

Wakefield Municipal Gas and Light Department - Strategic Planning Meeting Executive Summary

On April 3, 2019 the Wakefield Municipal Gas and Light Department (WMGLD) Board of Commissioners held a Strategic Planning Meeting. The goal of this meeting was to begin the process of planning for future energy initiatives, and to help WMGLD and the Town of Wakefield adapt to changes in customer preferences, environmental goals and the future utility business model. This meeting was attended by WMGLD Commissioners, staff, Wakefield Town Administrator, members of Wakefield Town Council, and was open to the general public. WMGLD hired Optimal Energy to facilitate this meeting and provide relevant industry context to Wakefield's strategic planning efforts. During the strategic planning meeting, attendees discussed several challenges and opportunities that have the potential to alter WMGLD's current business model. These issues can generally be categorized as follows:

1. Load Growth – additional sales from new construction in Wakefield, and from the electrification of processes like heating and transportation (EVs, heat pumps, etc.)
2. Load Loss – reduced sales due to customers leaving Wakefield, energy conservation, and customer-sited generating resources (solar and/or battery storage)
3. Changes to rate structures – adjusted revenue collection from increased conservation fees, decoupling revenue growth from increased energy sales, time varying rates, etc.

Based on feedback provided during the April 3rd meeting, the Optimal Team developed Table 1 (see page 3) highlighting the primary components of WMGLD's mission. Components of WMGLD's mission generally align with existing Performance Goals for 2019, but the intention of the Strategic Planning Meeting was to also consider long-term priorities and risks.¹ The table represents both ways in which WMGLD and the Town are currently meeting these objectives, as well as potential strategies for the future.

Moving forward, WMGLD will continue to develop a long-term strategic plan for achieving all stated goals. Understanding changes in customer preferences, new environmental rules at the state and federal levels, disruptive technologies like customer-sited resources, and the future of gas utilities in a potentially carbon constrained world all require in-depth technical and financial analysis. The future of WMGLD's business model will depend on a complex matrix of potential scenarios, all of which should be considered.

In the near term, WMGLD staff should work with the Board to continue discussing and specifying short and long-term goals. Items related to strategic planning should be regularly including as agenda items at Board meetings. An important aspect of goal-setting will be determining effective ways to measure stated goals. WMGLD's 2019 Performance Goals include

¹ Goals for 2019 were taken from WMGLD's 2019 Performance Goals and Evaluations document, provided by WMGLD General Manager, Peter Dion

an entire section on data development and good data will be a crucial ingredient in any strategic planning exercise.

For longer-term planning, WMGLD will need to prioritize key goals and initiatives and should develop a consistent framework to assess options. Understanding how each action may impact costs/rates under different potential future scenarios will help WMGLD determine which initiatives to pursue. Examples of how various initiatives have been implemented by other utilities can also provide useful insight into which strategies can most effectively achieve stated goals.

The Optimal team previously developed a tool to help Concord Municipal Light Plant (CMLP) prioritize their efforts and a decision matrix that highlights characteristics and outcomes for various high-priority initiatives. Optimal then drafted a final report containing recommendations for which initiatives to prioritize, the rationale for selection, and implementation strategy considering staffing, budgets, timing, and sequencing. At the direction of WMGLD, and through interviews and coordination with staff at the utility, Optimal Energy would be pleased provide similar services to help Wakefield continue their strategic planning efforts.

Table 1. Components of WMGLD's Mission

Mission	Current Status	Future Considerations
Reliability and safety	<ul style="list-style-type: none"> • <i>2019 Goals: minimize outage frequency and duration, reduce accidents</i> • High ratings in customer survey • Capacity to Grow • Critical Customers 	<ul style="list-style-type: none"> • Increase cybersecurity • Improve Infrastructure • Consider the future of gas • Manage risk from dependence on renewables • Manage impact of EVs
Customer Service	<ul style="list-style-type: none"> • <i>2019 Goals: more customer education, facilitate solar, promote expanded efficiency offerings</i> • High ratings in customer survey • Have program in schools 	<ul style="list-style-type: none"> • Access to efficiency programs received lowest rating on customer survey • More education and funding needed to promote energy efficiency and other initiatives
Costs/Rates	<ul style="list-style-type: none"> • <i>2019 Goals: manage costs budget vs actual, develop 3yr capital plan</i> • Currently provide highest reliability at lowest cost (fair) • Customers unwilling to pay more 	<ul style="list-style-type: none"> • May need more education/outreach for customers to be willing to pay more • "One wallet" (all energy expenses for car and home part of a single energy budget) • Understanding bills vs rates
Environmental Sustainability	<ul style="list-style-type: none"> • <i>2019 Goals: gather data to track GHG emissions, and performance of existing conservation programs</i> • Newly formed Town Sustainability Committee • Downtown development • Public transportation 	<ul style="list-style-type: none"> • Become a Designated Green Community • Enact stretch energy codes • Zoning changes • Consider what initiatives make sense in given timeframes • Increase energy efficiency fee (currently \$0.30/bill)
Regulatory Compliance	<ul style="list-style-type: none"> • <i>2019 Goals: no stated goals</i> • No deficiencies in current compliance 	<ul style="list-style-type: none"> • New safety regulations • New environmental regulations impacting municipal utilities