



Town of Reading Meeting Minutes

2016-09-22 LAG

Board - Committee - Commission - Council:

RMLD Citizens Advisory Board

Date: 2022-02-24

Time: 6:00 PM

Building:

Location:

Address:

Session: Open Session

Purpose: General Business

Version:

Attendees: **Members - Present:**

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

Members - Not Present:

Lynnfield Position Vacant

Others Present:

Staff: Ms. Coleen O'Brien, Mr. Hamid Jaffari, Ms. Wendy Markiewicz, Mr. Gregory Phipps, Ms. Kathleen Rybak

Mr. Robert Coulter and Mr. Philip Pacino, RMLD Board of Commissioners

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 AND THE JUNE 16, 2021, ACT EXTENDING CERTAIN COVID-19 MEASURES, THIS MEETING WAS HELD REMOTELY VIA ZOOM.

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

Chair Small called the meeting of the Citizens' Advisory Board to order at 6:01 PM and noted the meeting was being audio recorded. Chair Small asked all members present to state their names.

2. Approval of Minutes – J. Small, Chair

Materials: *Draft Minutes from November 17, 2021*

Mr. Kelley made a **motion** that the Citizens' Advisory Board approve the minutes of the November 17, 2021, meetings as written, seconded by Mr. Soni. **Motion carried** 3:0:1:0 (3 in favor, 0 opposed, 1 abstained, 0 absent), by roll call vote of those present: Mr. Soni, aye; Mr. Kelley, aye; Chair Small, aye. Mr. Hooper abstained as he was not present at the November 17, 2021, meeting.

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

Ms. O'Brien noted that RMLD is starting to see the impact of supply chain issues, in particular with transformer purchases. Staff has done a good job of making sure RMLD is stocked to stay ahead of the issue, but it is eventually going to have an

impact. Engineering staff will shift gears on the transformer inspection and maintenances program and focus on inspections only. Staff will not be doing as many transformer upgrades unless they are absolutely warranted.

Ms. O'Brien reported that an Electrical Vehicle Charging Strategies Webinar was held on February 1; the recording is available on the RMLD website. Planning is underway for the Elementary Art Contest Awards presentation to be held virtually on March 3rd and 10th. Invitations will be sent for anyone interested in attending. Artwork for the High School Art Contest is due March 25th. This year's theme is "versatility." Work has begun on the 2021 Annual Report.

Ms. O'Brien reported that a combined meeting of the Board of Commissioners and the Reading Select Board is being scheduled to help facilitate discuss around the Ash Street campus and Reading's economic development vision for the area. To help move this discussion, Ms. O'Brien hosted a tour of the Ash Street facilities including the Barbas Building, Station 1, and the operations building so that Town representatives could get a sense of how much room RMLD needs and the current condition of the buildings.

Ms. O'Brien reported that RMLD will be contracting with Cultural Solutions to conduct an employee survey and to then provide staff leadership training. A presentation for the CAB will be scheduled at the end of the spring. This is the last item to be completed from the 2014 Organizational Study.

Ms. O'Brien noted that she and Ms. Markiewicz will be giving the (Reading) Finance Committee an update (on March 23rd) on the new calculation that is being used for the below the line PILOT payment for the Town of Reading. The above the line payment will also be discussed. Ms. O'Brien offered to provide a similar presentation to the CAB.

4. Integrated Resources Report – G. Phipps, Director of Integrated Resources
Materials: *Solar, Hydro, Certs, Batteries, Commercial Incentive Presentation Slides*

Mr. Phipps began the Integrated Resources presentation with review of a proposed solar opportunity in Berlin, New Hampshire (*Slide 3: Polar PV – Milan Road*). The proposal is for a long-term contract with fixed pricing for a utility-scale solar array to be built and operated by Borrego Energy. It is scheduled to come online near the end of 2025 and will be a single-axis tracker. Mr. Phipps reviewed the operation and benefits of this single-axis tracker. The RMLD share is ~35,000 MWHs per year. It is ~5% of the RMLD portfolio in 2022. Towards the end of this contract (2050), RMLD total load will be up over 1.1m megawatt hour of purchases. RMLD will be buying the energy with the certificates. The pricing is favorable (for renewable); ~45% higher than the RMLD portfolio average (including natural gas). Most solar projects are 65-75% higher

Mr. Hooper asked if this project is higher than what is in the portfolio currently for renewables? Mr. Phipps responded that for the renewable only portfolio this is on the lower end, and it brings the average down (for renewables only).

Mr. Soni asked about future value (dollars to dollars) when comparing natural gas (without RECS's and renewable (with REC's). What does the contract do to the rate going out 25 years? Mr. Phipps responded that the RMLD is following Policy 30 and as we get further out, RMLD will be retiring more certificates. Over time RMLD will be selling less and retiring more, which means fewer dollars will go back into (and reduce) the fuel charge. The value of certificates and energy over time will go up. This particular contract is fixed pricing.

Mr. Phipps agreed to create graphs when presenting contracts that show the analysis with forecasts for LNP, the RMLD portfolio by source (hydro, wind, solar, nuclear,

etc.) and the impact of certificate retirements on the energy costs (going out 30 years). RMLD's net costs benefit from being able to do long-term contracts like this and to be ahead of the curve in terms of availability. There is a lot of analysis that is done, but RMLD always wants to have a mix not only in terms of pricing, but also in terms of the energy type, contract length, and geography.

Mr. Hooper made a **motion** that the Citizens' Advisory Board recommend that the Board of Commissioners vote to accept the General Manager's recommendation to contract with Borrego Solar for energy and Class 1 certificates, from a to-be-built 109-megawatt solar project near Berlin, New Hampshire, known as Milan Road, pending environmental justice review. The motion was seconded by Mr. Kelley.

Motion carried 4:0:0 (4 in favor, 0 opposed, 0 absent) by a roll call vote of those present: Mr. Hooper, aye; Mr. Kelley, aye; Mr. Soni, aye; Chair Small, aye.

Mr. Phipps then presented information regarding the *Hydro First Light Extension (Slide 4)*. This is a combination of energy and certificates. This site includes two hydro dams (next to each other) that have been in existence, and that are currently generating power for RMLD. Mr. Phipps noted they have ponding capability and discussed the benefits of ponding to maximize output during high peak hours. As with Milan (presented earlier) RMLD is part of a consortium with Energy New England (ENE) as the aggregator; the actual contract will be between First Light and RMLD. This agreement would be effective when the current contract ends in 2024 with a six-year extension; six years is the longest extension available. RMLD will have a right of first refusal for additional extensions (2030), but the price will change (with every extension).

This project is lower than the current RMLD average hydro portfolio, but all in (certificates and energy) it is about 50% higher than our total portfolio average. However, it brings the RMLD average portfolio hydro costs down. First Light is very reputable and reliable. The group discussed the ponding capabilities for this project; it is not pumped hydro. The ponding does not have capacity for seasonal shift; it is more of an hourly shift to maximize daily output.

Mr. Soni made a **motion** that the Citizens' Advisory Board recommend that the Board of Commissioners vote to accept the General Manager's recommendation to contract with First Light for energy, and Class 2 certificates, from existing hydro facilities known as Shepaug and Stevenson, pending environmental justice review. The motion was seconded by Mr. Hooper. **Motion carried (4:0:0)** by roll call vote of those present: Mr. Hooper, aye; Mr. Soni, aye; Mr. Kelley, aye; Chair Small, aye.

Mr. Phipps then reviewed the *3Q 2021 Certificates – quarterly report (slide 5)*, which outlines the certificate activity for 3Q 2021. Certificates are minted about six months after the power is generated. There is an eight-week transaction window and RMLD is in the middle of the transaction window for the third quarter 2021 certificates. Mr. Phipps reviewed the transaction volume as outlined on the graph. Of note, RMLD normally sells about 80% of what is left over and banks the rest. In this case, 70% of the certificates will be sold. The reason is that Seabrook was being refueled in October. When the system is being refueled, RMLD gets energy from other sources but not certificates. Therefore, RMLD will only sell 70% this transaction period to make sure RMLD has enough to retire in the 4th quarter of 2021. Mr. Phipps noted Integrated Resources continues to streamline the program and reporting.

Mr. Phipps provided a preview for two battery storage projects, noting battery storage is an important part of the RMLD portfolio. Mr. Phipps outlined the economic benefits of peak management using battery storage. As reported previously, storage systems do not generate electricity they only time shift – store and then discharge.

Mr. Phipps reviewed *Slide 6: Battery Storage – Station 3* and noted the five-megawatt per circuit restriction was recently lifted, which means that an additional five-megawatts system can be added at Station 3. This will double the size but will not have any threat of reconstitution of the transmission side of the business. Mr. Phipps reviewed the planning activity underway for consideration of additional storage at Station 3. A full presentation of the proposal will be forthcoming.

Mr. Phipps then provided a brief overview of planning underway to add *Battery Storage at the Solar Choice 2 site at Fordham Road in Wilmington (Slide 7)*. This site will accommodate a 5-megawatt/10-megawatt hour storage system. This energy storage agreement would be structure differently than Station 3; it will be a shared savings provision. In both cases (Fordham Road and Station 3) RMLD does not plan to own the asset; RMLD will pay for the right to use it. At this Fordham Road, Kearsarge Energy owns and operates the currently operating solar PV array. This is in an industrial area, which presents a different set of economic benefits and fulfills the power supply strategy that is to encourage as much within-territory generation and storage as is practical. Mr. Soni asked if this would change the economics of Solar Choice II, which have not been great. Mr. Phipps responded that would be part of the business model that needs to be finished. The \$300k is a pool of money that would come to RMLD. Since this system has been in place for a while, it will have a different set of treatment, but there is not currently a plan to tie it into Solar Choice II.

Mr. Phipps then reviewed *Solar Incentive for Commercial and Industrial (Slide 8)*, noting there is a fair amount of interest from commercial and industrial customers in adding solar onto their platforms (both on the customer and RMLD sides of the meter). Staff plans to increase the maximum rebate from \$50k to \$120k, which equates to a \$1,200 per KW incentive; an 8–10-year payback on a typical 25-year system. \$1,200 per KW is what is currently in place for the residential system. Additionally, RMLD will encourage battery storage by looking at the PPA rate or shared savings that RMLD would accept with commercial and industrial customers. This is a nice mechanism to provide incentive dollars for commercial and industrial customers and it provides the benefit of increasing generation in our territory. Mr. Phipps noted RMLD would limit CY2022 commercial and industrial incentives to \$960k (as per the ECC budget) and will make these incentives effective immediately.

5. FERC Accounting Training – W. Markiewicz, Director of Business & Finance
Materials: *Business and Finance Presents FERC Accounting (presentation slides)*

Ms. Markiewicz began her presentation by noting the financial reporting and compliance standards that RMLD must follow when preparing the general ledger (*Slide 3: RMLD Financial Compliance*). First and foremost, RMLD must follow GAAP (Generally Accepted Accounting Principles), which is the foundation for the approved accounting methods and standards. Next RMLD must follow GASB (Governmental Accounting Standard Board), which is the account reporting standards for state and local governments. Thirdly, RMLD uses FERC (Federal Energy Regulatory Commission) uniform system of accounts specific for public utilities. Ms. Markiewicz went through the *FERC Chart of Accounts (Slide 3)* and *Common FERC Plant Accounts (Slide 4)*. Ms. Markiewicz noted RMLD is (primarily) a distribution plant, although there are some transmission accounts. Distribution Plant and General Plant accounts are used for capital improvement projects. Ms. Markiewicz reviewed *Slide 5 – Capital Project Example* which shows a snapshot of (the Capital Budget) the various FERC numbers (second column) used for capital projects. This illustrates the various FERC numbers that can go into a single project.

Ms. Markiewicz finished with a review the accounts used for *Operations and Maintenance Expenses (Slide 6)* and *General and Administrative Expenses (Slides 7, 8 and 9)*.

6. Scheduling – J. Small, Chair

The next meeting was scheduled for March 24th at 6:00 (pending confirmation of BOC scheduling). Mr. Hooper agree to cover the March BOC meeting.

Mr. Kelley asked if there was any update on the Lynnfield representative. Ms. O'Brien respond that she had not heard anything. However, Mr. Ragucci from ENE had met with the Town Manager to update him on Green Communities and some other issues.

7. Adjournment – Mr. Hooper made a **motion** that the Citizens' Advisory Bord adjourn, seconded by Mr. Soni. Motion carried 4:0:0 (4 in favor, 0 opposed, 0 absent) by roll call vote of those present: Mr. Hooper, aye; Mr. Kelley, aye; Mr. Soni, aye; Chair Small, aye.

CAB Adjourned at 7:08 PM

As approved on September 15, 2022.