



HINGHAM MUNICIPAL LIGHTING PLANT

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John P. Ryan, Chairman
John A. Stoddard Jr., Vice-Chairman
Roger M. Freeman, Secretary

REGULAR MEETING HINGHAM MUNICIPAL LIGHT BOARD

February 27, 2020
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 0738 on Thursday, February 27, 2020 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); guest Laura Burns, Hingham resident, former Selectman and current Senior Intern to Representative Joan Meschino.

Approval of Previous Meeting Minutes:

The GM presented the meeting minutes for the January 28, 2020 meeting to the Board for their consideration. The Secretary asked that the meeting minutes for the January 28, 2020 meeting be expanded to include more detail to reflect each Board member's viewpoint regarding the retirement or sale of Renewable Energy Credits (RECs). The Secretary asked for a copy of the "tape" so he can listen to the January 28, 2020 recording and present his version of the meeting minutes accordingly. The GM will present the expanded meeting minutes to the Board for consideration at the next meeting.

Financials:

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

- kWh sold in December 2019: 14.8m kWh, December 2018: 15.9m kWh and December 2017: 14.5m kWh.
- Revenue for December 2019 was \$2.4m, December 2018 was \$2.5m and December 2017 was \$2.1m.
- Expenses for December 2019 was \$2.5m, December 2018 was \$2.2m and December 2017 was \$3.0m.
- Net income for December 2019 was \$(105k), December 2018 was \$224k and December 2017 was \$(917k).
- YTD kWh sales for December 2019 was 192.6m kWh, for 2018 was 202.6m kWh and 2017 was 195.8m kWh.
- Revenue YTD December 2019 was \$31.2m, \$29.1m for 2018 and \$27.9m for 2017.
- Expenses YTD December 2019 were \$27.6m, \$28.9m for 2018 and \$24.8m for 2017.
- Net Income YTD for December 2019 was \$3.6m, for 2018 was \$149.9k and for 2017 was \$3.1m.

The Manager is obtaining the "extra" stranded cost amount from HMLP's Business Manager, so the Board can determine if they should place the "extra" stranded cost amount into the depreciation fund in order to help fund the new transmission line.

Updates

Battery Storage

HMLP received twelve (12) bids for its battery storage project. HMLP is in the process of negotiating a twenty (20) year contract with the bidder whose proposal was the most attractive. HMLP had its first call to discuss a contract with the low bidder a week and a half ago. All contract terms are resolved, except one item regarding their request for an irrevocable license. This request is due to the fact that the low bidder is a Canadian company and are unfamiliar. Their attorney, HMLP's counsel and the GM are negotiating contract language that will hopefully satisfy both parties.

Transmission Line

A new transmission supply source and sub-station is expected to become necessary in connection with the Hingham Net Zero effort and also for added reliability (should a catastrophic failure of a structure/s or incident take both supply lines out of service). HMLP approached National Grid and Eversource regarding bringing a third transmission line into Town. National Grid stated that it would have to re-build a couple of transmission lines in order to do so and HMLP would be responsible to pay for that project since it would only be done to serve HMLP. It would not qualify to be socialized amongst ISO-NE. That cost alone, re-build a couple transmission lines, is estimated to be \$5-6m. Eversource is conducting an engineering study to see what, if anything, they will need to do to provide Hingham with another transmission line. That study is currently underway and Eversource should have the report to the Board for the next Board meeting.

Fiber

HMLP hired a consulting company to consider the implications and cost for HMLP to install fiber communication cable throughout Town to be used initially and exclusively by HMLP for its operations and to possibly expand its use to the Town and possibly businesses and residents. The estimated cost is approximately \$5m. Other munis are using existing cell networks for the same operational purposes as HMLP is considering, reading meters 24 x 7 and remotely operating some of its equipment, for a cost of approximately \$370k. HMLP will be presented with these cell network options in the near future.

HMLP role in water company operation

The Town of Hingham voted at the April 2019 Town Meeting to buy the Aquarion/Eversource water company. Initially there was "talk" that HMLP would manage it. That "talk", there were never official discussions between the Board of Selectmen and HMLP, started to change and the rumor was having it that HMLP would just perform the customer service functions for the new Town owned water company. In August, a meeting including HMLP (GM, Business Manager and Customer Service Supervisor), Town officials (Town Treasurer/Collector and Assistant Town Treasurer/Collector and consultant (the former Town Manager from Franklin, MA) was held. HMLP's current customer service practices and work methods were discussed. At no point at the meeting was there talk about HMLP being the customer service provided for the newly acquired Town water company. In October, the GM received a call from the Assistant Town Administrator who stated that a Request for Proposals (RFP) was "on the street" and bids were due mid-November. The GM told her that HMLP would not be submitting a bid in a couple weeks as he had not been told he would need to offer a bid, and HMLP was not prepared to do so. Further, the GM added he couldn't prepare a bid because he had not been told what HMLP's role would be (i.e. running the entire water company operation or just handling customer service). A few weeks later the GM was informed by the Assistant Town Administrator that there is legislation pending (as of the date of this Board meeting, the proposed bill has still not been passed by MA Legislature) that would allow HMLP to perform duties for the Town owned water company and that only the customer service functions of the water company might be performed by HMLP. Currently, the only way a light plant could perform other services for a Town would be if the matter was approved at a Town Meeting and Special Legislation enacted enabling it. The GM was recently informed that the Town selected a vendor to run the water company, including the customer service portion. The contract is for a ten (10) year term, but carves out the customer service function in year five (5). HMLP may have the option to take over the customer service function at that time.

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. HMLP voted to retire Renewable Energy Credits (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 2019 RECs that HMLP controls are estimated to be worth approximately \$750k while 2018’s were \$135k. This is approximately \$39.00 per REC in 2019 and \$7.50 per REC in 2018. The GM asked the Board what they wished to do with these RECs. The Secretary expressed that he would like the Board to retire the RECs and not sell them. Selling them to others allows them to cover their pollution and claim to be renewable when in fact they are not. Retiring RECs will help keep HMLP in line with meeting the requirements of the Global Warming Solutions Act. Further, HMLP should keep the energy and RECs together, so we are using the renewable energy we are buying. The Chairman opined that the Board should sell the RECs and possibly transfer the proceeds to the Town to fund administration and planning on the Town side in an effort to help them become more energy efficient, or to where they are tight for money or to use the money to provide funding within the light department for planning of system upgrades that will be necessary if the Town decides to promote customers use of more electricity in an effort to reduce Hingham’s carbon footprint. The Chairman said does not want to throw away \$750k but rather do something impactful for HMLP and Hingham with that money. The Vice-Chairman did not take a position. The Chairman asked the GM to create and present a plan that if the Board decides to sell the RECs what is the best thing is to do with the proceeds. The Secretary suggested that it would be beneficial to hear from outside people, such as Representative Joan Meschino, regarding their position. The GM will see if Joan Meschino is available for the Board’s April meeting. The Secretary also suggested having an expert attend the next meeting and explain exactly what it means to sell RECs.

RP3 Designation

Annually, the APPA allows munis to be designated as Reliable Providers of electricity to customers if they are able to certify they operate within certain parameters. HMLP was recently awarded the gold standard – Reliable Provider 3 Designation.

Executive Session:

At 0902 on a motion duly made by the Vice-Chairman and seconded by the Secretary it was unanimously voted to move to Executive Session.

At 0910 on a motion duly made by the Vice-Chairman and seconded by the Secretary it was unanimously voted to move out of Executive Session and back to the regular meeting.

At 0911 on a motion duly made by the Vice-Chairman and seconded by the Secretary it was unanimously voted to adjourn the meeting.