



HINGHAM MUNICIPAL LIGHTING PLANT

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Board Members

Laura Burns, Chair
Michael Reive, Vice-Chair
Tyler Herrald, Secretary

REGULAR MEETING HINGHAM MUNICIPAL LIGHT BOARD

October 6, 2022

Zoom Meeting

<https://us02web.zoom.us/rec/share/hK5ujEcBOd2Q1xru9s2z1aSLTlcimCi8PWV9EdLE-pux2PjJoedWu6cWRN4dzods.C7Urrfr2szUQ-Zvy?startTime=1665055561000>

Meeting Called to Order

A regular meeting of the Board of Commissioners of the Hingham Municipal Light Plant (HMLP) was called to order by the Board's Chair, Laura Burns, at approximately 0734 on Thursday, October 6, 2022, via Zoom.

Present:

Board Members: Laura Burns, Chair
Michael Reive, Vice-Chair
Tyler Herrald, Secretary

HMLP: Thomas Morahan, General Manager
Mark Fahey, Assistant General Manager
Joan Griffin, CPA, Business Manager
Stephen Giardi, Engineering Manager
Brianna Bennett, Sustainability Coordinator

Guest: Ken Stambler, Energy Procurement Manager, ENE

Others: Members of the Public

Ms. Burns read the following disclaimer into the record:

This meeting is being held remotely as an alternative means of public access pursuant to Chapter 20 of the Act of 2021 and all other applicable laws 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 start of the meeting in accordance with M.G.L. c. 30A, § 20(f) so that the chair may inform all other participants of said recording.

Ms. Burns asked if anyone other than HMLP wished to record the meeting. No one responded.

Approve Meeting Minutes: a) Board Meeting Minutes 8-30-22; and b) Board Meeting Minutes 9-14-22.

Ms. Burns asked for changes to the minutes for August 30, 2022 and September 14, 2022. Some corrections/changes were noted.

Motion: Mr. Reive moved to accept the minutes as corrected. Mr. Herrald seconded the motion.

Roll Call Vote:

Mr. Reive: Aye

Mr. Herrald: Aye

Ms. Burns: Aye

Annual Review of Portfolio, Ken Stambler (ENE)

Ms. Burns introduced Ken Stambler from Energy New England (ENE). Mr. Stambler was present to update the Board on matters concerning HMLP's power portfolio.

Mr. Stambler introduced a slide presentation entitled "Non-Carbon Resource Analysis for HMLP Board Meeting October 6, 2022." He explained that this presentation would include: 1) updates to HMLP's roadmap for meeting noncarbon goals under the Climate Bill; 2) the renewable power outlook in New England; 3) what ENE is working on; and 4) the current energy market.

The first slide showed a roadmap toward noncarbon goals under the Climate Act. Mr. Stambler explained that the path toward noncarbon goals is being impacted by obstacles such as: 1) the Russia/Ukraine Conflict; 2) Russia's actions cutting natural gas to the EU; 3) pipeline sabotage; 4) supply chain issues; 5) inflation at 40% growth; and 5) the intermittent availability of resources to reach 100% carbon free.

The next slide explained the regulatory landscape. Senate Bill 9 passed last year requiring all municipalities to achieve 100% carbon free power supply by 2050. The first benchmark is 2030. HMLP has non-carbon PPAs [Power Purchase Agreements] in place. One of the PPAs is with First Light - Shepaug/Stevenson. This contract was extended to run through December 31, 2030. The contract is for hydropower and comes with Maine Class II RECs that qualify for GGES. HMLP also has a PPA with Patriot Energy - Spruce Mountain. This contract was extended through December 21, 2036. Spruce Mountain is a wind project in Maine that comes with Class I RECs. With regard to the size of these projects, Mr. Stambler explained that Spruce Mountain is approximately 89 MW of wind turbines. Shapaug is 42 MW and Stevenson is 29 MW. HMLP also has a PPA with DE Shaw Renewable - Broadleaf Solar. This is a 100 MW solar project in Connecticut. The PPA is from 2026 through 2050 and provides 5 MW of solar.

The next slide was entitled "Breakdown of Carbon Free Resources." The slide provided the following information:

- Hingham's carbon free resources consist of hydro, wind, nuclear, and solar.
- ENE analyzes, negotiates and recommends long-term, renewable PPAs for these resources.
- Hingham will be upward of 84% carbon free by 2025.
- By 2030, Hingham will be 74% non-carbon based on the current retail market.
- HMLP's remaining portfolio is hedged to reduce price risk with firm "market power" provided through deals with major power supply counterparties including Shell, Next Era, Constellation, etc.

Mr. Stambler explained this slide. Hingham's percentage of noncarbon resources drop off in 2029-2030 -- from 84% to 74%. This is when a NextEra deal ends. ENE is currently negotiating this with NextEra. This was explained further.

The next slide was entitled "Hingham GGES Position." The slide provided a graph of HMLP's projected noncarbon resources vis-a-vis regulatory benchmarks (i.e., 2030, 2040, 2050). ENE anticipates that HMLP will be able to meet the 50% benchmark until 2035-2036. After that, nuclear generation drops off. This was discussed. Ms. Burns noted that HMLP's current policy is to sell its RECs and contribute funds from the sales(s) to its green fund. The green fund supports in-Town power generation. So, by 2030, HMLP will need to decide whether to start retiring RECs to meet regulatory goals or pay money into the green fund. Mr. Stambler noted that Hingham is in a good position to meet the GGES and to continue green funding.

Mr. Stambler's next slide was entitled "Energy Mix." HMLP's percentage of nuclear resources will decline starting in 2025. From 2025 to 2030, nuclear resources drop from 51% to 39%. Hingham is well hedged in 2025. In 2030, HMLP will need to buy 26% of its resources in the market.

The next slide was entitled "Supply Chain Issues." The solar industry has been impacted by various obstacles and supply chain issues. First, solar panels from Asia are being detained by US Customs where producers cannot prove that their panels do not come from forced labor. Second, a US producer asserted claims of anti-dumping against international imports, impacting 80% of the module supply. This essentially brought solar transactions to a halt until the Biden Administration stepped in to address the situation. Another obstacle involved Gravel Pit III, a 50 MW facility in Connecticut for solar. Gravel Pit III sought amendments to its PPAs so that buyers would share the risk of increased tariffs. Mr. Stambler explained all of this.

The next slide was entitled "Renewable Outlook." There has been little change to the renewable outlook over the past year. One exception is with regard to offshore wind. Commonwealth Wind and Mayflower Wind were awarded 1,600 MW of power and municipal light plants will get a small piece of this procurement, (somewhere around 32-40 MW or 150,000 MWh/year). Mr. Stambler explained this and responded to questions/comments by Mr. Herrald regarding prices for offshore and onshore wind.

Mr. Stambler's next slide was entitled "Ambitious Goals for Offshore Wind." The slide notes that New England's goal is 10,000 MW of offshore wind power by 2025. There are obstacles to reaching this goal, this was explained.

The next slide was entitled "Non-Carbon Resources Under Evaluation." ENE is currently reviewing 9 non-carbon projects for nuclear, hydroelectric and wind. It is not evaluating any solar projects. There is a lot of pull-back on solar. It is difficult to find large parcels of land with adequate solar transmission capability. ENE evaluates key metrics, including relative value of the resource, location of the resource, how the resource fits the portfolio and the renewable developer financial and credit rating. This was explained and discussed.

The next slide was entitled "As a Society can we reach 100% carbon free?" Natural gas continues to supply the lion's share of energy in 2030. There are many questions that need to be answered between now and 2050. The costs associated with achieving the last 25% of the 100% goal are astronomical. There are questions regarding the benefits to society and the environment of getting to 100%. Society will struggle with answering such questions, particularly in the years 2040 through 2050.

The next slide was entitled "New World of Power Supply." Over the past year, REC prices have remained fairly stable. The Ukraine War has impacted power supply prices. A graph was presented showing all of this.

The next slide was entitled "Winter 2022/2023." HMLP's position for the winter is good. There is some risk. HMLP is 92% hedged. If we have a cold winter, the load will increase by 2 or 3% versus the average, causing HMLP to buy more in the spot market. Mr. Herrald asked detailed questions about such scenarios, focusing on exposure in peaks. Mr. Stambler addressed his questions.

Mr. Stambler also presented slides on the “Global LNG Market” and “Global Energy Issues,” and discussed issues associated with New England’s need for natural gas, particularly LNG, as well as the global outlook for LNG.

At the conclusion of the presentation, Ms. Burns asked whether anyone had more questions. There were none. Ms. Burns then asked the public had questions/comment. There were none.

Officer Elections

Ms. Burns presented and discussed the positions of Secretary. Mr. Herrald agreed to accept this position.

Motion: Mr. Reive moved that Mr. Herrald serve as Secretary. Ms. Burns seconded the motion.

Roll Call Vote:

Mr. Reive: Aye

Mr. Herrald: Aye

Ms. Burns: Aye

Discussion of Timing of Board Meetings

Ms. Burns explained that the Board can decide the timing for their meetings and asked for input about what works best for everyone. Mr. Reive noted that his schedule is flexible. He added that meeting length can be a concern. Mr. Herrald noted that a 7:30 am start time for meetings works for him as does a lunchtime meeting between 12 and 1 pm. He also noted that meetings lasting more than 2 hours cut into the workday. Mr. Morahan noted a preference for holding Board meetings on the first or second Tuesday of the month, to allow time for more current financials.

Ms. Burns advised that the next Board meeting would be held on Tuesday, November 8, 2022 at 7:30 am.

Next Steps for Opt-In Green Tariff

Ms. Burns turned the topic over to Ms. Bennett.

Ms. Bennett explained that she discussed the timing of an opt-out-type program with representatives from Wellesley Municipal Light Plant (Wellesley). They suggested that HMLP set aside a few months for gathering data and a few months for outreach. So, perhaps the program can start around May? One potential name for the program is “HEART” (Hingham’s Electrification Acceleration Resource Trust). The Board still needs to decide on the name, the timeline for implementation, costs, etc.

Mr. Reive asked whether the timeline could be accelerated. This was discussed. Ms. Bennett added that Hingham’s opt-out rate might be higher than that of Wellesley given the state of the economy. Mr. Reive noted that HMLP may need to explain the charge on bills. Mr. Herrald added that the charge should also be explained on HMLP’s website. He also stressed the importance of allowing enough time for people to understand the program. Ms. Bennett noted concerns about potential customer hesitancy in Hingham, noting that Wellesley implemented its program in response to a town vote. Mr. Herrald asked whether an opt-in program should be considered. Ms. Bennett responded by noting that towns that implement opt-in programs do not have high adoption rates. Ms. Burns stressed the importance of having a plan to publicize the program and taking as much time was necessary for that.

Mr. Morahan noted that there may be increased customer service needs to consider. Ms. Griffin added that there may also be increased labor associated with any refund policy associated with this charge. This was discussed. Ms. Burns noted that any refund policy should have a finite ending, whether that is 3 or 6 months. The discussion

then turned to the amount for the green tariff. Mr. Morahan pointed out that HMLP will need to decide this. Ms. Burns suggested looking at a range, i.e., what if the charge is 2%, what if 3%, what if 4%? Mr. Morahan then asked whether all customers would be put on that rate, including nonprofits. This was discussed. Ms. Burns suggested also looking at what this looks like. Mr. Herrald pointed out that, with regard to timing for any program implementation, a start date after April would be better since bills are higher during winter months. Ms. Burns suggested that they discuss which customers to include in the program as an agenda item. Ms. Griffin added that HMLP's rate study, which will be completed in January and will likely result in rate increases, should also be considered with regard to the timing for any green tariff. Ms. Burns wrapped up the discussions, noting that the Board needs to consider how to treat different classes of customers at next Board meeting, and how they sit relative to the green tariff rate.

Ms. Burns asked if there were additional comments on this topic. There were none. Ms. Burns then asked for public comments/questions. There were none.

Electrify Hingham Update

Ms. Bennett is working on updating the "Electrify Hingham" section for HMLP's website. She shared proposed webpage(s) with the Board. The new Electrify Hingham section of the website, which will be online soon, will serve as HMLP's main source for providing the public with information. HMLP will also provide information about its program via its social media pages (Facebook, Instagram, Twitter and YouTube). HMLP also hopes to provide informational videos on its YouTube page, host roundtables with stakeholders and release surveys and polls.

Ms. Burns suggested that HMLP also contact the Hingham Anchor and the Hingham Journal for outreach about its programs. This was discussed. Mr. Reive added that any blog section on HMLP's website will need to be monitored with regard to the integrity of any comments. Ms. Bennett assured him that customers will not be able to post on the blog.

Ms. Burns asked whether anyone had additional questions. There were none. Ms. Burns then asked whether the public had questions/comments. There were none.

ENE Regulatory and Market Update Weekly Meeting

Ms. Burns explained that Dave Cavanagh with ENE holds weekly phone calls for customers providing updates on (i) what the market is doing and how this impact's ENE's customers and (ii) happenings in the regulatory space. Ms. Burns feels that that the Board should be a part of these calls so that they are informed. The meetings are generally held at 3 pm on Mondays. The Open Public Meeting law is not a concern with regard to these calls, even if all Board members participate, as long as the Board members on the call do not engage in any deliberations.

Going forward, Mr. Morahan will advise the Board when calls are scheduled so that they can participate, if interested.

MEAM By-Laws Reviews

Ms. Burns provided the Board with information regarding MEAM. MEAM is a trade organization that represents about 40 municipal light plants in Massachusetts on Beacon Hill. The bylaws for the organization are being revised. The organization's legislative committee currently only includes general managers. Ms. Burns would like to see commissioners involved on this committee given its focus on legislative initiatives.

Mr. Morahan noted that Deidre Lawrence is drafting the new bylaws for MEAM. He will provide the Board with the draft bylaws when available. Ms. Burns asked Mr. Morahan to keep the Board apprised of MEAM meetings.

Ms. Burns asked for questions or comments. There were none.

Financials: 3-year summary and YTD – July 2022

[Mr. Morahan screen-share HMLP's 3 year financial summary for August.]

Mr. Morahan led the discussion. August was a good month. Sales were high and revenues were \$4 million. Expenses were \$3.3 million. HMLP's net income for the month was positive at \$700k. With regard to YTD: 1) kWh sales were up due to the warmer weather; 2) revenue was \$22 million; and 3) expenses were up. Expenses were high compared to prior years. HMLP's YTD is still positive.

Motion to Adjourn

Ms. Burns concluded the meeting. The meeting adjourned at approximately 0931 am.

List of Documents Provided to Board Members for the Meeting

- Draft HMLP Board Meeting Minutes for 8-30-22
- Draft HMLP Board Meeting Minutes for 9-14-22
- Draft Agenda for 10-6-22 Board Meeting
- Draft Memorandum from Brianna Bennett, Sustainability Coordinator, to Thomas Morahan, General Manager, re HEART Program, dated 10-4-22.
- 3 Month Financial Summary and Related Graphs – Tom Morahan

Documents/ Shared During Meeting

- Slide presentation entitled "Non-Carbon Resource Analysis for HMLP Board Meeting October 6, 2022" -- Ken Stambler
- Proposed draft -- HMLP's webpage for "Electrify Hingham" -- Brianna Bennett
- 3 Month Financial Summary and Related Graphs – Tom Morahan