



86 Bridge Street, P.O. Box 20, Baldwinville, MA 01436-0020
TEL: 978-939-5323
FAX: 978-939-4309
John M. Driscoll, *General Manager*

**Light Commissioners' Meeting
June 26, 2018**

Members present were: Chairman Dana Blais
Clerk/Secretary Chris Stewart
Member Gregg Edwards

Employees present were: General Manager John Driscoll
Light Superintendent Thomas Berry
Business Manager Jennifer Belliveau

The meeting was called to order at 6:30 p.m. by Dana.

The agenda was approved on a motion from Chris, seconded by Dana, 3-0 in favor.

The minutes of May 8, 2018 were approved on a motion from Chris, seconded by Dana, 3-0 in favor.

Old Business:

The Board and the GM had another discussion on the feasibility of a battery storage system for Templeton, sized at 1.5-MVA and capable of a 3.1-MWH discharge over a 2-hour window. He had prepared a detailed comparison of the Light Plant's capacity and transmission peak reduction savings, both with and without a battery for demonstrative purposes. Going from January 2017 thru and including May 2018 the Light Plant had recognized a total savings of \$262,593 thanks to voluntary customer load shedding plus the solar array output at Farnsworth Rd. He had determined that under the same loading conditions from January 2018 thru and including May 2018 the Light Plant would have saved an additional \$373,935 due to a 1.5-MVA battery storage installation. Having seen data from the 2.0-MVA battery storage system deployed at Sterling Light the GM felt confident that due to the similarities of Sterling and Templeton that we here would see 50% of our investment paid back within the first 2 years of operation. [Sterling's system cost was \$2,700,000 and they had already enjoyed nearly \$800,000 in avoided costs/savings with MMWEC's help in predicting load peaks for them. But their cost included an express circuit to Sterling's municipal public safety complex down the street, which ours would not due to the spread-out nature of Templeton's municipal offices.]

The GM also included projections from MMWEC on both capacity and transmission rates for the Light Plant within our WCMA Load Zone. The capacity price for FCA-9 (current) was \$9.55 per KW-Mo and this

is the highest that the WCMA zone had ever seen. The price would decrease to \$7.03 per KW-Mo for FCA-10 and again to \$5.30 per KW-Mo for FCA-11. MMWEC felt that this market would settle somewhat at a rate of \$4.60 per KW-Mo on or about June 1, 2021. Capacity savings represented the largest share of the Light Plant's avoided costs for a battery storage system of this size.

The transmission price for FCA-9 was \$9.00 per KW-Mo, and the GM commented that National Grid is very reliable at increasing these costs annually thru the Open Access Transmission Tariff (OATT), also known as Templeton's Regional Network Service (RNS) charges. Transmission savings represented the second largest share of the Light Plant's avoided costs here. Energy arbitrage was a small portion of any avoided costs or even revenues to be recognized due to the collapsed energy commodity market; any savings here would be seen by off-peak charging of the battery system during a stretch of negative LMPs in our zone.

The GM had also updated what would be his last pro forma for such a battery storage system to present to the Board along with some sample documents that they would be seeing if they were to take a vote for the GM to move forward with MMWEC and with NEC on this project. The Light Plant's all-in project costs would get to just south of \$1,900,000 with \$850,000 being financed at 4% for 10 years and \$850,000 being spent from our own depreciation and reserve trust funds. The GM felt that the Board was comfortable at this point with the amount and quality of information that they had at their disposal, and he felt that they had, as of tonight's meeting, enough justification to take a vote one way or the other in August or September. The deadline for getting into MMWEC's pooled financing program for the \$850,000 that we would need was mid-October 2018, and the GM had previously secured a "place in line" for Templeton with this battery project in mind.

The GM updated the Board on the status of our 2017 Light Plant financial audit being done by Melanson-Heath. He anticipated a final draft of our audit to be delivered to him in mid-July 2018, at which point he would distribute hard copies of it to the Board. Melanson-Heath was willing to attend an upcoming commissioners' meeting to explain their audit results to us if we wanted them to. This was included in their not-to-exceed audit cost of \$26,000. The GM expected the 2017 net revenue for the Light Plant to be north of \$400,000 due to (a) further reduced power supply costs and (b) the surplus funds from Seabrook Project 6 delivered from MMWEC to us in August 2017.

The GM had been updated by Chris Pera about his land survey for the TMLWP's older property at #11 3/4 Elm St in Baldwinville. He was finding differing information on boundary lines down there, particularly near the front door areas of some of the local businesses. He is still working on finalizing this job for the Light Plant and we have not been invoiced for his time as of yet.

The Town Administrator had contacted the GM in June 2018 about altering the Light Plant's FY2019 PILOT to the Town somewhat. The Light Plant had voted to donate \$20,000 for the Fire Department to purchase 20 new SCBA tanks. The Town Administrator wanted to know if the Board would have a problem with lowering that \$20,000 to just \$10,000 so that the Town could use the other \$10,000 toward the purchase of a new vehicle for the Fire Chief. This would still keep the total contribution from the Light Plant to the Town at \$82,000. The GM asked the Board if anyone had an objection to this proposal regarding the Fire Department vehicle versus additional SCBA tanks. Seeing none, the GM told the Board that he would get back to the Town Administrator and tell him to go ahead and just order the 10 SCBA tanks for \$10,000 and use the leftover \$10,000 toward the new fire department vehicle.

New Business:

The GM had been approached by George Jones at the Seaman Paper Co, who was also the owner of the Seaman Energy, LLC landfill gas generation station in the City of Gardner, MA. The Light Plant had been purchasing all the output from these two 800 KVA units since 2008 thru a PPA arrangement. [MMWEC had always thought that we would see 4-5 years of output based on their projections relevant to the quantity of landfill gas underground there, but we had gotten nearly 10 years instead.] George had asked the GM if the Light Plant would object to his calling it quits for this landfill gas plant, as the cost of continually replacing heads was beginning to surpass his revenues. The GM has looked over the existing PPA and seen no restrictions over his stoppage, if it was a mutual decision between Seaman Energy, LLC and the Light Plant. The GM said that George's generators had made up 2%-3% of Templeton's wholesale energy mix since 2008 and had a small capacity obligation based on its nameplate rating (about 10%). The GM stated that for 2018, the loss of Seaman Energy, LLC would bring Templeton's carbon-free resources down from 73% to 71%, a surmountable obstacle to overcome in today's market.

George had also asked the GM if he should consider putting any other type of energy resource at his Gardner site, be it diesel, natural gas or solar. The GM had been in contact with MMWEC over the setup of Seaman Energy's distributed generation interconnect being in Gardner, outside of Templeton's electric service territory, and there were really no market advantages for us to be importing power thru the PTF from another city/town. Instead, George would retire all his assets at this location, beginning on August 1, 2018.

Dana had inquired at the May 2018 meeting about the remaining debt on the TMLWP office building bond and what the payoff amount would be. Both the GM and the BM thought that the payoff would be \$300,000 plus some interest payment of \$15,000-\$20,000. This bond was well beyond its call time (FY2013) and Dana was interested in further reducing debt for the Light Plant. The Board had recently voted to pay off a \$993,750 loan for the wind turbine and the Light Plant was a year away from being debt-free for its Seabrook Nuclear Projects. The GM and BM would check with the Town and with the bondholder (bank) and get back to the Board on this.

The GM told the Board about a meeting that he and the BM had with the Town Administrator and Town Accountant over multiple mistakes made recently to our employee's paycheck deductions. There had been issues with health insurance, short-term disability, retirement and deferred compensation deductions over the past few months to the point where our employees were actively lodging complaints against the TMLWP over a situation completely out of our control. Both Carter and Kelli assured the GM and the BM that they had been mortified by these mistakes when they learned of them and a few hours before our meeting Carter had fired the Assistant Town Accountant over this and some other things. The GM and BM both noted that there have been times in the past where problems we were having with the Town would go unresolved for months, yet this time a town employee was terminated directly due to their creating problems for us. This was a complete reversal in the way things had been handled at the town level in the past and was quite refreshing. The GM and BM would both keep a careful eye on our employee payroll deductions in the coming weeks to look for corrections.

The GM announced to the Board that after two months' time MMWEC had secured a new vendor (CET, Center for Eco Technologies) for the residential energy audit services available to our electric customers thru the HELPS program. They were in the process of re-routing the call center to the new audit firm's phone lines so that they begin addressing their backlog of a few hundred residential energy audits.

The LS had been in communication with a company in Germany called MultiGear who was preparing estimates for us to replace both main generator shaft bearings and repair a damaged planetary gear. The Wind Turbine had been out of service till May 2018 due to loud growling noise coming when the unit was spinning and generating. Luckily our downtime had been thru the summer months rather than the winter with less windy days/less lost generation for us. The LS was hoping to get some firm price quotes in July 2018 for them to repair at least the bearings; the gear repair would be more complicated and may or may not require a crane to partially disassemble the wind turbine to extract the gearbox to extract this gear. MultiGear had done an extensive report for us after they had been here to inspect the wind turbine's noise and determine a root cause. The GM felt that the bearing repair would be \$20,000-\$40,000.

MMWEC had organized its first "State House Day" event that would take place on June 27, 2018 (tomorrow). This was concentrated on getting all our legislators involved who have MLPs within their districts to assist us in defeating some of the more problematic House and Senate Bills which have surfaced over the past year (particularly the Pacheco bill). The GM would attend the event and likely meet with Senator Anne Gobi and/or her legislative aide along with the GMs from Ashburnham and Paxton, both communities in her district. He also hoped to connect with Representative Whipps and/or her legislative aide. MMWEC had compiled data for each of its member MLPs to illustrate how far along we were in achieving a predominantly carbon-free wholesale energy portfolio for distribution at tomorrow's event. The GM stated that Senator Gobi had already proved to be a friend of public power by proposing amendments to the Pacheco bill to effectively exempt any MLPs from a mandatory clean energy standard like the IOUs had been subject to.

The GM told the Board that we would be getting an invoice from the Town soon for "our portion" of the Bridge St asphalt project. The Board had voted to include \$16,500 as part of our FY2019 PILOT to the Town for Bridge St, when in fact the Light Plant's share ended up closer to \$30,000. This was due to the Town deciding that they would not cover the road reclamation on Bridge St in front of our office for 400' in either direction. The GM told the Board that at this point, since the Town has taken so long to repair Bridge St, he feels that this repair became our responsibility months ago anyway. He told that Board that this repair is already paying dividends, and that lately nobody comes in to pay their bill without saying how great the road is now.

The issue of the Commissioners' annual salaries was next on the agenda for discussion. In 2001 the Light Commissioners received an annual salary of \$1,000 and when we took over the Water Plant, this \$1,000 was increased to \$1,500. The Commissioners' annual salaries remained at \$1,500 till 2016 when the Commission voted to increase it to \$2,500. At some point between this increase to \$2,500 and tonight the Town changed the way that the deductions were taken out of the commissioners' paychecks. There was now a \$5,000 annual salary minimum for eligibility to participate in the county retirement system, so neither Dana nor Gregg could participate anymore, and were stuck with being placed in an OBRA plan. Both Dana and Gregg thought this was unfair, regardless of whether the Town just went ahead and made this change, OR they were doing so to comply with a regulation that they should have

been abiding by all along. Commissioners at TMLWP were performing a public service for several years with a certain expectation of any benefits to be realized that came along with this service, and now those benefits were being reduced. Gregg made a proposal that the Commission vote to increase their annual salaries from \$2,500 to \$5,100, thereby eliminating any ambiguity that the commissioners here were eligible for participation in the Worcester County Retirement System. At this time a vote took place as follows:

On a motion by Chris, seconded by Gregg, 3-0 in favor the Board voted to increase the annual commissioner for \$2,500 to \$5,100, to be paid \$2,550 from Light Plant and \$2,550 from Water Plant.

Dana - Aye

Gregg - Aye

Chris - Aye

The GM had the following documents to distribute tonight for the Board's review:

- April, May 2018 Power Supply Costs
- May 2018 Wind Generation
- May 2018 KWH Sales & Revenues
- June 2018, July 2018 Retail Electric Rates

Other Business:

There being no other Open Session business to discuss, on a motion by Chris, seconded by Dana, 2-0 in favor, the Light Commissioners' Meeting adjourned at 7:46 p.m.

Respectfully Submitted,



John M. Driscoll
General Manager