

Light Commission July 26, 2023 meeting minutes

To: Light Commission: Commissioners
Light Department: J. Kowalik, General Manager
From: Jean-Jacques Yarmoff, Secretary
Date: August 26, 2023
Re: Commission Meeting July 26, 2023

A quorum being present, Chair Wolf brought the meeting to order at 4:02 pm. The meeting was held in person and with remote access, both available to public participation. A recording of the meeting is made available to the public at the following [link](#).

Participated in meeting:

Commissioners: Frechette, Hull, Wolf and Yarmoff participated in person; Smith participated remotely.

Light Department: General Manager, J. Kowalik; Financial Manager, Matt Barrett; Distribution Manager, Greg Chane and Manager of Technical Operations, C. Coleman.

Invited, from MMWEC: Matt Ide, Executive Director, Energy & Financial Markets, Justin Connell, Director Energy Markets, Zoe Eckert, Sustainable Energy Policy & Program Senior Manager.

Approval of Minutes of previous meetings.

Vote #2023-29 A motion to approve the minutes of the Light Commission meeting of January 10, 2023, Executive session was moved by Commissioner Frechette and seconded by Commissioner Yarmoff. **Unanimous.**

Vote #2023-30 A motion to approve the minutes of the Light Commission meetings of June 27, 2023, was moved by Commissioner Frechette and seconded by Commissioner Yarmoff. **Four in favor, one abstention.**

Comments from the Public

Joe Rydzewski, 1 Chestnut Street, reported that his Charge Point Level 2 charger was not charging at all during the period 5 to 9 pm. He was under the understanding that during peak periods, the chargers enrolled in the Connected Homes program would charge at the Level 1, but this is not the case. See further discussion with MMWEC representatives below, bottom of Page 4.

Quarterly Review of Department Goals and Objectives

General Manager Kowalik presented a status update of the GM's and Department's goals for the year, shown from Page 8.

Goal A4: Safety dashboard. Commissioner Yarmoff suggested that as a safety dashboard is being developed, it could potentially include three components: 1) an indicator of the training and safety procedures for Department staff members, as they may be updated from time to time; 2) an indicator tracking the courses and safety classes taken by staff; 3) an indicator of incidents.

Commissioner Wolf mentioned that the board would like to hear from staff members on a quarterly basis, and this topic could come up at that time.

Goal B3: Meter and Billing IT update. Commissioner Smith wondered whether the technology issues had been resolved, are our first generation smart meters up to reading data every 15 mn? The General Manager explained that there are two aspects: the measurements done by the meter on the one hand and the communication of that data. The department is currently checking data integrity. Time of Use (TOU) means going from 10,300 data points once a month to a million data points a day. While the system is very accurate, with several 100 million data points per year, there will be some data missing or wrong. The department is currently chasing the various issues that cause some faulty data transmission in order to increase accuracy of data collection. This includes issues with meters inside apartment complexes (40 or so) that we cannot access, or meters which are still being read by hand because of customer choice. So to sum up: - we are on version 4 with Nexgrid; - we are working on data post processing on the server and making progress with the vendor; - we feel good about the technology to read the meters; and - there are some known physical difficulties to read some meters that we are working through.

Goals C6 and D4. Commissioner Yarmoff remarked that goals C.6. or D.4. show board participation. While commissioners will help where they can with their contacts, MMLD should not depend on board members for the realization of these goals. Grant writing, and more importantly execution of the project submitted for a grant, needs to be integrated into the work flow of the department.

Goal D2. Commissioner Frechette asked whether the Utility Scale battery timing was slipping (Goal D.2.): the General Manager explained that the timing of this goals depends on siting of the battery which is still not decided. Review of siting of the battery will take place at a subsequent meeting.

Proposed revision to Residential Battery Policy

It makes a lot of sense for the Department to be promoting residential batteries for resiliency, price stability, it reduces transmission costs, and enables a larger amount of solar energy to be used. Commissioner Frechette proposed a modified Residential Battery policy that could replace the one adopted by the Commission on August 30, 2022. In addition, MMWEC has a recommended policy for incentives that other departments are adopting and it would make sense for MMLD to offer it as well. This implies that Tesla power walls would be allowed, but not incentivized. See the proposed modification on page 6. The details of the incentive program should be reviewed at a next meeting.

The General Manager has a concern with regards to the possibility of Tesla “generating” power by aggregating discharge of Power Walls into our territory, which would be in contradiction with MMLD’s exclusivity for power generation (MA GL Chap. 164). MMWEC’s Matt Ide commented that FERC order 2222 makes a specific exemption for Municipal Light Plants (MLPs): they do not have to open up their territory to the aggregation model, they can control this and offer their own aggregation. This is what a program like Connected Homes offers to MLPs like MMLD: MLPs can make sure that customers benefit from aggregation, but doing it in a way that protects the franchise of the MLPs. If a MLP did open up to aggregation not under their control, one should be careful about the implication. MMWEC sees FERC2222 exemption as encouraging MLPs to provide the appropriate aggregation programs for their customers, under their control. We do not want to replicate what happened a few years ago with rooftop solar installation which left a lot of people unsatisfied. Commissioner Yarmoff proposed that this restriction could be written into the legal interconnection agreement between MMLD and the customer, which could allow any make of battery to be connected (pursuant to appropriate engineering review) as long as they only participate in aggregation programs run by MMLD.

Commissioner Frechette pointed out that, as far as we know, other MLPs are allowing Tesla Power Wall installation. Residents in these territories are using batteries in many different ways, and if they are participating into an aggregation program, this is actually useful to the distribution system and to the economic situation of their MLP. Would MMLD be the only MLP that is preventing this beneficial use of batteries?

The General Manager pointed to a concern this un-managed use of Power Wall aggregation could imply: if an aggregator manages a substantial number of batteries behind the MMLD meter, they may claim the capacity reduction to ISO-NE (in a way which is beyond our control), while we also claim the capacity benefit as we see the consumption at MMLD meter dipping. How would this double counting be avoided or managed by ISO-NE?

Chair Wolf concluded the exchanges by stating that we need to collect more information: - regarding the ability of Tesla to aggregate behind the meter of MLPs; further legal review to be provided by MMWEC by the next Board meeting. The Chair requested Commissioner Frechette to re-propose a (potentially modified) motion once the data is available, hopefully at the next meeting.

General Manager Updates

Operating Financials: Latest Operating Statement for June 2023 is enclosed, see page 10. So far, a mild winter has been followed by a mild summer, and this is reflected in both the energy consumption (actuals lower than budget) and in a lower cost of energy purchased. With the PPA reduction of June, the current forecast is for MMLD to end the year with a Net Income of \$843K (taking into account the \$330K Pilot payment). The OPEB and Pensions numbers in these financials are still place holders with realistic numbers until we receive finals for 2022 from the Town's new Financial Manager, which should happen very soon.

Hedging and Open positions: MMWEC has implemented MMLD's decision to close half of the 2024 open positions, leaving the possibility of MMLD purchasing further hedges with environmental attributes in a few months, as discussed at the last board meeting.

October / November actions: we should anticipate a further review of the then current PPA rate, as well as implementation of the phase 2 of the base rate/energy rate adjustments.

MMLD accounts: MMLD uses 8 different cash accounts for distinct uses. Five are under the custody of the Town Treasurer, one each under the custody of MMWEC, Mass PRIM board, and the Retirement Board. The institutions holding the cash are either MMDT, Rockland or MMWEC. Each account bears interest (currently, MMDT's account bear 5% where the investments are not US treasuries). See page 11. Commissioner Yarmoff remarked that this review of our cash accounts shows that they are well managed, with a balance of yield and security, keeping in mind the purpose of each of these accounts.

Project 2023A. MMLD participation agreement has been signed. This secures long term cheap power for the town in a contract with NextEra Energy, see discussion at the previous board meeting.

80 Commercial Street: Building repairs. This is an issue that has been on-going for all the duration of the General Manager's tenure, with work that has been on-going since the Department moved back into the building at 80 Commercial street, and more work needs to be done. MMLD has been assisted by an outside firm, GRL Associates, to work through these issues. Whether these issues are design error, construction errors or customer reception errors is difficult to determine, and asking for damages through litigation seems a likely nonproductive course of action, which is not recommended.

Vote #2023-31 A motion to approve the construction of a specific building envelope repairs to 80 Commercial St exterior walls, windows and gutters awarded to the lowest-price qualified bidder in a public bidding session, with a total bid award amount not to exceed \$240,000 was moved by Commissioner Yarmoff, seconded by Commissioner Frechette.
Unanimous.

80 Commercial Street: fencing around property. The bids are due today, we have not yet opened them.

The General Manager anticipates that part of CZM grant can be used for this construction, which should allow to keep the expense well under \$400K. Hence the proposal for this vote, considering that the work has to start promptly.

Vote #2023-32 A motion to approve the construction of a new fence and gate system at 80 Commercial Street, awarded to the lowest-price qualified bidder in a public bidding session that ends July 26, 2023, with an MMLD net bid award amount not to exceed \$380,000 was moved by Commissioner Yarmoff, seconded by Commissioner Frechette. **Unanimous.**

Substation Meters. Work on replacing and upgrading the meters for the substations which will allow MMLD to get more precise data. After this upgrade, only the Clifton substation will not have this capabilities.

Vote #2023-33 A motion to approve the spending of an amount not to exceed \$50,000 to existing MMLD vendor United Power Group, Stoughton, Mass., to replace the end-of-design-life circuit-level meters at the Commercial Substation was moved by Commissioner Yarmoff, seconded by Commissioner Frechette. **Unanimous.**

GIS mapping. This is to launch the work of inputting detailed data in the GIS system, and to acquire the licenses for cloud-based software. The work done will be compatible with what the town is doing in upgrading its own information. MMLD's data will be in the cloud, town's data on a local server, we will exchange and update each other's data.

Vote #2023-34 A motion to approve the spending of an amount not to exceed \$25,000 for GIS technical support focused on updating MMLD distribution system maps, and an amount not to exceed \$30,000/year for three years for an ESRI SaaS license for cloud-based utility mapping software was moved by Commissioner Yarmoff, seconded by Commissioner Frechette. **Unanimous.**

Review of MMLD Insurance. The General Manager is proposing to review MMLD insurance coverage with PURMA and specifically question the cyber insurance policy, and would appreciate board member participation. Commissioners Frechette, Smith and Yarmoff proposed to assist as necessary.

EV charger program review. The Light Department provides free chargers to residents in a program organized by MMWEC. The third party company used to run the program for MMWEC has recently changed, from Charge Point to Virtual Peaker. Virtual Peaker also administers the Connected Homes program, which remains distinct from the EV Scheduled Charging program.

The main characteristics of the program are: In exchange for a free charger, participants agree to stay in the program for three years, during which charging occurs at Level 2 except during peak hours of 5 pm to 9 pm, when charging is curtailed to level 1 charging speeds. At the end of the three years, participants can opt-out of the program, or continue with the program: there is a financial incentive to do so.

Participants who want to un-enroll during the three year contract duration can do so, but would have to pay part of the cost of the charger *pro rata temporis*. MMWEC is currently contacting all participants in the program to inform them of the change of company: the majority of the 33 Marblehead participants has accepted the roll over to the new company without any problem.

With the goal of increasing enrollment and facilitating extended participation beyond the three year of contract, if that is the duration that should remain in the future, the terms of the program should be reviewed.

MMWEC will prepare a short document defining the terms of the current program for future review by the board.

Additionally, MMWEC will investigate why during peak hours, some people now experience the impossibility to charge, where the expectation was to charge at Level 1 speeds.

Update on key MMLD hires

Utility Scale Battery siting

These two agenda items will be tabled for a later session in view of the time, as the board will address the next agenda item in executive session, a review of the Solar on School project, including a review of confidential MMWEC pricing data, considering several MMWEC guests are present for this agenda item.

Executive Session

Chair Lisa Wolf proposed a motion to enter Executive Session Motion to discuss trade secrets or confidential or proprietary information regarding activities of a governmental body as energy supplier, municipal aggregator or energy cooperative, if an Open Session will adversely affect conducting business relative to other entities making, selling or distributing energy. Not to return to Open Session. Motion seconded by Commissioner Frechette.

Vote: Simon Frechette: Yes; Mike Hull: Yes; Adam Smith: Yes; Lisa Wolf: Yes; Jean-Jacques Yarmoff: Yes. Executive Session started at 5:55 pm.

The Executive Session concluded at 6:34 pm at which point a motion to adjourn was proposed, seconded and after a roll call of commissioners with unanimous result, adopted.

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Documents presented during July 26 Light Commission Meeting



Agenda

- 4:00 Call to Order & Approve minutes of June 27, 2023
- 4:05 Public Comments
- 4:15 Quarterly review of GM/Dept Objectives – JK & Board
- 4:45 Proposed Revision to Residential Battery Policy - LW
- 4:50 GM Items
- 5:35 Executive session – Solar on Schools review, including confidential pricing with MMWEC representatives

MEMO

Date: July 26, 2023

To: MMLD Board, staff

From: Commissioner Frechette

Re: Revised battery interconnection policy

Background:

On Aug 30, 2022 the Board approved the following motion:

Motion #2022-29: To promote residential battery storage, MMLD will discontinue its practice of denying interconnection permits, and allow batteries to connect, provided customers participate in a demand-response program allowing MMLD or its agent to control dispatch to and charging from the grid.

I would like to make a motion to rescind **Motion #2022-29** and replace it with the following:

Motion:

The Board recommends that to promote residential battery storage, MMLD allow connection of UL Certified batteries installed following the requirements of the appropriate codes (Massachusetts building and fire codes as they may apply, and specific Marblehead requirements, if any). Batteries enrolled in the Connected Homes Program should receive a financial incentive as recommended by MMWEC for its members to implement.



Monthly Operating Statement

- Mild June weather continued lower YTD energy usage.
- Lower actual energy costs is the biggest factor behind the positive YTD variance.
- With June PPA reduction, current MMLD end of year net income is forecast to be \$843K after \$330K Pilot payment
- MMWEC implemented MMLD's decision to close 2024 open position by 50%...
- Anticipate PPA review/adjustment for Oct bills
- October-Nov Board decision on phase 2 of base rate increase/energy rate decrease



GM Updates

1. MMLD operating financials –June YTD – Matt Barrett
2. Capital account balance review – Matt Barrett
3. Project 2023A MMLD Participation Agreement – MMLD signed
4. **VOTE:** 80 Commercial St building envelope capital improvements \$235K estimate
5. **VOTE:** 80 Commercial Fence & Gates – bid opening July 26
 - Board vote not to exceed \$380K, net expense to MMLD
6. **VOTE:** Replace Commercial Substation circuit meters - \$50K
7. **VOTE:** Electric utility GIS mapping restart – \$25K tech support & up to \$30K/year, 3-year ESRI cloud s/w licenses



GM Updates

8. Insurance coverage review committee – Board participation
9. Personnel updates
10. Residential EV Charger policy update -discussion
11. Battery siting update – evaluating multiple locations

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MMLD General Manager Objectives
Year 2023, Q2
Quarterly Tracking

Please complete current status with one of following indications:
 - Completed (C); - On-going (OG); - To be initiated (TBI)

	Human Resources and Safety	Status
A.1.	Define chain of command within organization chart; create succession plan	OG - JK/MB; TBI - JK
A.2.	Expand capacity and develop robust sustainability and communications programs	TBI - JK
A.3.	Expand capacity and develop robust engineering department	TBI - JK/CC
A.4.	Develop Safety Dashboard	OG - GC/CC

	Operations & Infrastructure	Status
B.1.	Continue Village 13 Substation capital improvement upgrade	OG - JK/CC/GC
B.2.	Create Operational work plan for distribution system capital improvements	OG - JK/GC/CC/MB
B.3.	Implement meter and billing IT system upgrades to enable new Distribution Demand and Time of Use rate structures	OG - JK/CC/MB
B.4.	Investigate options and draft a plan to supplement the existing Railyard substation's dual 23kV sub-transmission supply lines and/or to provide temporary emergency supply	TBI - JK/CC/GC
B.5.	Continue tree trimming program	OG - GC/JK
B.6.	Design and Implement distribution system GIS software capability	OG - JK/CC/GC

MMLD General Manager Objectives
Calendar Year 2023

	Ensure Financial Stability & Competitive Rates	Status
C.1.	Implement new rate structure	OG- JK/MB
C.2.	Establish a baseline of prior years' demand to compare and measure future intervention	OG- JK/CC
C.3.	Develop and implement a strong communication program to materially reduce consumption during high consumption hours, including likely peak	OG - JK
C.4.	Create demand management plan draft with demand reduction targets	TBI - JK
C.5.	Implement Strategic Electrification and Energy Efficiency programs	OG - JK/CC/MB
C.6.	Identify three relevant grant programs, apply to at least two grants, prepare follow-up and reporting	OG - JK/Board
C.7.	Prepare Capital investment plan aligned with Operational upgrade plan	OG - JK/GC/CC/MB
C.8.	Pilot ToU program	OG- JK/MB/CC

	Decarbonize Power Supply	Status
D.1.	Install Solar PV on Brown School	OG - JK
D.2.	Utility scale battery storage: target start operation date June 2024	OG - JK
D.3.	Streamline permitting process for residential PV, residential storage; publish policy and incentives on MMLD web site	OG - JK/CC
D.4.	Explore with MMWEC or other vendors the possibility to procure up to 50,000 MWh/Yr additional decarbonized power by 2030 and present options to the Commission	OG - JK/Board

	Communicate with Stakeholders, Improve Customer Service and Education	Status
E.1.	Create integrated communication plan	TBI - JK
E.2.	Launch monthly quarterly communications with customers (bills inserts/e-mail/social media)	TBI - JK
E.3.	Implement "Flatten the peak" communication program	OG - JK
E.4.	Survey customers to establish baseline of customer satisfaction, readiness for strategic electrification	OG - JK
E.5.	Conduct Connected Homes enrollment campaign	OG - JK/MB
E.6.	Participate in relevant Town initiatives that unlock Fed and State funds	OG - JK

**Marblehead Municipal Light Department
Operating Statement JUNE 2023**

Current Month			(000's)	Year To Date			
Actual	Budget	Variance	Energy Sales & Expenses	Actual	Budget	Variance	% Variance
<u>7.1</u>	<u>7.7</u>	<u>(0.6)</u>	KWH Sales-Millions	<u>45.7</u>	<u>48.4</u>	<u>(2.7)</u>	-5.6%
1,530.2	1,777.7	(247.5)	Sales Revenue	10,627.0	11,176.7	(549.7)	-4.9%
<u>752.1</u>	<u>992.0</u>	<u>(239.9)</u>	Power costs	<u>6,280.8</u>	<u>7,935.0</u>	<u>(1,654.2)</u>	<u>-20.8%</u>
<u>778.1</u>	<u>785.7</u>	<u>(7.6)</u>	Net	<u>4,346.2</u>	<u>3,241.7</u>	<u>1,104.5</u>	<u>34.1%</u>
			Operating Costs				
199.0	233.0	(34.0)	Payroll	1,004.0	1,210.0	(206.0)	-17.0%
176.0	175.7	0.3	Depreciation	1,054.0	1,054.0	0.0	0.0%
48.0	52.0	(4.0)	Benefits	287.0	312.0	(25.0)	-8.0%
25.0	25.0	0.0	OPEB	150.0	150.0	0.0	0.0%
68.0	68.0	0.0	Pensions	408.0	408.0	0.0	0.0%
108.0	64.5	43.5	Maint. Supplies	231.0	387.0	(156.0)	-40.3%
26.0	23.0	3.0	Office Supplies	128.0	138.0	(10.0)	-7.2%
29.0	21.0	8.0	Outside Services	101.0	126.0	(25.0)	-19.8%
9.0	2.5	6.5	Fuel	12.0	15.0	(3.0)	-20.0%
0.0	5.0	(5.0)	Insurance	28.0	30.0	(2.0)	-6.7%
3.0	3.0	0.0	Bad Debts	18.0	18.0	0.0	0.0%
13.0	25.0	(12.0)	All Other	107.0	150.0	(43.0)	-28.7%
<u>36.0</u>	<u>35.7</u>	<u>0.3</u>	Bonds Payable Interest	<u>214.0</u>	<u>214.0</u>	<u>0.0</u>	0.0%
<u>740.0</u>	<u>733.4</u>	<u>6.6</u>	Total Operat. Costs	<u>3,742.0</u>	<u>4,212.0</u>	<u>(470.0)</u>	<u>-11.2%</u>
38.1	52.3	(14.2)	Operating Income	604.2	(970.3)	1,574.5	
<u>29.0</u>	<u>4.0</u>	<u>25.0</u>	Interest Income/(Exp.)	<u>141.0</u>	<u>24.0</u>	<u>117.0</u>	
<u>67.1</u>	<u>56.3</u>	<u>10.8</u>	Sub - Total	<u>745.2</u>	<u>(946.3)</u>	<u>1,691.5</u>	
<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	MMWEC Flush Inc./(Exp)	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	
<u>67.1</u>	<u>56.3</u>	<u>10.8</u>	Net Income/(Loss)	<u>745.2</u>	<u>(946.3)</u>	<u>1,691.5</u>	

MMLD Cash Account Overview - June 2023

Description	Balance	Custodian	Interest rate	Deposit Institution	Interest Recipient
<p>1 Operating Cash Account - 131000 Used for operation expenses with the exception of capital improvements. Quarterly transfers are made from Operating Account 131000 to Depreciation Account 126000 <i>for 2023, 5% depreciation was budgeted into rates, so a qtrly transfer of \$527,082 (\$42,166,560*.05/4) or \$2,108,328</i></p>	\$6,561,720.21	Town Treasurer	5%	MMDT	Town/MMLD
<p>2 Depreciation Account - 126000 Used for capital improvements</p>	\$9,544,017.24	Town Treasurer	5%	MMDT	MMLD
<p>3 Insurance Escrow Account - 128100 Reserved for insurance claims against MMLD</p>	\$1,009,741.83	Town Treasurer	5%	MMDT	MMLD
<p>4 Rate Stabilization Account - #128500 Reserved for power expense</p>	\$900,000.00	Town Treasurer	4%	Rockland	MMLD
<p>5 NEPEX Reserve Trust Account- 128400 This account is under MMWEC's control; reserved for power expense if necessary</p>	\$520,244.14	MMWEC	various	MMWEC	MMLD
<p>6 OPEB Trust Fund This account is under the control of PRIM (Mass Pension Reserve Investment Management Board). Reserved to fund future payments for retiree health insurance The OPEB liability is shown as a net liability on our books.</p>	\$2,452,642.23	PRIM			
<p>7 New Customer Deposits - Escrow Accounts Deposits paid by customers to MMLD, varies by rate class; residential is \$200.</p>	\$200,000.00	Town Treasurer	12 mo US Treas %	MMDT	Customer
<p>8 Marblehead Contributory Retirement Board Note: The Marblehead Contributory Retirement Board controls all pension funding and the annual appropriation schedule. The pension liability is shown as a net liability on our books</p>		Retirement Board			
