



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

Meeting Called to Order:

A regular meeting of the Board of Commissioners of the Hingham Municipal Light Plant (HMLP) was called to order at 0742 on Tuesday, September 27th, 2016 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 Freeman-Secretary, Paul G. Heanue-General Manager, Monica Herman & Laura Burns– attendees.

Approval of Meeting Minutes:

The meeting minutes from the March 11, 2016 and May 12, 2016 meeting were discussed. The Board agreed with the General Manager's concerns about the completeness and accuracy of the March 11 minutes. The General Manager will review and try to make them readable and reflective of what was said at the meeting. Therefore they were tabled until the next meeting. The Secretary will review the May 12th set of minutes as he felt they were more like a transcript than notes.

Financials:

The General Manager distributed a handout displaying HMLP's financials. He pointed out that for the month of July the net operating revenue was \$2.8M and year to date \$17.1M. Operating expenses for the month of July were \$2.2M and the year to date \$15.3M. The month of July had a net income of \$550K in the black and the year to date was \$1.9M in the black as well. He commented the PCA for 2016 has been \$.01 for residential customers and \$.015 for commercial, in 2015 it was \$.015 for residential and \$.02 for commercial and in 2014 it was \$.02 for residential and \$.025 for commercial. This downward trend can be attributed to the downward trend cost of natural gas. He also compared the income statements for end of July for the years 2014 and 2015 compared to 2016. He attributed the swings in net income to both lower prices for energy per kilowatt and milder weather. Board members were interested in trying to discern how much of the change in consumption is from energy conservation versus weather.

Updates on New Building, Automatic Meter Reading and LED Streetlights:

The Cushing Street facility is essentially empty and the line crews will be moved into the new building by October 1st. Some of the delays in moving from Cushing Street were because of a need for to install additional storage racking. When the racking was installed, sprinkler and lighting issues manifested. Those issues have been addressed. There is an ongoing problem regarding the bio-retention ponds and the ability to stabilize the area with grass and the overall condition of the lawn as well. The landscaping firm has been out several times reseeding the area and watering and will continue to do so until the conditions

meet the contractual specifications. There remain some HVAC issues with humidity and the general Manager is working with a commissioning firm to identify and correct these problems.

Automatic Meter Reading

The General Manager said there were approximately 10,500 customers that needed the automatic meter reading devices (AMR) installed and that number is down to about 810. There were approximately a dozen customers that indicated they wanted to opt out of this program and were asked to complete the appropriate paperwork indicating this choice. To date only 4 have actually submitted the documentation and if the others do not do so in a timely manner that will have the AMR installed.

The state currently has a grant where they will pay 50% of the equipment costs to switch street lights from high pressure sodium over to LED. Energy New England (ENE) is coordinating this grant application for HMLP and other munis in Massachusetts. The General Manager will research the cost savings associated with these more efficient lights while taking into consideration the capital cost of the lights before making any changes to the rate the Town pays.

Net Metering Rate:

Approximately 18 months ago at a Board meeting it was suggested that the solar rates be adjusted. About a year ago the Board agreed to suspend the distribution charge while HMLP considered altering its net metering rate. At various discussions on this matter the Secretary has referred to a study The Acadia Center published that outlined some of the benefits of solar and affixed a price to those benefits. The General Manager told the group that the Chairman asked him to try and arrange a meeting for him and the ENE consultant to meet with the author of the study to discuss his findings. They, the Chairman and General Manager reviewed what was discussed at the meeting. The Board asked to have this consultant return to a future Board meeting when the entire Board would be present.

The General Manager presented some findings the ENE consultant calculated. They revealed the payback length for HMLP customers with solar arrays under 3 different net metering scenarios could be as short as 3.5 years and long as 16.5 years. The average under all 3 scenarios is 6.23 years, 7.41 years and 6.65 years. The payback time is related to how closely the customer sizes his array to his actual load because the amount a customer receives for their excess energy is the smallest piece of the financial puzzle. Meaning, the closer someone sizes their array to their load the sooner the system gets paid off in realized savings. Currently HMPL's solar customers receive a rebate credit on their bill of \$1k/watt with a cap of \$5,000. These customers also receive various federal and state tax credits and SRECs. The HMLP rebate credit is the most generous in all of Massachusetts. Only one other municipal light plant in the state offers a credit similar to ours but their cap is \$4.5k. There was a brief review of some additional analysis the ENE consultant had put together. He looked at 12 different net metering scenarios using the 2015 HMLP solar customers' actual consumption. Using that data he calculated the financial impact to the customer and the light plant under each possibility.

The Secretary felt the Board should come to an agreement on a fair way to treat the solar customers and properly compensate them for their investment as he believes the renewable net price for electricity is lower than the fossil fuel price. There was also a brief discussion on a potential solar farm in Hingham. The General Manager described having to tell residential and commercial customers including Notre Dame Academy, Whole Foods and RussElectric for months that the current net metering policy is under review with possible changes. That uncertainty is making a sound financial decision difficult for them as it is unknown what the going forward rules will be with net metering. The Board agreed that they need to make some decisions and there was a discussion on whether existing customers should be "grandfathered". One school of thought was they should be grandfathered as those existing customers

made decisions under one set of rules and customers pondering the decision for solar/no solar need financial certainty to aid in their decision making. It was pointed out nobody was grandfathered when the Board suspended the distribution charge a year ago. An analogy was made that when people buy a house their tax rate can change impacting what they ultimately pay each bill. There is no price certainty for the homeowner with that change. Additionally there was discussion around how the Lighting Plant changes its rates all the time. People are not kept on their old rate when rates change. Everyone pays the same new rate. The Secretary noted that other jurisdictions that have considered this issue make rate changes prospective so as not to hurt customers. Purchasing a solar system is a long term investment with a multi-year payback and without certainty regarding the applicable tariff, they will be discouraged from making such a commitment. The General Manager talked about the administrative difficulty and fairness in having multiple rates for similar type customers. Attendee Burns added that she had heard the same concern, administrative difficulty in having multiple rates, from the Hull Municipal Lighting Plant staff as she is part of a group attempting to promote solar in that town.

Mission Statement:

The Secretary said he asked to have a discussion regarding HMLP's current Mission Statement be added to today's agenda. He attended the recent NEPPA conference in August and was extremely concerned that one of presenters, Steve Goreham, is a known "climate change denier". He noted that he perceives the HMLP Board as believing climate change is a real issue and that HMLP should strive to provide safe and reliable energy at an affordable cost. There was concurrence from the other Board members that NEPPA made a mistake with having the above mentioned presenter speak at the conference. The Secretary described his having written a letter to the NEPPA Board outlining his concerns. He would like HMLP's Board to sign on to his letter. The General Manager committed to forwarding a copy of the Secretary's letter to the Board members for their review. Presuming they are comfortable with the letter, they will sign it as well and the letter will be forwarded to the NEPPA Executive Director.

Motion to Adjourn Regular Meeting and Enter Executive Session

On a motion duly made and seconded it was unanimously voted to adjourn the meeting at 0921 and enter Executive Session.

Motion to Adjourn the Regular Meeting

On a motion duly made and seconded it was unanimously voted to adjourn the meeting at 0935.