



HINGHAM MUNICIPAL LIGHTING PLANT

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General Manager

Paul G. Heanue
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Roger Freeman, Chairman

John A. Stoddard Jr., Vice-Chairman

John P. Ryan, Secretary

A regular meeting of the Board of Commissioners of the Hingham Municipal Light Plant (HMLP) was called to order at 0730 on Thursday, May 12th, 2016 at the Hingham Municipal Light Offices at 350 Lincoln Street, Hingham, Massachusetts.

Present: John P. Ryan- Chairman, John A. Stoddard-Jr, Vice Chairman, Roger Freeman-Secretary, Paul G. Heanue-General Manager, Vinny Cameron- consultant, Charles Arena, Turner Bledsoe, Laura Burns, John Leonard, Ginny Doste, Phil Doste, Monica Herman, Jay Devin and Otto Harling- attendees

Regular Meeting:

Billing dispute at 8 Grist Mill Lane

The customer stated his March 2016 light bill was for \$1300.00 which is 6 times higher than what he usually pays. A similar spike took place last year and after investigating the situation HMLP recalculated and another bill was issued. The customer feels an error was made again this year. The General Manager presented a spreadsheet which summarized the customer's winter usage for the past 5 years. The General Manager also described what steps we took to make sure this bill was accurate given its size. They included checking and re-checking the reads and testing the meter to ensure it was reading accurately. The reads and meter were all found to be accurate. HMLP made arrangements to have an energy audit performed at the property in question. The auditor found no problems or obvious explanations as to why the spike in consumption occurred. The Chairman and Secretary tried to explain usage fluctuations to the customer using the kWh data the General Manager provided. The General Manager also showed a letter to The Board in which an offer was made to reduce the customer's bill by \$200.00 as a goodwill gesture. The General Manager also described having offered the customer the ability to make payments over a five month period with no loss of the discount so as to evenly spread out the size of his payments. The General Manager felt there was no justification for lowering the bill as the meter operated accurately. The Board indicated they concurred with how this matter had been handled to date. The customer thanked everyone for the opportunity to be heard. He also said everyone from HMLP that he dealt with on this could not have been more polite, helpful and courteous. He said he would await a call from the General Manager.

Approval of meeting minutes

It was unanimously voted to approve the minutes from February 23rd, 2016 meeting. The minutes from the March 11th, 2016 are still being worked on.

Financials

The General Manager distributed a handout displaying HMLP's financials. He pointed out that as of March 2016 we are \$204k in the black. He noted that this is due in part to natural gas prices being lower and our having experienced a warmer winter. He also pointed out the cost of the new building is now listed \$8.8m. The General Manager summarized HMLP's being in a good financial position coming out of winter where we have had difficulties in the recent past.

Updates on new building

The issue around the supporting brackets for the solar panels has been resolved and the system has been accepted and is running. In mid-April the building had been declared "substantially complete". At that point there was a punch list of over 400 items needing attention. That list is now that is now down to about 25 items. Major issues like paving deficiencies, line striping problems and the bio-retention pond are all being worked on. The General Manager discussed our needing to install a bi-directional antenna to ensure there is adequate radio reception for public safety officials in all areas of the building. It was thought and hoped the building would not need this antenna but once walls were up tests

were run indicating it is necessary. Once this is completed, we should be able to get the temporary Certificate of Occupancy lifted and be issued a permanent one.

Net Metering Rate

Consultant Vincent Cameron from Energy New England distributed documents regarding his review of HMLP's net metering rate. *(a discussion ensued regarding net metering and thoughts were offered how it could be applied)* Currently HMLP pays \$.10/kWh for the excess energy a HMLP customer sends onto its system. This amount was raised from \$.08/kWh over a year ago. Until October 2015 HMLP levied a charge of \$.0671/kWh on each kWh a customer generated and used at their property. This charge was designed to capture lost revenue due to a customer not getting all their electricity from HMLP. Collecting that charge was suspended in late 2015. The consultant stated he looked at data from 2015 and considered things like O&M distribution expenses, the cost of plant, and depreciation costs associated with HMLP's plant while calculating the per kWh costs associated with maintaining our distribution system. He determined a \$.0304/kWh would cover those expenses. He added the earlier charge was as a result of HMLP looking at system costs, not tied to supply, but at a higher level than he studied. A discussion on Solar Renewable Energy Credits or SRECs and their value to someone owning a solar array took place. SRECs are sold like a commodity and must be sold in 1000 kWh increments. The consultant mentioned to the guests that there are companies that can help people sell their SSRECs and ENE is one. He commented HMLP could bundle their SSRECs together and sell them as it's not likely any single customer in Hingham produces enough kWh to be able to do that, sell their SSRECs, on their own. The General Manager offered to provide that service free of charge. The guests indicated they were already individually selling their SSRECs through various "brokers". Secretary Freeman said he felt the financial value of SSRECs belonged only to the customer and should not be included in determining how HMLP's net metering rate is constructed or what HMLP pays a customer for their excess energy. The consultant began to comment on a spreadsheet that listed the financial impact the current and prior HMLP net metering policies had on the solar customers in Hingham. Secretary Freeman commented that HMLP had eliminated the distribution charge and that he felt we should not be charging people anything for the energy they produced. He also asked why we were considering reducing the amount we are paying people for their excess energy when it has such a limited impact on HMLP as a whole. He felt paying the LMP price, as had been suggested, did not reflect the true and total value of HMLP's solar customers' electricity. Chairman Ryan commented that the distribution charge was never eliminated but rather suspended while we did a cost of service study and reviewed our net metering policy. The Secretary said we need to consider the value that solar customers bring to the system as well as the costs while we analyze the issue. He added the Acadia Group study that he has talked about in the past places a much higher per kWh value than what we are considering or currently paying. The Secretary said that he would like the study to try and determine if there is actually cross subsidization of solar customers by non-solar (he did not believe there is) and how much, if any, was the "lost revenue" the distribution charge was intended to cover. He felt the distribution charge "whacks the solar customers".

(at 0900 the Chairman had to leave. for the duration of the meeting John Stoddard acted as Chair.)

A guest, Turner Bledsoe, asked Why I have to pay anything for energy that I generate and use. The General Manager responded that our rates are structured to cover both supply (including transmission and capacity charges) and distribution costs. Or better said, supply and what it costs to run the place every day. For a residential customer that \$.1471/kWh is intended to pay all those bills. What it costs to run the place every day, not including supply costs, does not change if all of HMLP's customers get 100% of their energy from us or if some portion of our customer base gets some electricity from HMLP and some from their own generation. What does change under that scenario though is the folks who get all their energy from us are forced to pay a larger piece of what it costs to run the place every day. Another guest, Laura Burns, asked "Is there a more fair way to pay distribution charges? Could it be calculated based on the size of your service, or system or could there be a fee to have HMLP act as a backup? The General Manager responded that he felt a charge assessed on a per kWh basis was the most fair and accurate way to recover that lost revenue. The Secretary offered that our rates need to be fair to solar customers. He suggested that possibly a minimum bill for everyone to maintain the system but that minimum should not be the same for everyone. The consultant said it would be like reserving your ability to get power from HMLP's grid and it could be based on the size of your solar system. He said Concord, another Massachusetts municipal light plant, charges a monthly fee based on system size. The General Manager responded that we need to figure out how to pay to maintain our system so that it responds as well as it currently does, so that it's fair to everyone and nobody subsidizes anyone else. He added the consultant's study only reflects the 10 customers on the system at the end of 2015. Since then we've added 3 more with another 6 in the pipeline. As the price of panels and installation comes down there is the potential for hundreds more solar systems to come online. There will be that many fewer customers whose bill covers 100% of the price to maintain the system. The consultant commented that currently HMLP's monthly customer charge or minimum bill is \$6/month. Laura Burns asked if she understood the prior distribution charge correctly- if you produced and used more of your own electricity the amount of the charged you increases? The General Manager responded, yes- for every kWh you produce and use you were charged \$.0671 per kWh. The Secretary said that he sees what HMLP is describing as lost revenue from self-generation (solar arrays) and conservation efforts (customer using less) as being analogous. We aren't charging people who are conserving

anything to recover lost revenue but you are imposing charges on customers who generate their own electricity. Laura Burns said that she is part of a group that wants to start a "Solar Hingham Community Project". This program is intended to add more solar customers in town. She said she needs to know what HMLP's net metering policy is going to look like to promote it accurately and fairly. Ms. Burns added that she feels HMLP's mission statement should include the increase of our procuring renewable energy. The General Manager responded that he is always looking for additional renewable energy projects to buy into but that they have to make sense financially as well. He added that currently HMLP has a higher percentage of its supply portfolio from renewable sources than what is required by law of investor owned utilities. Municipal light plants have no such statutory requirement but HMLP has gone above and beyond what is required of investor owned utilities. Laura Burns asked for a copy of the rate study spreadsheet that was being referred to in the meeting. The Secretary said he felt if there were to be a change to the net metering policy he felt people should be grandfathered. He said people should know there is price certainty when they make their decision to install solar. They should not have the rules of the game changed on them. The General Manager commented that when we suspended the distribution charge we did not grandfather those who were paying it. Those customers made the go/no go decision on solar knowing there was a charge. The change was made to everyone. The possibility of price changes happens every time there is a rate study and prices get raised. Nobody stays at the old rate. He added that when The Town raises taxes people don't get grandfathered at their old rates and amounts. There is no price certainty to your monthly payment amount when you buy a house. If the tax rate or assessment goes up, your monthly bill increases. The General Manager also said having multiple net metering rates would be very difficult to manage given our present billing system. The consultant said he thought examining the impact of solar and net metering is something that should happen every year. A full blown study like this one would not need to take place. Once you established your methodology you would simply replace the last year's numbers with the latest.

Motion to Adjourn

On a motion duly made and seconded it was unanimously voted to adjourn the meeting at 0948.