



HINGHAM MUNICIPAL LIGHTING PLANT

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

General Manager

Thomas Morahan
tmorahan@hmlp.com

Board Members

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

MEETING HINGHAM MUNICIPAL LIGHT BOARD

October 8, 2024
Zoom Meeting

<https://us02web.zoom.us/j/81332446299>

Meeting Called to Order

A 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 4:00 pm on Tuesday, October 8, 2024, via Zoom.

Present:

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

HMLP: Thomas Morahan -General Manager
Mark Fahey -Asst. General Manager
Joan Griffin - Business Manager

Guest: Diedre Lawrence
Paxton Halsall (Abode - Program Coordinator)
Justin Bates (Abode-Program Manager)

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 107 of the Act of 2022 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.

Discussion on PILOT payment to the Town with Ms. Diedre Lawrence

Mr. Herralld researched how other MLPs handle PILOT (Payment in Lieu of Taxes) programs in their respective towns. He found a state law requiring HMLP to pay a PILOT so our legal counsel, Ms. Lawrence has been invited to this meeting for her interpretation of the findings. Below is a copy of the current policy.

Current Policy:

HMLP Pilot Payment Policy

The HMLP Policy for the Payment In Lieu of Taxes (PILOT) to the Town of Hingham shall be based on the calculation of the number of kilowatt hours sold on an annual basis multiplied by \$0.0025 per kilowatt hour. The minimum payment that HMLP will make to the Town is \$450,000 from surplus funds. If HMLP does not have sufficient surplus funds, no payment will be made. The PILOT payment shall be paid in June of the following year.

Ms. Lawrence stated that it would be helpful if she knew the statute that Mr. Herralld was referencing. She explained that since HMLP does not pay property taxes to the Town, both the state's highest court and the DPU, would call these payments 'voluntary' as they are from "unappropriated earned surplus." Ms. Lawrence went on to explain that chapter 164 is clear on what you can put in your rates. She does not like the idea of agreeing to pay something before you know whether or not you have some earned surplus for the year. She clarified that Hingham Light is not a cooperative. Ms. Lawrence reiterated that it is "absolutely false" that you have to make this payment every year. She stated that it is the board's decision as to what is the best use of the money; keep it for cash on hand, refund it to the ratepayers because it is ratepayer money, or make a voluntary payment to the town.

Ms. Burns was under the impression that the payment was voluntary but since there was no official board policy on it, this conversation is recognition of what HMLP does. Ms. Lawrence stated that the "illegality would come if you turn around and take it from what we call an accounting standpoint, from above the line. It would have to be from below the line...after you close your books." Mr. Morahan asked if the name should be changed to a voluntary payment to the town, rather than a PILOT and Ms. Lawrence was happy with that suggestion. The revised policy must state that it is (a) subject to a board vote each year (b) a voluntary payment to the town (c) based on a financial position supported by a surplus. Ms. Burns asked that staff redraft the policy but Mr. Morahan offered to do it. Mr. Reive asked that the calculation of the \$0.0025/kWh be explained so that HMLP is transparent and so that anyone looking back historically can see how the decision of the Board was made. Ms. Burns agreed to draft a few sentences to explain the reasoning for making this voluntary payment to the town. The draft will be reviewed by the board at the next board meeting.

Discussion on Heat Pump Rebates - Abode and Michael Reive

Abode provides heat pump consultation services to Hingham Light. Mr. Reive felt it was important to have representatives from Abode come to this meeting to summarize how our heat pump program is going and what we can do better.

Mr. Justin Bates stated that Abode offers decarbonization and electrification consultations for heat pumps, appliances and weatherization. We work with customers that have a reliance on fossil fuel-based systems to convert to electric heating systems. Abode works with both the consumer and

the contractor to ensure that any system or item that is installed is operating as expected. They have specialists that are trying to create a more streamlined experience for customers to electrify. Abode has a participating contractor list, a quote comparison tool, as well as a post install quality assurance process which ensures that the customer has all of the necessary documents to qualify for a rebate and that the system is well installed.

Mr. Reive asked Mr. Bates how Hingham ranks against the other ten municipalities that Abode services. Mr. Bates responded that it is difficult to compare MLPs but they have different realities. He stated that in the highly successful MLPs there is a desire to mirror offerings after Mass Save with robust whole home rebates and weatherization incentives. Mr. Bates said Hingham ranks in the middle, volume wise for installs, and he believes there is always a chance to promote the programs. Ms. Burns stated that she is interested in the rate of adoption, and Mr. Bates said that he would take this offline with Mr. Morahan and get more specifics on the number of meters and population. Mr. Bates stated that Abode's focus is tying customers rebate data into consultation data and understanding that these bring someone from a consultation to an installed system Abode wants to understand the barriers customers run into, such as knob and tube, insulation status, heat load versus cost of the system.

Mr. Reive asked why some ratepayers have not been able to get rebates or have been disqualified for all or part of a rebate. Mr. Bates stated that these heat pump systems are specifically paired between a condenser and air handler. Manufacturers submit efficiency data with many measurements so there is no way for Abode to accurately evaluate a system's performance or efficiency criteria. Mr. Reive stated that if a customer is purchasing a piece of equipment on the NEEP list that is cold weather rated

by a major manufacturer and it is professionally installed that they should qualify for a partial rebate. Mr. Bates explained that just because it is a heat pump that does not mean that it will always perform with that high efficiency nature if it is not correctly paired. He went on to explain that there are a whole host of things that will impact the efficiency of a system such as condenser speed for modulation and air handler speed. Mr. Reive believes that a homeowner should be able to decide how much they are willing to invest in the efficiency of the system because the bottom line is that they have switched fuel sources. In response, Mr. Bates stated that there are a large number of heat pumps on the cold climate air source heat pump list that customers can choose. He said that without the correct pairing of a condenser and an air handler you don't always make a cold climate heat pump. If it is not paired correctly, it will be less efficient than electric resistance. Ms. Burns summarized her understanding of Mr. Reive's position is that if a customer attaches a cold climate heat pump that is on the manufacturer's list to an existing air handler, they should receive a partial rebate. Mr. Reive also stated that he believes a customer should be able to install a heat pump in stages and receive partial rebates to finance the steps because the customer has the right intention to move toward electrification. Mr. Halsall added that the NEEP qualified product list is very similar to the list which is used by MassSave. Both lists mirror the statewide program and have similar standards and similar requirements. Mr. Halsall went on to state that HMLP has done a great job to offer services, such as the quote comparison tool, which allows customers to find the right system for them. He believes that it is up to the customer to make an informed decision and read the eligibility requirements. Mr. Halsall said there has to be some sort of standard for customers and contractors to follow and for Abode to uphold. He stated that "this criterion is specific to making sure that if someone wants to remove fossil fuel that they can safely, comfortably, and confidently have a system in their home that will operate in the coldest temperatures." In addition, Mr. Halsall believes that if the item is not on the list that it would put Abode and HMLP in a difficult situation. Mr. Bates reiterated that standards are necessary and that since Abode operates in Massachusetts, Connecticut and Rhode Island, they see thousands of installs. With these installs come a rise in electric bills, a rise in electricity consumption and if there are no standards he can almost guarantee that there will be customers that won't know what they are getting into until they receive their first month's high bill and then subsequent bills. If a

heat pump project is allowed to be “phased in”, the marketplace is moving so quickly that the contractor may not be able to provide corresponding equipment when he/she is asked so that customer is never going to have a true high efficiency heat pump. Mr. Bates real concern is that along with very high electricity bills, HMLP grid is going to be put under further strain if this kind of accepted process is allowed because then we will have a large number of inefficient heat pumps going into homes. Ms. Burns believes we should be more transparent and even explain what a heat pump is on our website. Mr. Bates added that there are some combinations on the NEEP database that allow for an existing air handler to be paired with a condenser in a coil which are highly efficient. He reiterated that sometimes an installation requires creativity by the contractor, acceptance by the customer to allow the contractor to be creative, and utilization of Abode’s “no cost” consultation and comparison tool. Mr. Halsall said that since the technology is changing there is always some erroneous information being shared and cost is one of them. These project costs are significant and the average cost per ton in Hingham is \$7,000/ton and the average system is three (3) tons but HMLP has already implemented strategies such as whole home adders and weatherization incentives and that is what Abode likes to see. Mr. Reive questioned the number of heat pump rebates that have been denied and Mr. Bates stated only one. The rebate that was denied was Mr. Reive’s neighbor and he believes that since one of his neighbors got a rebate with the same condenser and manufacturer that this one should too. Mr. Bates said that rebates are for incentivizing customers to install highly efficient equipment. He stated that HMLP has been clear that we want to draw customers to this high efficiency space so we should not want to incentivize customers for the wrong actions. Mr. Bates added that there is no MLP program that Abode works with that would allow for non-paired systems. He warns that this would not be a good precedent to set for rebates.

HMLP Sustainability Plan Questions

The Board is looking to design a study to figure out what HMLP needs to do to achieve Hingham’s 2040 net zero emissions goal. The staff put together a list of questions (see attached) that the study would address. Ms. Burns was very impressed with the list provided. She stated that the question of the availability of supply is very hard to determine but hopefully with an expert we can get answers. Mr. Morahan believes that timing is a big issue - “how quickly will this happen”. He explained that our load growth over the last five years is flat. Flat load growth can be attributed to efficiency but also even though customers are installing heat pumps, some are still keeping the fossil fuels and others are just putting them in for air conditioning so that they can qualify for the rebate. Ms. Burns would like to see a capital plan that looks out further into the future (10-15 years) so that we have all the pieces in the plan and can be ready for the growth. Mr. Morahan explained that we are addressing some of those needs right now by reconducting circuits and things like that; however, if the future load outweighs what we are doing today then we may have to put in brand new circuits to pick up additional load. Mr. Herrald commented that along with new circuits we may need large scale battery storage to manage intermittency risk. Mr. Herrald would like to see a part of the study address the transitioning supply portfolio and what the effect would be on rates, prices or cost of supply and ensure that we understand how our choices will change our cost structure. Mr. Morahan stated that wind is coming and the cost may be as high as \$150 or \$200 per megawatt hour so that would have a huge impact. Mr. Morahan said that our current portfolio will meet the 2030 goal, it is beyond that where the unknown is larger - will it be wind, small nuclear, or something like fusion. Mr. Herrald cautioned that whatever plan we come up with will change and we have to be comfortable with that. Mr. Reive believes that with the increased adoption of electric vehicles and heat pumps, paired with AMI meters, we should be able to look closer at individual households and use that data to extrapolate forward to load growth. Efficiency may be tempering the growth. Ms. Burns stated that if people install solar with their heat pumps, then they are going to meet their needs, especially in the summer. She did say that she believes there will be more heat pump adopters. Ms. Burns asked Mr. Morahan if this study

would be too premature and he responded in the affirmative. Mr. Reive said that he believes the study would be good as you can review and revise as needed on an annual basis and add more data points. Mr. Herrald wants to understand the sort of decisions that this study may drive. He also wants to weigh the benefits against the cost of the study. Ms. Burns asked Mr. Morahan if there are particular questions that we could start to think about now and focus on those that may give us guidance in the next five years. Mr. Morahan does believe researching certain pieces would be beneficial in the short term of five years so that will be the direction that the Board will take.

Approval of Meeting Minutes for September 10, 2024

Vote:

Mr. Herrald -Aye

Mr. Reive - Aye

Ms. Burns - Aye

Financials & Updates

Ms. Burns asked that the discussion on financials be postponed. Mr. Morahan stated that there were two items that he wanted to bring to the Boards attention; (1) the Power Cost Adjustment (PCA) was changed to zero for the September 2024 statements. (2) Review of the Income Adjusted Rate will be added to the November 2024 agenda.

Mr. Morahan stated that net income for last month was \$1.1 million, energy costs were down and expenses were inline.

Updates

- *Transmission Line Project:*

The bid has come back to HMLP from Eversource so we have made those changes and resubmitted it to Eversource. We hope to have it back from them shortly with no additional changes at which point we will file with the Siting Board within a few weeks.

Motion to adjourn the meeting.

Mr. Reive - Aye

Mr. Herrald -Aye

Ms. Burns - Aye

Meeting adjourned at 5:10 pm