

Concord Municipal Light Board
February 12, 2020
Final

Pursuant to a notice duly filed with the Town Clerk, a meeting of the Municipal Light Board was held on Wednesday February 12, 2020, at 7:30AM, at the Light Plant Public Meeting Room. Present were Board Members: Wendy Rovelli, Gordon Brockway, Peggy Briggs and Lynn Salinger. Also in attendance were David Wood, CMLP Director; Laura Scott, CMLP Power Supply and Rates Administrator; Karin Farrow, CMLP Admin; Carole Hilton, CMLP Customer Service Administrator; Matt Cummings, CMLP Financial Manager; Jan Aceti, Energy Conservation Coordinator; Joe Repoff, CMLP Assistant Director; Louise Berliner, Mike Lawson, Pamela Dritt, Brian Foulds, Eugene Chang, Karlen Reed, Jerry Frenkil, David Allen and Gail Hire.

Note definitions for acronyms used in these minutes:

- AMI: Advanced Metering Infrastructure
- CMLP: Concord Municipal Light Plant
- CSR: Customer Service Representative
- EMF: Electromagnetic Frequency
- EV: Electric Vehicle
- KWH: Kilowatt hour
- REC: Renewable Energy Credit
- RFP: Request for Proposal

Meeting handouts: Draft of CMLP Fund Balance Policy, Draft of Request for Proposal for Consulting Services for AMI System Specification and Selection, Flyer for upcoming informational event on Heat Pumps and a Chart of the Historical Forward Capacity Auction Clearing Prices for Northeastern MA.

CALL TO ORDER

Ms. Rovelli called the meeting to order at 7:30AM. Mr. Gordon was identified as Acting Clerk.

FUTURE MEETINGS and MINUTES

March 11, 2020, April 8, 2020, May 13, 2020, June 10, 2020, July 8, 2020, August 12, 2020, September 9, 2020, October 14, 2020, November 18, 2020, December 9, 2020. The December special budget meeting needs to be scheduled.

Minutes reviewed, and with a motion by Mr. Brockway and a second by Ms. Salinger were each conditionally (typos and grammar corrected and a footnote added to December 11 minutes) approved unanimously for the meetings held on September 10, 2019, October 8, 2019, November 13, 2019, December 11, 2019 and January 15, 2020. Minutes for the Hearing Meeting held on October 10 remain outstanding.

DIRECTOR'S REPORT

Mr. Wood reported on the status of ongoing projects:

Tree Trimming Bid: Second bid request was necessary. Project completion pushed back to June/July.

Underground Project List 2020: Cambridge Turnpike; replacing “direct bury” lines with conduits at Bartkus Farm and Wright Farm; conduit work on Thoreau St.; and if time allows, repair to the conduit downtown for the streetlights.

Annual Infrared scans will begin soon to identify potentially problematic “hot spots” indicating potential failures in the overhead system and portions of the underground.

Recruitment

- A CSR representative started on Jan. 21st.
- Telecommunications Director in preplacement check stage.
- Grade 3 Line Worker (Apprentice) – Second interviews completed and now conducting reference checks.
- Network Engineer – First round interviews completed.
- Telecommunication Technician – Second round interviews scheduled.

March Meeting

Town Warrant Articles will need to be reviewed, so the Board can decide if they need to take a position on any articles, and to determine what the positions may be.

Heat Pump Informational Event

Informational meetings on air source and ground source heat pumps are scheduled on Feb. 29 in West Concord and on March 4 in Wayland.

CMLP is ahead of the Strategic Plan forecast for heat pump installations in 2019 (forecast 46 – actual 52 installations). Forecast for 2020 is 68 units.

Multi-dwelling EV Charging Stations

CMLP received six applications for the multi-dwelling pilot program. Representative of three different parking scenarios, Concord MEWS, Concord River Walk, and Center Village Condominiums were chosen. Plan is complete; the engineering design work is due within the next couple of months. Cost estimates for both single use and shared use options, along with instructions on applying for funding assistance, will be presented along with the engineering design. The hope is that installations will be completed this year.

November 2020 EV Ride and Drive Event

Great event - it was well attended. There were 130 test drives.

2020 Budget Presentation

For clarification purposes, the only updates to the budget book presented at the last meeting were pages containing graphs of the data from the budget.

Mr. Brockway made a motion to approve the 1/31/2020 version of the Budget Proposal; Ms. Salinger seconded it and with a unanimous vote, the 2020 CMLP budget was approved.

Cost of Service and Rate Design Study 2020-2025

The Study is at the Revenue Requirements stage. Project timeline was bumped back, with presentation to Board delayed until April or May. Flat demand is being used for forecasting. The energy demand increase from the growth of EV use is largely offset by the decrease in demand from the increase of the use of solar. The role of depreciation in the calculation of revenue need was discussed. Concern was expressed that depreciation being based on a percentage of revenue (currently 3%), not on a depreciation schedule based on asset life and cost would not properly capture replacement costs. To address this, the Consultant will also be analyzing depreciation from a cash perspective. The Consultants are looking for information on the Board's goal for percent renewable for the period of the Design Study (2020-2025). While we have information on the renewal portfolio, the board needs to further discuss the strategy for achieving the targeted 100% carbon free electricity source target for 2030. This includes further defining the targeted funding and purchase of RECs.

Renewable Energy Credit Strategy

In the last couple of years, the cost of RECs has increased from \$0.0085 to \$0.04 per kWh. Current collection of funding (\$.01 of the Energy Charge to customers is dedicated to purchase of RECs) has not kept pace. The board discussed the benefit of waiting until the cost-of-service study is completed before making any rate change or resuming the surcharge schedule outlined in the Memorandum from Christopher Roy dated June 21, 2017 and adopted by the Board as REC policy on 07/12/2017. The Board will hold a Hearing at the next Board Meeting to decide on implementing a rate change to cover REC costs in concert with the above-noted Memorandum prior to any possible changes prompted by the Cost of Service and Rate Design Study.

Forward Capacity Auction

In the last 14 years, forward capacity prices (\$/kilowatt-month) have gone from a high of almost \$16.00 per kW-month in 2017/18 to the most recent auction price, a low of \$2 per kW-month for 2023/24.

Fund Balance Policy

The current draft of the Fund Balance Policy reflects changes as discussed at the Sept 2019 Board Meeting.

Of note – The wording for Depreciation Fund account balance was changed to a \$1-6 million range. It was agreed that the Emergency Repair Fund balance would stay in the \$1-1.5 million range with no additional funding added. This fund allows for immediate cash availability in the event of a catastrophic event.

The Debt service Fund had no notable changes.

The Power Supply Reserve is a liability not a fund. It is the collection from customers of the cost of 2-3 months of power supply.

The Rate Stabilization Fund has been removed from the policy, as it is uniquely designed for the purpose of stabilizing rates and its funds will be depleted as planned this year. Its original creation was targeted to help offset the impact of an anticipated spike in capacity expense and was Board approved.

REC Fund description to be changed from current draft version to more accurately reflect that the funds may generally be used for REC purpose as well as for renewable energy procurement.

Underground Fund is restricted solely to relocations of overhead power line to underground.

Operations Fund (an unrestricted Fund): The fund balance parameters (17%-30% of total expenses) will be revised to “2 to 3 months of total operating expenses”.

To allow time for changes discussed to be reflected in the proposed policy, the Board will wait to vote until the March 2020 meeting. Upon Board approval, policy is to be posted on the Town website.

AMI Consultant

A draft version of the RFP for the AMI Consultant was distributed. CMLP is looking for feedback on the RFP from the Board. Comments requested back not later than Feb. 20. Citizen input on the RFP draft will also be accepted.

Action Item Review

The board reviewed the status of action items identified from prior meetings, which included:

Update on Cost of Service Study – addressed earlier in the meeting.

Fund Balance Policy –addressed today and will be voted on formally at the next meeting.

Formal agreement regarding payback of CMLP funding to Broadband – still in process.

Background on Emergency Repairs Fund including when used, how much used etc. – Partially addressed.

Current Legislation – Mr. Wood to look into current status of Legislative Bills and report back to the Board. Board members agreed that going forward, that when taking a position on pending Legislation the position should be drafted in in written format to the Town Board of Selectman, who in turn will formalize feedback to our representatives.

RFP for AMI Consultant – In progress.

Public Outreach on fee change at the EV charging stations – Outreach calendar not complete due to resource limitations and rates have not yet been implemented.

Baseline EMF cost share request from the community – previously addressed, as it does not comply with CMLP spending restrictions. Mr. Chang offered to help draft a RFP around the EMF testing.

A discussion on the current Low-Income Assistance Credit rate and associated 600 kWh cap will be added to the Agenda for next Board Meeting.

Liaison & Public comments

Mr. Allen suggested that the board be clear on the objectives behind the purchase of REC. He reminds the Board that carbon reduction is the prevailing objective and avoidance of “rate shock” secondary.

Ms. Hire complimented Concord Broadband on its responsiveness to outages. She asked how much energy is used for the current infrastructure and how that might change under the proposed changes.

She also expressed a concern regarding loss of privacy, quality of life with the use of Smart Meters.

Mr. Chang asked where the plans existed related to the policies and goals discussed earlier in the meeting and he was directed to the Appendices of the Strategic Plan already available on the Town

website. He suggested it would be helpful to include cross reference to Article 51 and provide related updates

Ms. Dritt pointed out and additional correction to the Draft Fund Balance Policy and it was agreed that “natural gas” would be removed from the REC Fund description.

Ms. Briggs moved to adjourn the meeting. Mr. Brockway seconded and with a unanimous vote, the meeting was adjourned at 9:35.

Respectfully submitted,
Gordon Brockway, Acting Clerk