



HINGHAM MUNICIPAL LIGHTING PLANT

31 Bare Cove Park Drive
Hingham, MA 02043-1585
(781) 749-0134 FAX (781) 749-1396
www.hmlp.com

General Manager
Thomas Morahan
tmorahan@hmlp.com

Laura Burns, Chair
Michael Reive, Vice-Chair
Jack Ryan, Secretary

REGULAR MEETING HINGHAM MUNICIPAL LIGHT BOARD

June 1, 2022

Zoom Meeting

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 7:31 AM on Tuesday, June 1, 2022, via Zoom. The following persons were present:

Board Members: Laura Burns, Chair
Michael Reive, Vice chair
John P. Ryan, Secretary

HMLP: Tom Morahan, General Manager
Mark Fahey, Assistant General Manager
Steve Girardi, Engineering Manager
Brianna Bennett, Sustainability Coordinator

Other: Members of the Public

Ms. Burns read the following statement regarding the meeting:

This meeting is being held remotely as an alternative means of public access pursuant to Chapter 20 of the Act of 2021 temporarily amending certain provisions of the Open Meeting Law. You are hereby advised that this meeting and all communications during this meeting may be recorded by the Hingham Municipal Light Plant in accordance with the Open Meeting Law. If any participant wishes to record this meeting, please notify the chair at the state of the meeting in accordance with M.G.L. c. 30A, § 20(f) so that the chair may inform other participants of said meeting.

HMLP's notetaker notified the Chair that she records meetings for purposes of drafting minutes. Ms. Burns indicated that she would advise participants of this going forward.

Approve Meeting Minutes: a) Executive Session February 23, 2022, b) March 29, 2022, c) Executive Session March 29, 2022, and d) May 17, 2022.

Ms. Burns requested comments to the minutes for the Executive Session held on February 23, 2022. There were no comments. Mr. Ryan moved to adopt the minutes. The motion was seconded and affirmed by vote. (Mr. Reive abstained from voting.)

Ms. Burns requested comments to the minutes for the Regular Meeting held on March 29, 2022. Mr. Ryan moved to accept the minutes. Some minor changes were requested. Ms. Burns and Mr. Ryan voted to accept the minutes as amended. (Mr. Reive abstained from voting.)

Ms. Burns requested comments to the minutes for the Executive Session held on March 29, 2022. There were no comments. Mr. Ryan moved to accept the minutes. The motion was seconded and affirmed by vote. (Mr. Reive abstained from voting.)

Ms. Burns requested comments to the minutes for the Regular Meeting held on May 17, 2022. Mr. Ryan moved to accept the minutes. Mr. Reive asked for a correction and then seconded the motion. There was no further discussion. All voted in favor of accepting the minutes, as corrected.

Power Supply Policy – Draft Plan – Laura Burns

Ms. Burns explained that she wished to discuss draft Power Supply Policy (or the “Policy”) with the Board so that it might be adopted. She noted that the Power Supply Policy anticipates that HMLP will continue to buy all the renewable energy it can. However, HMLP will no longer purchase Class II RECs to cover its entire portfolio. Instead, HMLP will place monies from the sale of Class I RECs into its fund for green projects. The green fund will then be used to work for programs developing Distributed Energy Resources (DER), such as solar and batteries, in Hingham. The goal of doing this is to create more renewable energy for the grid.

Ms. Burns asked for comments on the Power Supply Policy from the Board. Mr. Ryan stated that the Policy provides a good strategy. He noted that using REC money for this purpose is a step forward. Mr. Reive stated the Policy is a good one for the short term, but that in the long term the Board might consider covering its entire portfolio with RECs. Mr. Ryan noted concerns with this suggestion. He explained that he understands from consultants that the development of off-shore sources may render RECs a “dime a dozen.” He noted that such a suggestion is feasible if it can be done at an extremely low cost because money is needed for internal purposes. He further indicated that developing DERs in Town is valuable because it does not carry a transmission cost. Ms. Burns added that HMLP is under an obligation under the Next Generation Roadmap Act to meet a certain level of renewability in its portfolio by 2030. At that time, depending on HMLP’s mix, HMLP might be required to retire RECs to meet its legal obligations. She further noted that if HMLP does not meet the 2030 goal, it will be required to contribute money into a fund for use for green projects. Mr. Morahan added that, based on current projections, HMLP should be 69% non-carbon energy by 2030. Ms. Burns noted that HMLP may not be able to achieve this projected goal unless RECs are retired. Mr. Reive noted that the Power Supply Policy may be open to criticism from others with different perspectives on RECs. He reiterated that he is in favor of the Policy in the short term. Ms. Burns asked him to explain this further. Mr. Reive explained that the Policy makes sense to him as long as, for example, there are parking lots and roof tops to install solar, and as long as market forces are favorable. Ms. Burns noted that the Policy might change in the future for various reasons.

Ms. Burns asked for comments from HMLP staff. Mr. Morahan noted that HMLP needs to be cautious about saying that it will buy as many renewables as it can because not all renewables fit its portfolio. This was discussed. Ms. Burns pointed to language in the Policy anticipating that HMLP “contract for carbon-emissions-free renewable energy to the degree possible.” Mr. Morahan agreed that this language was sufficient to address his concern.

There were no further comments on the matter. Ms. Burns asked for a motion to adopt the Policy.

Motion: Mr. Reive moved to adopt the Power Supply Policy as written. Mr. Ryan seconded the motion. All voted in favor.

HMLP Incentives Policy – Draft Plan – Laura Burns

Ms. Burns explained that Attorney Lawrence advised them at last meeting that, before adopting incentives, the Board should adopt a policy explaining the reasons why incentives work for all ratepayers. In response to that,

Ms. Burns drafted a policy statement (entitled “HMLP Policy on Demand Management and Electrification” and referred to as the “Incentives Policy”) incorporating comments from Attorney Lawrence. She suggested that the Board adopt the Incentives Policy prior to looking at the various incentive programs developed and suggested by Brianna Bennett.

Ms. Burns asked for a motion to adopt the Incentives Policy.

Motion: Mr. Ryan moved to adopt the Incentives Policy. Mr. Reive seconded the motion.

Ms. Burns then asked the Board to provide their reactions to the Incentives Policy. Mr. Ryan noted concerns that, even if the Incentives Policy passes legal review, incentives are not in the spirit of Chapter 164 because incentives take money to benefit only a few. He is uncomfortable with this. Mr. Reive noted that the vote at Town Meeting was to commit to a plan toward net zero. HMLP should take a primary role in marking out that path. He then noted that very few ratepayers have electrical systems for heating and cooling in their homes and HMLP needs to take aggressive steps to move people in that direction. He also mentioned that, before incentivizing heating and cooling retrofits, the thermal envelope of buildings needs to be addressed. If this is done, the amount of heating and cooling that needs to be added will be reduced. In turn, the amount of capital equipment that needs to be purchased to move people to all electric systems is reduced. Reducing the amount of energy needed overall actually works to save people money in the long run. He then suggested that HMLP put together some financial projections regarding all of this.

Mr. Ryan noted that he agreed with the statements that HMLP should do everything that it can. However, rates may be impacted by incentives, and this may not be fair to all. He added that matters like this are better addressed at Town Meeting, where people can vote as to whether to contribute to a fund to accomplish green goals. He also noted his belief that incentives do not move the needle toward electrification and that the real problem is lack of a change in the Code. He further noted concerns regarding the lack of financial projections on how incentives might impact rates. He reiterated that the general theme of Chapter 164 is to be fair and that subsidies may not be fair. Also, in his view, subsidies do not result in meaningful change.

Ms. Burns noted that the Incentives Policy sets four (4) goals to benefit ratepayers as a whole: 1) to smooth the demand curve over time; 2) to assist in meeting the higher demand expected over time; 3) to assist customers in the process of substituting electricity for fossil fuels and lowering customers costs to do so; and 4) to ensure that all customers have access to electrification technologies and program incentives. She noted that she is not in favor of incentives that do not effectuate change. She also agreed that it is accurate to say that they are taking ratepayer money to give to some that are making changes. Nonetheless, Attorney Lawrence agreed that the Incentives Policy provides a way to say how all ratepayers might benefit.

Ms. Burns continued. She noted that there has been no decision with regard to how much money should go into incentives and where the money should come from. She noted that Wellesley Light Plant charges its customers 4 cents per kwh that goes into a green fund. This is an “opt out” program rather than an “opt in” program. She noted that perhaps, in order to make sure that incentives do not impact rates in a negative way, a budget for incentives should be set for the year and incentives distributed on a “first come, first serve” basis. Mr. Ryan noted that there has to be a real effort to consider all of this in terms of cost and demand. Ms. Burns stated that, per her understanding, solar lowers demand, heat pumps increase demand and batteries smooth the demand. Mr. Ryan noted that green energy equipment increases total power used, and questioned whether, in the short term, batteries make a difference with regard to such increase. This was discussed further. Mr. Ryan then suggested that, in terms of financing, he would prefer that HMLP do something like Wellesley does – a voluntary option – so that people can decide for themselves if they want to support it and the burden is not put on everyone.

Ms. Burns asked for comments from HMLP’s staff. Ms. Bennett noted that she discussed the Policy with Mr. Morahan and Attorney Lawrence, and they all stressed that financing for any incentive program needs to be in place before the rate study. She suggested that HMLP can set a budget for incentives or charge an efficiency charge on bills. Ms. Burns asked her to explain efficiency charges. This was discussed. Mr. Ryan reiterated

his concern that HMLP operate under rules mandating fairness to everyone. Ms. Burns stated that she finds an “opt-out” option appealing. Mr. Ryan indicated that he would be fine with that.

Ms. Burns then suggested that the Board adopt the Incentives Policy in order to enable incentives. The Board can discuss the details on individual programs with Attorney Lawrence. Ms. Bennett suggested that the Incentives Policy include language stating that HMLP can end incentives at any time. This was discussed. Ms. Burns agreed that the Policy should be changed to state this.

Ms. Burns asked whether members of the public had any comments. Residents Mr. John Borger and Ms. Jo-An Heileman provided comments.

Ms. Burns continued. She noted that a motion was on the floor to adopt the Incentives Policy. She also noted that Ms. Bennett suggested adding language to the Policy. She asked for a motion to amend the Incentives Policy to address this.

Motion to Amend: Mr. Reive moved to amend the Incentives Policy to include the language proposed by Ms. Bennett. Mr. Ryan seconded the motion. All voted in favor.

Ms. Burns then turned to the matter of adopting the Incentives Policy as amended. She first noted that Mr. Ryan was not comfortable with everything. However, she believed that his concerns could be addressed in the context of an individual incentive programs. Ms. Burns then asked for a vote on the Amended Motion.

Vote On Amended Motion: Mr. Reive voted in favor. Mr. Ryan voted in favor. Ms. Burns voted in favor, noting that the Board would approve the additional language inserted in the Policy at the next meeting.

Overview of PSNY Credit and Power Cost Adjustment (PCA)

Ms. Burns asked Mr. Morahan to discuss the PSNY credit and what is happening with the Power Cost Adjustment (PCA). Mr. Morahan expressed confusion about this request, noting that the agenda was revised to postpone such discussions and that he was not fully prepared to address the topics. In any event, Mr. Morahan indicated that he would do his best to update the Board. Ms. Burns agreed to proceed.

Mr. Morahan explained that the PSNY credit relates to low-cost hydropower from New York. Savings from purchasing the low-cost power is passed through to customers as a credit. This credit should be calculated on a quarterly basis. However, HMLP has not been doing this. The matter has been corrected. Going forward, HMLP will provide the PSNY credit quarterly.

With regard to the PCA, Mr. Morahan noted that the PCA went up this month due to rising energy costs for the 1st quarter. Because HMLP’s energy costs were up by 1 cent, HMLP added 1 cent to the rate for the quarter for the PCA. Ms. Burns asked whether the PCA is a rate which requires Board approval. Mr. Morahan explained that the PCA is not a rate. Ms. Burns then requested that HMLP Staff advise the Board about any future PCA going forward.

Ms. Burns asked for comments from the Board. There were no comments.

Ms. Burns asked for comments from the public. There were no comments.

Financials: 3 Year Summary and YTD – March 2022

For the month of March, HMLP sold 14 million kwh. Revenue was \$2.3 million and expenses were \$2.3 million. Net income for the month was \$11,000. For YTD, HMLP sold 47 million kwh and has revenue at \$7.6 million and expenses at \$7.8 million. HMLP’s net income YTD is negative \$185,000.

Ms. Burns asked Mr. Morahan to screen share the financial summary. This was done.

Mr. Morahan noted that sales for the year are a little lower than last year. Revenue is in line and expenses are a little less. YTD kwh sales and revenue are in line. Expenses YTD are a little higher. This is mainly due to higher energy costs. HMLP is in the real time market for about 20% of its energy.

Ms. Burns asked whether expenses relating to the transmission project are contributing to increases in expenses. Mr. Morahan explained that this was not the case.

Ms. Burns asked whether the Board had any questions. There were none.

Ms. Burns asked whether the public had any questions. Mr. John Borger, a resident, asked questions about the PCA and HMLP's financials. Mr. Morahan addressed his questions.

Updates: battery storage, additional transmission line and new substation, landfill, EV chargers, municipal solar, HMLP Solar

Mr. Morahan provided the following updates:

Battery Storage. Since the battery went COD on July 30, 2021, HMLP has saved approximately \$32,000. Due to problems with the battery, the peak in May was missed. Nonetheless, HMLP anticipates receiving money for the month given that there is a financial mechanism in place whereby HMLP collects on missed peaks from equipment issues.

Additional Transmission Line and New Substation. HMLP continues to work with Eversource on the siting of the Station. HMLP will be responsible for all of the zoning for the Weymouth Station. HMLP has met with Weymouth a number of times. Weymouth's Conservation Commission has a concern with whether the EMF associated with the transmission line will the impact a herring run. HMLP still does not have an agreement with Eversource as to what the Station will cost going forward. HMLP keeps pushing for this information.

Landfill. There is an issue with the supply chain for solar panels due to a lawsuit filed involving tariffs. The new, anticipated start date is Spring 2023.

EV Chargers. HMLP has gone out to bid on the Level II chargers. However, one of the bidders on the project has filed claims with the AG's office over the process. Once this is resolved, the contract can be awarded and HMLP can proceed with installation. Ms. Bennett is working with the DPU to get the date pushed out a little. The chargers should be installed by the end of July.

With regard to the Level III chargers, the contract for that is out at DPU. HMLP has one year to get those installed. HMLP will be going out to bid on this soon.

Municipal Solar. Ms. Burns noted that a municipal solar report should be ready by next meeting. She is still waiting to hear back on cost estimates from a solar developer.

HMLP Solar. BL Companies was hired to design the project. The project is moving along.

Other New Business; Other Business

None.

Motion to Adjourn

Ms. Burns noted that the next scheduled regular meeting for the Board is June 28, 2022. There will be also a special meeting on or about June 14, 2022 to discuss the audited financials. For next regular meeting, she

anticipates having the solar report. She also noted that she is hoping the landfill developers will come to the meeting to discuss work accomplished on the project to date. Ms. Burns also anticipates discussing how an incentive “opt-out” might work.

Ms. Burns asked for a motion to adjourn.

Motion: Mr. Ryan moved to adjourn the meeting. Mr. Reive seconded the motion. All were in favor.

The meeting adjourned at approximately 9:39 AM.

List of Documents Provided to Board Members for the Meeting

- Battery Performance Document
- Draft document entitled “HMLP pathway to a 100 percent carbon-free power supply – DRAFT,” prepared by Laura Burns
- Draft meeting minutes for the following: 1) HMLP Board Executive Session February 23, 2022; 2) HMLP Board Executive Session March 29, 2022; 3) HMLP Regular Board Meeting March 29, 2022; and 4) HMLP Regular Board Meeting May 27, 2022
- HMLP Financials, 3-year summary and YTD, March 2022
- Draft Incentive Policy document entitled “HMLP Policy on Demand Management and Electrification,” dated May 19, 2022
- Meeting Agenda for June 28, 2022 (provided by mistake)

Documents Shared During Meeting

- HMLP Financials, 3-year summary and YTD, March 2022