitigation strategy; overtime, we eat into that a little bit with the TFA purchases where the price is below the four-year average, so we lock that price in – it is a risk trade-off that we make in the near term. Mr. Underhill pointed out the two lines: blue is the average cost of our portfolio just under \$40 per megawatt hour. That cost represents the portfolio reflecting the benefit of selling the RECs. The red line shows the cost if we stop selling the RECs and retire them. That becomes the embedded cost of buying the RECs or at least not selling the RECs and retiring them; that it is about \$0.01 a kilowatt hour. Our average price is about \$0.14 per kilowatt hour (or 7.5%) increase in rates.

Mr. Underhill then reviewed the *RMLD Power Supply: Outlook through 2040 (Slide 12)*. The red dotted line is the old renewable portfolio standard, which is still on the books, but has been supplanted by the CES (dark grey). The gold line is the Golden Bill currently in front of the legislature. The colored components on the chart represent units that can comply with the Golden Bill (as it is currently structured); that gives us the opportunity to retire RECs and meet the Golden Bill when it passes and we know what our obligation is going to be. The commitment to the non-carbon resources is significantly above the Golden Bill. RMLD has taken very aggressive action in the portfolio to get there while still holding the cost of energy to just below \$40 per megawatt hours. We are balancing our portfolio with cost considerations and environmental considerations.

Ms. O'Brien noted that on Slide 12, the Golden Bill (GGES): Policy 30 is the proposed Policy 30 (or the Golden Bill). The current Policy 30 is a little bit different. Ms. O'Brien asked Mr. Underhill to review some of the requirements of the Golden Bill as it relates to retiring RECs. Mr. Underhill responded that under the Golden Bill, RMLD would retire RECs or a percentage of our portfolio from qualifying

facilities in order to meet the environmental standards for each of those years. The RPS defines (by statute) “renewable resources” - those are not necessarily carbon free or non-carbon resources. The Golden Bill defines “clean energy” – energy produced from non-carbon resources. It is a slightly different pool of resources. One of the caveats that we insisted on with the Golden Bill was that our prior investments in nuclear fuel be included under the clean energy portions of the bill. There are units (in our portfolio) that qualify under the original RPS as renewables; those same units qualify as clean energy because they are non-carbon emitting, but there is also a mix of other resources that come into play under the Golden Bill.

Ms. O’Brien noted the Golden Bill (crafted by the MLPs) is how RMLD can achieve even cleaner energy with the long-term contracts that our customers invested in without putting all our customers’ rates at risk. We want to invest and collaborate with other municipalities (and in some cases IOUs) to build the projects. Eventually there is not going to be any RECs to buy because no one is building. We have 3-4 projects that we are in now; once you get the permitting it takes about four years to build. There is not a lot in the queue, so we have been working hard to put them there.

Vice Chair Small asked if there were any questions; there were none.

Mr. Underhill reviewed *COVID 19 2020 Retail Revenue Expectations (Slide 13)*, which illustrates the impact of COVID 19. Mr. Underhill noted the 2020 projection is based on YTD actuals through April. The 2020 Budget was originally just over \$29m, which was ~10% reduction in our retail revenues from 2019. Mr. Underhill noted that Ms. Markiewicz has updated forecasts through the end of the year; this will be integrated with the revenue numbers and we will do a revised cost of service/rate design study.

5. Scheduling: CAB Meetings & Coverage for Commissioners Meetings – J. Small, Vice Chair

The next CAB meeting was scheduled for July 16th. BOC coverage to be determined.

6. Adjournment – J. Small, Vice Chair

Mr. Hooper made a motion to adjourn the Citizens’ Advisory Board meeting, seconded by Mr. Soni. Motion carried 3:0:2 (3 in favor, 0 opposed, 2 absent).

The CAB meeting adjourned at 7:32 PM.

As approved April 22, 2021