

**REGULAR MEETING
HINGHAM MUNICIPAL LIGHT BOARD
August 31st, 2021**

Zoom Meeting

https://us02web.zoom.us/rec/share/zm148-eWfWUKVGNvr9UhSNfgbpaxOBCq-uUeMgHcwkF_eIR-fIjWk6_R-cDvvlyG.yiJ4umJVlpCjSKtt?startTime=1630408838000

Meeting Called to Order

A regular meeting of the Board of Commissioners of the Hingham Municipal Light Plant (HMLP) was called to order at approximately 0731 on Tuesday, August 31, 2021, via Zoom.

Present:

John P. Ryan, Chairman
Roger M. Freeman, Vice-Chairman
Laura Burns, Secretary
Tom Morahan, General Manager
Mark Fahey, Assistant General Manager
Steve Girardi, HMLP
Members of the Public

Approval of Meeting Minutes

Mr. Ryan opened the meeting and requested comments on (i) the meeting held on July 27, 2021, and (ii) the special meeting held on August 10, 2021. There were no comments.

Motion: Ms. Burns moved to accept the minutes for the July 27, 2021 meeting. Mr. Freeman seconded the motion. The minutes were unanimously approved.

Motion: Mr. Ryan moved to accept the minutes for the August 10, 2021 special meeting. Ms. Burns seconded the motion. The minutes were unanimously approved.

Abode Residential HVAC Heat Pump

Mr. Ryan opened the discussion. Mr. Morahan advised that the Abode program has started. Adode looked at items requested by the Board and advised that (i) higher rebates are associated with greater program participation, and (ii) marketing can increase program participation regardless of incentives. There is a press release/flyer for the program. It was sent to Hingham Net Zero. Seeking to generate interest in the program.

Ms. Burns commented that the person hired for the new marketing position will need to comment on all of this. Mr. Freeman asked Mr. Morahan what the average cost of heat pump installations is. Mr. Morahan stated this is around \$25,000, with a \$2000 rebate. Mr. Ryan commented that

\$2000 might not make a significant difference. Ms. Burns stated that other municipal light plans have low interest loan programs, partnering with local banks, to lessen costs and discussed how this might work. Ms. Burns noted that HMLP might to take a look at a program like that. Mr. Ryan agreed that this is a good idea. Ms. Burns asked that it be put on the agenda for later.

Solar Rebate Program

Mr. Morahan noted that five Hingham customers did not obtain the State incentive. He discussed whether HMLP might want to pick-up State's portion, explaining that the customers had submitted their applications but by the time State got to review them the State funds were gone. Five customers impacted; three were eligible for the maximum rebate and two slightly below, for a total of about \$27,000 lost.

Ms. Burns voiced her disappointment that the State did not continue the program. She commented that HMLP cannot afford to replicate the State's portion of the rebate going forward, but that \$27000 was a limited amount and she would support picking-up the State's portion for the five customers. The Board members and HMLP discussed whether to fully fund the five customers. The Board Members voiced their respective concerns and/or support. Ms. Burns added her belief that HMLP has a public interest in supporting such programs. Mr. Ryan stated that it is in everyone's interest to have these built, and that it was fair enough, but noted they could not make this an ongoing thing. Mr. Ryan noted that he did not think the Board had to vote on this, but that the Board is in favor. Mr. Morahan said he is okay with this and asked whether the funds could come out of the REC money. Board Members agreed that using REC money was appropriate.

Solar Credit

Mr. Morahan began the discussion with an overview of the solar credit. It is calculated for <15kW at 9 cents and for >15kW at almost 7 cents.

Mr. Morahan asked if the Board need to vote on this. Ms. Burns commented that this is effectively a rate question and within the Board's purview. Mr. Freeman explained that there is an ongoing discussion on what is the appropriate capacity/size distinction and whether the distinction should be removed. Mr. Ryan noted his concerns with systems effects and asked whether a rate study is required. Mr. Freeman commented on independent studies on the matter. The Board Members discussed this, with Ms. Burns noting that she would like a rate study and holistic review. Mr. Freeman stated he was in favor of a rate study to get it right. Ms. Burns asked if the prior rate study was applicable. Mr. Morahan stated that the last rate study was done with ENE and that there will be new one for the transmission project next year. He suggested that the Board wait for that and make an interim decision on what to put in place. The Board Members discussed this. Mr. Ryan asked Mr. Girardi how many residential systems are greater than 15kW, and Mr. Girardi stated that 3 or 4 systems are around 15kW, with the average below 15kW. Mr. Morahan suggested a change to 20kW. The Board Members further discussed the matter, each noting their respective interest in obtaining further relevant information on factors to consider in their decision. Ms. Burns asked if whether raising limit from 15 kW to 20 kW would cover current residential customers who have solar on their homes. Mr. Girardi noted that this covers everybody, even one commercial customer. Ms. Burns said she would support that. Mr. Freeman stated that he believes the Net

Metering compensation rate that HMLP pays under compensates people that have their own generation based on studies that have been done. Mr. Freeman proffers that HMLP provide full Net Metering credit equal to the full retail rate although he supported the proposal of the Board majority on the question.

Motion: Ms. Burns moved to raise the limit on the smaller systems rate from 15kW to 20kW. Mr. Ryan seconded the motion. Mr. Freeman noted his support. The motion was unanimously approved.

MassCEC Grant

Ms. Burns explained that she recently attended the ENE Board meeting where it was mentioned that ENE is participating in a grant program with Mass Clean Energy Center. The program supports new technology, with a goal to install heat pumps in affordable housing facilities. The grant application is being developed with ENE and other companies. The “secret sauce” is to propose cutting edge technology such as stored thermal capacity. The energy stored in the phase change material could be remotely dispatched. The phase change material in units could be dispatched. She contacted the Hingham Housing Authority about this. She also spoke to James Marathas with Quincy Housing Authority. Grant applications may be out in November. Ms. Burns spoke to Mr. Morahan about HMLP’s interest. The particular units proposed are quite large and may not work in an Affordable Housing application.

Ms. Burns asked for comments. Mr. Morahan indicated that this presents an opportunity to get involved with new technologies. He noted that there are a number of companies looking at green technologies who are looking to partner with people. He noted that, at the end of the day, the Housing Authority makes the call. Ms. Burns added that HMLP needs to be a party to any grant. Ms. Burns noted her excitement about the affordable housing element of the program and the opportunity to learn more about this space.

Motion: Ms. Burns moved that the Board approved further exploration of this grant opportunity in hopes that it will be beneficial to the Housing Authority. Mr. Ryan seconded the motion. Mr. Freeman asked about HMLP’s dispatch capability but noted his support for the motion. The motion was unanimously approved.

Class II REC Purchases

Mr. Ryan opened the discussion. Mr. Morahan stated that Ms. Burns had asked about this. He explained that the RECs are all hydro, and that a breakdown was provided to the Board.

Ms. Burns thanked Mr. Morahan for the information and asked whether the Board has a schedule for reviewing the matter. Mr. Ryan commented that he thinks that, for now, what the Board is doing is okay. Mr. Freeman said that, from his perspective, and until they adopt a policy to be carbon free, this means buying RECs to support the fossil fuel energy. Ms. Burns said she has been looking at different RECs available. She asked if HMLP takes a close look at the RECs or if HMLP mainly relies on recommendations from ENE. Mr. Morahan explained that ENE goes into the market, looks at pricing of RECs and purchases Class II RECs to meet needs. He believes they

focus on price. Ms. Burns will explore the matter and bring questions she has back to the Board. Mr. Morahan will provide the Board with ENE's pricing information. Additionally, Mr. Morahan noted that the price of Class II RECs is up and that RECs are hard to find. Mr. Freeman provided information on the REC market. Mr. Ryan commented that HMLP presumably gets more revenue from the ones they sell.

Braintree, Our Investment in Their Plants

Mr. Ryan opened the discussion by noting that Mr. Morahan had provided information to the Board, but that he still has questions. He would like to know whether there is a way to say what it has cost over time and what the benefits are, so as to understand the future. He noted that the Braintree Manager had previously said that there would be tangible, measurable benefits by now.

Mr. Morahan stated that they looked at what was paid for Braintree, particularly for capacity, and the prices seems to be lower than what is paid for other units. Mr. Morahan asked Ms. Griffin at HMLP to go back as far as she could and develop a cost/benefit analysis. The investment will be paid off in 2027 and there will be more benefit after that. Mr. Ryan noted that this is what he would like to understand. He commented that there are 2 plants and that the smaller plant will be taken out of service. Mr. Morahan noted that the two plants ran about 65 times in 2020 and 52 times in 2019. Mr. Ryan commented that the plants probably ran about 4-6 hours each such time.

Mr. Ryan noted that, while knowing HMLP is committed, he still wants to better understand. Mr. Freeman questioned the numbers presented.

Solar Canopy at 31 Bare Cove Using REC Revenue

Mr. Morahan stated that nothing has been done with this yet. Mr. Fahey will get some pricing together and get the project going. Ms. Burns asked whether they are looking at another battery there as well. Mr. Morahan responded that he would have to look at that, but that he wants to get the solar into the battery already there. It was noted that the new substation location may have space constraints for any new battery needed.

Energy Efficiency/Sustainability/Communications Position

Mr. Morahan asked for comments on the job description as he wants to post it. Mr. Freeman provided comments, focusing on the climate and sustainability aspects of the position. The Board agreed that that an emphasis on climate and sustainability is important.

Vote to Replace Paul Heanue with Thomas Morahan as the Voting Rep. of the HMLP to Massachusetts Municipal Utility Self-Insurance Trust Fund

Mr. Morahan stated that Paul Heanue was still listed as the representative and that needed to change representatives on forms to be signed by Ms. Burns. Mr. Ryan noted that needed to do this; put Mr. Morahan as primary and Mr. Fahey alternate. Ms. Burns will sign.

Motion: Mr. Ryan moved to appoint Mr. Morahan as HMLP's primary voting representative and Mr. Fahey as the alternate voting representative. Ms. Burns seconded the motion. The motion was unanimously approved.

Rate Increase Due to Transmission Project

Mr. Morahan voiced his concern that the transmission team may not be ready to talk about what the transmission project will do to rates. At a high level, depending on the interest rate, and assuming an interest rate at 3 – 3.5%, it will add 2 cents a watt to rate. Mr. Ryan commented that 3% might be high. Mr. Ryan suggested doing a projection of cash flow. Mr. Morahan stated that they will be doing a rate study with the transmission project and that putting this out there now may be premature, as the cost for the Eversource station are unknown. Mr. Ryan suggested looking at the next five years and making assumptions for reserves similar to last years. Mr. Morahan suggested that HMLP might borrow for the transmission line and use the money they have for the transformer/switchgear. Mr. Ryan suggested that they look at the balance sheet to see what HMLP has, as this will temper borrowing. Ms. Burns commented that it might be more advantageous to the rate payer to increase rates now. Will need full financial picture to go to the Board. Mr. Morahan agreed to look into all of this, noting his concerns with putting information out now. Mr. Ryan and Ms. Burns advocated moving forward with a financial model.

Open Public Meeting Law Training.

The Town will be holding training sessions in September. Mr. Morahan and Mr. Fahey will attend on the 29th. Ms. Burns noted that she will also attend.

Financials: 3 year summary and YTD; 2021 budget update

Mr. Morahan gave an overview of the financials. He noted that kWh sold in June were 15 million, with revenue at \$2.3 million and expenses at \$2.5 million. Net income was -\$150k. YTD kWh sold was 90 million, which is in line with the kWh sold for past couple of years. YTD revenue was up at compared to last year (\$14.5 million), and expenses \$14 million, with net income at \$546k. Return was about 4.4%, which was expected. Mr. Ryan asked about full year. Mr. Morahan noted this was 4.8% return. Mr. Ryan asked that Mr. Morahan at next meeting have average total in dollars for past years so can decided if need any adjustments this fall. Mr. Freeman noted that expenses were higher by \$500k, and Mr. Morahan explained that an additional \$500k was added to the depreciation fund in 2021.

Ms. Burns asked whether the audited financials for last fiscal year were available yet. Mr. Morahan stated that he would have by next meeting. Ms. Burns would like a week to review this prior to discussion.

Updates: battery storage, additional transmission line and new substation, landfill, EV chargers, choice connect

Mr. Ryan opened discussion and Mr. Morahan provided the following updates:

Battery Storage. Battery ran 3x last month. \$1,200 lost for month. Missed transmission peak in July, but hopefully will hit peaks moving forward.

Additional Transmission Line and New Substation. This is moving along. Gave MOU to Mr. Mayo. Anticipate scheduling public meetings.

Landfill. Mr. Morahan spoke with John McDonough. The post-closure permit requires a survey of landfill and fill in low spots. Will be working on this in the coming months. Anticipate a spring start.

EV Chargers. Have not heard from the State.

Choice Connect. HMLP is still waiting on equipment. Clerks and supervisors are being trained on the system.

Municipal Solar. Mr. Morahan met with Kathy Reilly from the Town. A proposal for a consultant is being put together. The anticipated cost is \$100,000.

The Board Members discussed the procurement process with regard to this and paying for the consultant from REC money.

Executive Session.

Mr. Ryan stated that there was no need for Executive Session.

Public Comment

Mr. Ryan opened the public comment portion of the meeting.

Joanne Heilman identified herself as a resident and commented that during the Zoom meeting another member of the public used the “chat” function to provide information.

Motion to adjourn

Mr. Ryan moved to adjourn the meeting. Ms. Burns seconded the motion. The motion was unanimously approved. The meeting adjourned at approximately 0920.