



HINGHAM MUNICIPAL LIGHTING PLANT

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John P. Ryan, Chairman
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Roger M. Freeman, Secretary

REGULAR MEETING HINGHAM MUNICIPAL LIGHT BOARD

June 26th, 2019
7:30 A.M. – HMLP offices

MEETING NOTES

Meeting Called to Order:

A regular meeting of the Board of Commissioners of the Hingham Municipal Light Plant (HMLP) was called to order at 0739 on Wednesday, June 26, 2019 at the Hingham Municipal Light Offices at 31 Bare Cove Park Drive, Hingham, Massachusetts.

Present:

John P. Ryan, Chairman; John A. Stoddard Jr., Vice-Chairman; Roger M. Freeman, Secretary; Paul Heanue, General Manager (GM); Tom Morahan, Assistant General Manager (Assistant GM); Laura Burns Hingham resident, former Selectman and current Senior Intern to Representative Joan Meschino and Jim Goulet and Tracey Vaughan, HMLP's auditors, joined the meeting in progress at different junctures.

Approval of Previous Meeting Minutes:

The GM presented the meeting minutes for the May 2, 2019 meeting to the Board for their consideration.

MOTION

A motion was duly made by the Vice Chairman to accept the minutes of the May 2, 2019 meeting. The Secretary seconded and the Chairman and Vice-Chairman voted to approve the minutes of the May 2, 2019 meeting.

Net Metering Credit Amounts

The GM presented the Board with the calculations for the Net Metering Credits for solar customers.

- The Net Metering Credit for solar customers above 15 kW is \$.06393/kWh in 2019 and was .0864 in 2018.
- The Net Metering Credit for solar customers 15kW and under is \$.1044/kWh for 2019 and was \$.083 in 2018.

Renewable Energy Credits (RECs)

In November 2017 the Board voted to take the steps necessary to allow HMLP to be able to describe all of its supply as carbon-free. To be able to make this claim HMLP voted to retire RECs it "owns" and to buy

replacement RECs to cover the rest of its fossil fuel supply. In its 2017 action the Board also voted to revisit this decision in 2019. The cost for HMLP to be carbon-free for 2018 was approximately \$225,755, and in 2017 it cost approximately \$195,000. The difference between the 2017 and 2018 costs is primarily due to the fact that HMLP sold some of its RECs prior to taking the vote in 2017.

The Board reviewed the above-costs and discussed what to do going forward, re. retiring and buying RECs. The Chairman suggested he would be happier if HMLP spent its money investing in actual renewable projects vs conducting financial transactions like retiring and buying RECs. He felt doing that, investing in projects, will produce a more tangible effect on positively affecting the effects of climate change. The Secretary concurred, even to the point of investing in projects such as wind farms in Texas in the hopes of going 100% carbon-free. HMLP won't get the energy that plant in Texas generates but the planet on the whole will see the benefit. The Secretary stated he also believes investing in a new plant is more beneficial than investing in an existing plant via a REC transaction. The GM pointed out that what HMLP is doing gives it the ability to declare itself as having its supply be described as carbon-free per today's rules. Investing in new plants, like a wind farm in Texas, might not allow HMLP to make that claim. The Board decided to table the discussion for now. The Secretary offered to work with Energy New England (ENE) and determine the cost of buying RECs to support new plants and remaining able to describe its supply as 100% carbon-free.

Palmer Bio-Mass Plant

The GM explained that currently Investor Owner Utilities (IOUs) are required to have certain percentages of their supply portfolio be renewable or they must purchase renewable energy credits (RECs) against the remaining percentage in order to be compliant under MA law. The law is referred to as The Clean Energy Standard (CES). HMLP and all municipal light plants are currently exempt from The CES. In January the Municipal Electric Association of Massachusetts (MEAM), an organization that represents Massachusetts municipal light plants (munis), met to discuss legislation it was considering to propose that would require munis to have to follow those same percentage requirements with some variations. The major differences between the existing "IOU CES" and what was proposed by MEAM are munis would be able to count existing "green" power contracts and other non-carbon supply sources such as hydro and nuclear to get them to the required percentages, we could continue to sell RECs and, lastly, pay a fine similar to the IOUs if the required percentages of clean power were not met. Those dollars would go into a fund from which munis could borrow to invest in green projects. The legislation was sponsored by the House Chair that oversees all utilities and each of Hingham's legislative representatives also co-signed. The GM, in response to a question from the Secretary asking why HMLP voted at the January MEAM meeting to support this piece of legislation before getting the go-ahead from the Board, described the tight timeline to get the legislation filed "on-time". That date was January 18th. If a bill is filed "late" it takes a series of votes by various legislative committees just to have it accepted into the appropriate working committee. The MEAM Legislative Committee discussed the language for the proposed bill on January 14th and MEAM met as an organization to discuss and vote on possibly supporting the bill on January 16th in time to meet the deadline of the 18th.

The GM relayed that ENE has been attempting to find sources of energy that could get HMLP and the rest of their clients in compliance with the proposed CES requirements by the required target dates. The Palmer Bio-Mass project is possibly one. The developer started the permitting process approximately ten (10) years ago. At that point in time the Commonwealth developed rules that, if met, would allow this type project to be considered "clean" for purposes of being eligible for "green subsidies". The Commonwealth/Governor Baker's office is reportedly considering changing some of those requirements to make it easier for the project to become eligible. The GM committed that HMLP would buy two (2) mega-watts of power from Palmer. The Secretary expressed his concern regarding this commitment to Palmer Bio-Mass Plant due to studies regarding the damage these bio-mass plants cause to air quality and resulting health problems. There was a discussion around whether the GM's commitment falls into the

category of policy (which is the purview of the Board) or day to day operation (which is the purview of the GM). Does the GM have the authority to enter into supply agreements without getting the go ahead first from the Board. The GM talked about the language in Ch. 164 on that issue. The discussion continued as to how this differentiation of authority, policy vs day to day, relates to the GM's voting to support the "muni CES" bill. The Secretary asked the GM to explore if/how they can terminate the commitment letter and the GM agreed to look into any available options.

Revamp appliance rebate program

The GM suggested that it might be time to revisit our appliance rebate program as it hasn't seen any changes for a few years. One change in the IOU program, MassSave, is it no longer offers rebates for clothes washers, dishwashers, freezers or refrigerators. If HMLP followed suit there would be \$5,225 fewer in rebate dollars issued. 92 of the 137 total rebates last year were for items that, if we followed MassSave's lead would go away. After a discussion the Board and GM agreed to make the following changes:

- Increase the rebate for weatherization from 50%/\$500 to 50%/\$1,000.
- Introduce a \$100 rebate for ductless mini-split SEER > 18, HSPF 10+.
- Introduce a \$50 rebate for central A/C (SEER sb over 16).
- Increase the rebate for smart electric water heaters, <55 gallons to \$250.

Fees for REC fiber

The FCC somewhat recently changed the regulations for pole attachments. The change removes the latitude munis and other government agencies had around setting their own rules regarding them. One of the changes tightens the requirement that everyone on a pole needs to be treated the same way, including government entities. It was recently discovered that the Regional Emergency Center (REC) located in Hingham's Town Hall attached their fiber to HMLP's poles without permission and additionally have not been paying an attachment fee. The GM approached them regarding an attachment fee and was told there is no room in their current budget or none in the budget soon to take effect to pay them. The GM plans to tell them that they need to include the attachment fee in their next Budget and pay HMLP accordingly. The GM will research the market prices for pole attachments so as to get a sense of the magnitude of this issue. Currently ComCast is paying approximately \$30,000 in attachment fees to HMLP per year. It is not expected the REC would face a bill as large as ComCast's because they, ComCast, are likely attached to almost all our poles and the REC's fiber should be on considerably fewer.

Personnel

The GM described having recently discharged a customer service employee due to performance issues.

The Chairman left the meeting and HMLP's Auditors joined the meeting at 0839.

2018 Audit

The auditors reviewed the 2018 Audit report for the Board. They issued a clean finding and did not describe any negative issues surrounding it.

Financials:

The GM presented the Board with financial statistics for May 2019.

- kWh sold in May 2019 (14.0m kWh) was higher than both May 2018 (13.5m kWh) and May 2017 (12.3m kWh).
- Revenue for May 2019 was \$2.2m, May 2018 was \$1.8m and May 2017 was \$1.9m.
- Expenses for May 2019 was \$2.2m and May 2018 and 2017 were \$1.8m.
- Net income for May 2019 was \$50k, May 2018 was \$59k and May 2017 was \$122k.

- YTD kWh sales for 2019 was 76.4m kWh, for 2018 was 79.4m kWh and 2017 was 77m kWh.
- Revenue YTD May 2019 was \$12.1m, \$10.4m for 2018 and \$11.6m for 2017.
- Expenses YTD May 2019 were \$12.1m, \$11.5m for 2018 and \$10.2m for 2017.
- Net Income for 2019 was \$123k, for 2018 was \$(1,063k) and for 2017 was \$1.3m. The differences in net income is due to the net effect of increase in capacity and transmission and the rate increase.

Updates:

landfill: Part of the DEP application process for permitting a solar array at a landfill requires test pits to be dug around the site. HMLP's developer has had them dug with no negative findings. It has been known for many years, by the DEP and the Town, there has been/is a PCB collection at the landfill. While it is not close to our proposed solar array or where its supporting infrastructure will actually be located it is on the landfill's footprint. The Town never got their final use closure permit because of that issue. The GM has been told that the DEP has assured HMLP's developer, Omni-Navitas, that the Town's failing to address this will not hold up HMLP's project but the DEP continues to talk about it and have not yet issued a permit to them. The developer has been trying to speak to the Town Administrator about this situation with no success.

solar canopies. The solar canopies at the West Hingham/Fort Hill Street MBTA lot still have not come online yet.

Motion to Adjourn

On a motion duly made by the Vice-Chairman and seconded by the Secretary it was unanimously approved to adjourn the meeting at 0955.