



Town of Reading Meeting Minutes

Board - Committee - Commission - Council:

RMLD Citizens Advisory Board

Date: 2020-02-27

Time: 6:00 PM

Building: Reading Municipal Light Building

Location:
General Managers Conference Room

Address: 230 Ash Street

Session: Open Session

Purpose: General Business

Version: Draft

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)

Others Present:

Mr. Thomas O'Rourke, RMLD Board of Commissioners
Mr. David Talbot, RMLD Board of Commissioners
RMLD Staff: Ms. Coleen O'Brien, Mr. Zachary Borton, Mr. Roni Holzer, Mr. Hamid Jaffari, Ms. Kathleen Rybak, Mr. Charles Underhill

Public: Ms. Lynne Champion, Ms. Karen Herrick, Mr. James Satterthwaite

Minutes Respectfully Submitted By: Mr. George Hooper, Secretary

Topics of Discussion:

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

Vice Chair Small called the meeting of the Citizens' Advisory Board to order at 6:00 PM and noted the meeting was being audio recorded.

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

- *Update on Recent Ransomware Security Intrusion:* Ms. O'Brien updated the CAB on the circumstances around the recent ransomware intrusion. Investigation of the incident and remediation efforts are on-going. Mr. Hooper asked if "lessons learned" could be shared with the towns (IT staff). Ms. O'Brien agreed to provide that follow-up.
- *Cell Technology Attachments:* Ms. O'Brien reported that effective September 2018, the FCC issued an order which states without discretion or discrimination towns must allow (5G) cell attachments. The FCC order does not mandate cell providers to co-locate on electric utility poles. As a matter of compliance, utilities started drafting master agreements (and technical specifications) for the cell attachments (to utility poles), and towns were to develop aesthetic cell policies, which should segue with each other. RMLD has been working on a template agreement to be used with cell providers (to attach to sole and jointly owned utility poles). Under this FCC order towns are subject to a shot clock when responding to requests from cell providers.

However, municipal utilities are saying that this shot clock does not apply to them as it would impact engineering and construction planning. The Town of Reading has received requests from AT&T for privately-owned poles to be installed.

- *NEPPA Legislative Rally:* Ms. O'Brien reported on the recent NEPPA Legislative Rally held in Washington, DC. This year's focus for the municipal light plants was the FCC order regarding cell attachment requirements and the safety and operational concerns around that order. Other topics included the volatility of the ISO market, and the lengthy relicensing process for hydros.
- *Smart Micro-Grid Presentation:* Ms. O'Brien reported that she was recently asked to be the key speaker at the Public Power Summit for NextEra Energy, where she spoke about smart micro grids; what RMLD is doing, what we would like to do as a longer term plan, and how that may interconnect with some of the future changes in the State of Massachusetts including more intermittent renewable resources. Ms. O'Brien stated that she will give that presentation to the CAB at a future meeting.
- *Community Shared Solar:* Ms. O'Brien reported that information packets have been sent to all town managers/administrators soliciting feedback on expansion of the Community Shared Solar (CSS) program utilizing viable municipal site. RMLD will be issuing an RFI in May for developers to evaluate potential locations, both municipal and commercial, for new CSS sites.

3. Energy Position & Resource Update – Z. Borton, Power Supply Analyst

Materials: Energy Position & Resource Update (presentation slides dated 2/27/2020)

Ms. O'Brien began by noting that the presentation will include information that is intended to educate the CAB and the Board so that they are better informed to make a recommendation regarding an update to the renewable and sustainability policy.

Mr. Borton began review of the presentation slides. Slides 1-2 provide an overview of the strategy for managing the RMLD power supply and the types of resources utilized. Slide 3 illustrates the current energy portfolio showing all RMLD resources by type and in some cases by name. Slides 4-7 break out the resources by type. Mr. Borton noted as highlighted on Slide 5, the dotted area represents the portion of the portfolio that is open to the ISO spot market; in 2021, if we do not pick-up additional contracts, this portion of the portfolio would be served by the ISO spot market. The gray area illustrates bilateral contracts and peaking generation. Mr. Borton noted that beginning in 2024 the NextEra Chariot project will come online; this project is a combination of both nuclear and solar resources (as shown on Slide 6 and Slide 7). The nuclear portion of this project makes it a baseload, around-the-clock resource.

Mr. Borton then reviewed the Renewable Portfolio Standard (RPS) – Slides 8-10, noting Municipal Light Plants (MLPs) are exempt from this standard. Mr. Borton noted that under RPS Class 1, only small hydro's receive RECs. Slides 9 and 10 show (in green) the renewable projects for which RMLD receives RECs. The light blue represents renewable projects where the RMLD does not receive RECs; some are large hydro projects (do not qualify) and some are solar projects where the developer kept the RECs in exchange for a lower PPA rate. RMLD's renewable position if we were to retire our RECs is represented by the dotted green line. If RMLD was to retire these RECs, the RMLD would meet the RPS standard (represented by the black dotted line) by 2021. The financial impact on energy costs of retiring versus maintaining the RECs is shown on Slide 11. Currently, the RMLD sells the RECs to lower power supply costs and to invest in new renewables.

Mr. Borton went on to review the Clean Energy Standard (CES) - Slide 12, and the Golden Bill - Slide 13, noting the Golden Bill was proposed by MLPs as a mechanism to acknowledge the RPS and CES policies while also crediting the nuclear investments of municipal residents.

Mr. Borton reviewed Slide 14, which shows (in dark blue) the RMLD assets that qualify as non-carbon emitting, including nuclear and large hydro-electric resources. The Golden Bill requirements are represented by the gold line, and the black line representing RMLD retiring all the RECs that the projects create. Theoretically, if RMLD were to sell all their RECs and took on that \$1.3-\$1.6m annual power supply expense, we would be at this line. Our nuclear projects cover us until about 2024 or 2025. This is where we would have to retire all our RECs associated with renewable projects.

Mr. Borton then reviewed Slide 15 which outlines the financial impact of the black dotted line. Basically, as stated, RMLD would not see this impact fully until year 2028-29, where that line converges with the dotted gold line. Ms. O'Brien asked if the \$1.3-\$1.6m includes opens, or added opens, that we have that we are purchasing in the market. Mr. Borton responded that the nuclear resources would cover us to meet the obligation until 2024, and then we would start to slowly retire some of our renewable RECs so we can meet that as it climbs. Mr. Barton concluded, while the base rate may increase due to labor and material costs, power supply costs are not projected to increase in the next four years; capacity is going down and transmission is going up, so they net out; but we are experiencing those low prices now which are driving down our fuel costs. We are not projected to take on any of these costs until we slowly integrate in 2024-25 and by year 2028-29, we will start seeing these obligations for retiring the RECs instead of selling them.

Mr. Borton stated that in order to slowly meet that "Golden" line, we would need to develop a plan and look at the strategy for the renewable and sustainability policy. However, when looking at the cost and correlating it to rates, it is a very small amount when broken out into the residential and commercial/industrial classes. Ms. O'Brien noted that RMLD wants to work to gain credit for the investments that the RMLD ratepayers have already made, and take the money from the sale of the RECs and invest it in new renewable and carbon free projects, which require approved site locations and typically takes 3-4 years to build after you get funding.

4. Comments on Payment to the Town of Reading – J. Small, Vice Chair

Mr. Soni, as the Reading representative and having been present at the most recent Commissioners meeting, provided a framework for the discussion so that the CAB can provide feedback on what should be a guideline for the BOC to consider when looking at the various proposals put forward relative to the payment to the Town of Reading. Mr. Soni suggested the CAB look first at the concept of a payment based on kilowatt hour sales versus revenue, and then look at the details of the proposals. Vice Chair Small agreed that approach made sense.

Mr. Hooper stated that he would not want to see anything that compromises the service that is being provided; Wilmington is concerned with a dependable, reliable power source at an affordable price. Mr. Hooper said he thinks the payment should be something based on sales and how well the RMLD is doing, and not something that would require the RMLD to make compromises trying to meet a certain threshold. Mr. Hooper agreed, as Mr. Soni had said, that maybe it should be based on kWh sales. Vice Chair Small noted that one of the recommendations (from ENE) was not to tie the payment to revenue sales because any rate adjustment in the future – based on what

you need for your capital plan - would generate more income even if sales are down, and increase the payment to Reading. Vice Chair Small noted that would impact the other communities that not only are funding the capital plan or anything else that needs to be done but also funding the payment to Reading. He would not want to see anything tied to revenue, but rather to kWh sales. Vice Chair Small noted he understands that it makes it easier for the Town to budget if they have a floor and maybe a ceiling and that he was not opposed to that type of methodology. Mr. Hooper noted that it happens in all communities when planning their budget - it is not always flatline when you get local aid. Mr. Soni noted that he had talked to people in Town - both the Select Board and the Commissioners, and the Town administrators. The Select Board and the administrators would like some visibility (or predictability) with what the payment will be moving forward.

Mr. Talbot asked if Mr. Hooper concurred with what Vice Chair Small had said. Mr. Hooper responded that he did. Mr. Talbot asked if the CAB would be providing a written opinion. Mr. Hooper responded that he felt they (the CAB) were loud and clear, and that Mr. Talbot (as the Chair of the BOC) could relay their thoughts. Mr. Hooper noted that Mr. O'Rourke was also present as the Board representative and able to represent the discussion. Mr. O'Rourke summarized the feedback including the following two points: First, there is a preference or a desire not to tie payments to revenue, but rather to kilowatt hour sales. Secondly, there is a willingness to consider a base threshold (not to go below or above) or something that is predictable for the Town's planning purposes. Mr. Soni suggested that from a budget planning standpoint, predictability for two years would be prudent. The group discussed the RMLD (six-year) budget planning process (including system planning for capital improvements, sales and revenue, power supply costs and their impact on revenue, diminished potential for revenue increases through economic development, energy efficiency measures, and rate setting).

After discussion of the budgeting process, Mr. O'Rourke noted (to memorialize correctly) that predictability has two aspects: (1) two-three years out in budgeting, or (2) something that is more concrete, i.e., the payment is going to be "x" for two years out; what would satisfy predictability? Mr. Soni responded that his sense is that the Town would like to have a concrete number that they could take into the budget process for the next cycle, and then something indicative thereafter. Mr. Soni deferred to Ms. Herrick from the FinCom. Ms. Herrick noted that the Town is definitely cognizant that things can change, and nobody can predict the future. One option is that it should be discussed every couple of years to see if the formula is working or not. Mr. Hooper agreed - there should be total transparency - but it should be based on a previous number, something that is a little bit more solidified than speculation on which way it may go.

Mr. Soni asked if the CAB had a summary recommendation. Vice Chair Small responded (it was) what Mr. O'Rourke had just repeated. Mr. Hooper added that it was clear and noted there was nothing that was put in as a motion or vote to be taken. Ms. O'Brien suggested a summary (minutes) be written and sent to Mr. O'Rourke as an independent reviewer, and then it can be sent to the CAB.

Mr. Hooper asked if Ms. O'Brien had any input. Ms. O'Brien stated, based on her study, that she has reservations going with revenue. The health of most utilities is based on kilowatt hour sales. Ms. O'Brien added that she does not see revenue going up without rate increases and noted that she took an oath to protect the customers. Every utility has their own unique financial situation and the calculation must be done for the health of that utility. Studies give you a benchmark, but it really is about the RMLD and the RMLD configuration; the RMLD is unique in that it serves three other towns. Ms. O'Brien said she would make her formal recommendation after discussion with Ms. Markiewicz and Chair Talbot.

Vice Chair Small asked if there were any comments from the public present. There were none.

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

The March meeting was tentatively scheduled for March 19 at 6:30 PM; Mr. Kelley will cover the BOC. The April meeting was scheduled for April 16 at 6:30 PM; coverage for the BOC to be determined.

6. Adjournment – J. Small, Vice Chair, for D. Kelley Chair

Mr. Hooper made a motion to adjourn the Citizens’ Advisory Board meeting, seconded by Mr. Soni. Motion carried 3:0:1 (3 in favor, 0 opposed, 1 absent).

The CAB meeting adjourned at 7:21 PM.

As approved on _____

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