



WMGLD
P.O. BOX 190 480 North Ave.
Wakefield, MA 01880
Tel. (781) 246-6363 Fax (781) 246-0419

Peter D. Dion, General Manager

Philip Courcy, Chair
Thomas Boettcher, Secretary
Kenneth J. Chase, Jr.
Jennifer Kallay
John J. Warchol

**WAKEFIELD MUNICIPAL GAS & LIGHT DEPARTMENT
BOARD OF GAS & LIGHT COMMISSIONERS MEETING**

February 3, 2021

MINUTES

IN ATTENDANCE:

Commrs. Phil Courcy, Chairman
Thomas Boettcher, Secretary
Jennifer Kallay
John J. Warchol

Peter Dion, General Manager, WMGLD

Mark Cousins, Financial Manager
Dave Polson, Engineering and Operations Manager
James Brown, Gas Superintendent
Raven Fournier, System Engineer
Joe Collins, WMGLD Contractor
Sylvia Vaccaro, Office Manager

Julie Smith-Galvin, Town Liaison

Members of the Public

Elton Prifti	18 Partridge Ln.
Anu Gerweck	17 Robert St
Robert Vogtli	157 Parker Rd.

PLACE: ZOOM MEETING

CALL TO ORDER:

Commr. Courcy called the meeting to order at 6:30 P.M. and informed the Board the meeting is being recorded.

Chair Remarks: No remarks.

Commissioner Remarks: No remarks.

Public Remarks:

Anu Gerweck expressed that she is interested in learning about what progress has been made in sourcing fuel in an environmentally responsible way.

Robert Vogtli commented that like Anu he is keen to hear the latest progress on our future plans to source energy.

Town Council Comments:

Julie Smith- Galvin noted that there will be a meeting tomorrow concerning the Green Communities Act. They will be submitting the application in the Fall. Pete will be involved in providing some base line information. She expressed her thanks in taking up the topic of the Peabody power plant tonight and looks forward to that discussion.

Secretary's Report

Approval of minutes from the January 6, 2021 meeting was before the Board for approval. There were no comments or corrections.

A motion was made by Commr. Boettcher to approve the January 6, 2021 Board minutes as presented and seconded by Commr. Courcy

Roll Call Vote:	Commr. Boettcher	Aye
	Commr. Courcy	Aye
	Commr. Kallay	Aye
	Commr. Warchol	Aye

The motion was approved unanimously.

Old Business:

Project Updates

Presentation of System Overview & New Salem Street Gas Regulator

Jim Brown, Gas Superintendent and Raven Fournier, System Engineer provided the Board with an overview of the Gas System and the New Salem Regulator Station upgrade.

Mains

Jim stated that currently 75% of the gas mains are plastic. We are in the process of replacing the cast iron mains with a completion date of 2022. Our goal is to reach 100% plastic in 8-10 years. He noted that gas leaks are the top priority. WMGLD hires a contractor that lays the dead main each Spring and then, the WMGLD crews go back and liven the main over the course of the year. The DPU approves of this process not only because we are able to replace mains at a faster rate, but the safety factor of having our own crews liven the lines. Throughout this process we are updating our GIS records. He also stated that we continue to work closely with the DPW on their paving priorities.

Services & Meters

Jim noted we have similar goals to become 100% plastic in this area. We are moving all meters outside which will provide for greater safety. We are also installing meter bars that allow us to bypass the meter, so we do not have to inconvenience the customer when performing meter changes. Pete stated that even with COVID restraints we were able to move 111 meters outside this past year. Commr. Boettcher inquired how these move outs were being prioritized. Jim stated that they are being performed along with the dead mains and leaks upgrade work, new services, or if a customer calls in with a concern. He also noted that we are required to survey a third of our system a year, so any issues in that survey are prioritized and added to the list. Commr. Boettcher also asked if the DPU was pushing us to move faster to get this work completed. Jim noted that the DPU is pleased we are being proactive and with the number of move outs that have already been completed. Commr. Kallay asked when all meters will be moved outside. Jim noted that this project should be completed in 10 years.

Leaks

The number of gas leaks have been improving. The number of Class 2 leaks have been reduced from 47 to 4 over the past 3 years. Of these leaks, 3 are on systems we are currently working, so the number will be down to 1 shortly. This will enable us to focus on the Class 3 leaks with the highest environmental impact. Three of these leaks are on systems we are currently working, so this number will be reduced further.

New Salem Street Regulator Station Replacement

Raven stated there were a few reasons this station was chosen to be replaced first. The first being its physical location. It was situated adjacent to a construction company, the Mill River, and the road.

She noted that the outdated underground sensor lines were replaced with the new industry best practice of being above ground and inside the new structure. To be proactive and ahead of potential requirements, it was built to accommodate relief valves. She stated that all the stations will be designed in the same manner to reduce the need for multiple procedures. Commr. Courcy asked for a brief description of a gas regulator. Raven noted that it is basically like an electrical transformer only for gas. The inlet takes higher pressure gas that comes in at 60 lbs. and reduces it to a lower pressure going out at maximum of 15 inches water column. A new SCADA box was installed next to the station. This will send low/high pressure alarms to the substation to monitor the pressures 24/7. The GIS system was also updated, which will provide accurate records for GIS mapping. The new station was put in service earlier, and the old station will be decommissioned in the coming weeks. Commr. Kallay inquired as to how many stations there are. Jim stated we have 6 stations with 2 more that need to be replaced. Lowell Street will be replaced next year followed by Farm Street the following year.

Project 2015 A

Pete Dion stated there were some questions concerning 2015A. There has been a handful of key issues raised since last meeting. It is important that we share accurate information. There has been some hearsay and inaccurate information. The project was approved in 2015 in a public meeting. There is a portion of it that has to be discussed in Executive session because of the market sensitivity of financial data. In 2017 when we were ready to fully subscribe and bid the proposed unit into the forward capacity market, the Board met again and took a ratification vote and voted to bid into the forward capacity market. General Counsel was asked to review the process that was used. There are two reasons this process was used. The first is that the ISO market rules require that you do not disclose financial information that could inhibit the freedom of the market or negatively impact any market participant. The first step is to bid into the forward capacity market. This information cannot be shared publicly until we actually bid into the market. Following the Forward Capacity auction in 2018, information was publicly shared on the number we bid into the forward capacity market and the number we cleared at in 2018. The idea that this was done surreptitiously is not correct. In reviewing the agendas and minutes for this time period it was found that it was discussed in two public meetings in 2015 and in four other meetings since, for a total of 6 public meetings. It is important to note that the other participants had to abide by the same process and that the Open Meeting Laws were followed.

WMGLD General Council reviewed the process and agreed that the process that was used was what we were supposed to do and required to do. This

project was not kept secret or hidden in any way. There are certain aspects that have to be kept confidential and that is why those were discussed in Executive session. Julie Smith-Galvin wanted to clarify that WMGLD has been transparent compared to other utilities and MMWEC. She mentioned that MMWEC does not have any information about this on their website and Peabody does not post their meeting minutes. Pete stated that he assumed that they followed what processes they needed to follow.

Pete mentioned the second issue that was raised is that this is going to be an oil resource. It is not. It is going to be a natural gas resource more than 85% of the time. If we continue towards Roadmap 2030 & 2050 goals and are successful, we will be moving more heating load in buildings over the next 10 years to electric load and the natural gas constraints in the region should drop, allowing the unit to potentially run on natural gas 12 months of the year instead of 10 months before 2030.

It is a natural gas plant not oil fired. We have historical data that illustrates this will run about 85 percent of time on natural gas. It will only run on oil in the peak winter months, if we have to run at all. The reason these plants are being built with oil back up is when you bid into the forward capacity market you have to be able to provide that capacity year-round otherwise there are significant financial penalties. This is a capacity resource not an energy resource. It is only going to run if the Grid needs it to run for capacity reasons. We are not bidding this into the market as a merchant base load plant. It was designed to run as a peaking plant. If we continue down the path to meet our 2030 goals, then the capacity constraints in the winter months will be mitigated and the project should be able to run on natural gas year-round. Historical data shows that on average these units run 85% of the time in the summer when gas prices are significantly lower.

Commr. Kallay wanted to clarify if the unit could run on any non-fossil fuel. Pete stated that the technology is not there yet, but after having a discussion with the vendor they noted that it would definitely be a possibility to convert to another fuel in the future.

Pete stated the third major issue is the value of the plant in terms of its role in the marketplace and its role to WMGLD. In 2015, municipal electric departments and MMWEC foresaw what was happening in the marketplace and decided that a unit like this could be a significant benefit. In the last 13 years, the Board has approved a half dozen major projects, which were tied to removing our carbon emitting resources. You need to have capacity backup for these renewables projects. Unfortunately, you cannot tell the sun to shine and the wind to blow. It is not a resource that you can just push a button to start, but load is load, so these peaking generators that you can just push a button to start are desperately needed to back up all the renewable growth. As one the originators of Berkshire Wind I and expanded Berkshire Wind II three years ago. We also have long-term contracts with Hancock Wind and Eagle Creek Hydro. Last year we voted to participate in Project 2020A, which is a large solar project out at MMWEC's campus in Ludlow, Massachusetts. Those are significant resources we are investing in

over the next 25-30 years. These resources have very little capacity value assigned to them because they are intermittent resources. To continue to invest in these renewables we need to have capacity to back these up per our capacity obligation to the ISO. The more capacity you leave open to the GRID the more susceptible you are to the price fluctuations in that market. Two years ago, we liquidated our participation in an old oil-fired unit (Wyman) in Maine. We exited the contract as it was old and not being dispatched that often. It had been designed to be more of a base load plant. It will be shut down over the next few years. This represented 2.7 megawatts of capacity, so Project 2015A will be used to offset this.

There was a question raised about the cost of carbon which is shared in the Board book. This is calculated into the bid price when the unit is bid into the market on a daily basis. Currently it is .18 cents per kilowatt hour. There is a RGGI and Mass 310 CMR7.74 component to this. In the current Climate bill that is on the governor's desk, there are no additional costs to carbon. If that were to happen over next 10 years, it would not have a financial impact on this plant. If it were to run it would bid that all-inclusive price into it and if it is dispatched it is needed and not as a merchant plant driving up the cost in the marketplace. It will be covered by the market if it is dispatched and it is only going to be dispatched if needed.

Julie Smith Galvin asked if there is any need for pipeline expansion to operate. Pete explained that there is some investment in increasing the size of the pipe near the site and also a small compressor station being added to increase pressure to eliminate further investment in gas infrastructure. It is a very cost-effective approach to the gas investment.

Commr. Kallay inquired as to what happens if the plant is not dispatched. Would there be stranded costs and who would be responsible for those. Pete explained that we are receiving a capacity payment for the unit and capacity credit. We only bid and dispatch if needed. We would recover our costs if we are asked to run. It layers in all the resources needed on a given day based on the ISO forecast. Energy costs are a pass thru. It will never run when not needed. We are not bidding into the market just to run.

Pete stated that the final big piece is that 2015A works closely with the Climate plan for 2030 & 2050. It cites the need for units like this. We are moving from base load type of units over time to more larger scale renewable projects so those investments will take up a large portion of the base portfolio of the region, increasing the need for quick starting resources. Thereby, making this new more efficient plant more valuable. If you look at the market in California, this is what is needed.

Elton Prifti asked if WMGLD has plans to explore energy storage options to address future peak energy shaving needs. Pete explained that we were one of the first in the state to install a battery system. The installation of the 3-megawatt battery was made possible from a grant obtained from the DOER (Department of Energy Resources). We will be clearing space at the Wakefield Ave substation, so we could install a battery if it becomes feasible

to do so. However, at the moment the economics are not there. One thing to remember is that battery technology requires a significant footprint. To replace the capacity value of 2015A plant you would need 40 3-megawatt batteries to obtain 3 hours of capacity.

Anu Gerweck inquired if the vendor will assure that we will be able to switch from fossil fuel to a renewable source when designing this plant. Pete said the plant is already designed and mostly procured, but in a meeting with the steering committee earlier in the day, Commr. Kallay asked if it could be converted to hydrogen, if that technology advances and the vendor stated that it is a possibility.

Julie Smith Galvin asked how many megawatts we are buying and who are the other participants in this project. Pete was not certain of all the participants involved, but that WMGLD has a 9% share of the project, which equals 5 megawatts. Pete said that Peabody has the largest share. Chicopee and Holyoke have a larger share than WMGLD. He did not have a list of the others and their shares. She inquired if that much is needed by WMGLD. Pete stated that more than 5 megawatts of non-capacity resources are in the projects that have been approved over the last 13 years. He noted that we need to have over 50 megawatts of capacity and being on the open market for that amount of capacity is a huge risk. He noted the price of capacity is volatile. The forward trend is that capacity is going to become more valuable because the resources we are going to rely on are non-dispatchable so you still will need to push the button when the load increases. This project has a net present value of a positive number in the tens of millions. This will account for about 10 percent of our capacity requirement.

Commr. Kallay mentioned that Stoneybrook intermediate peaking is another capacity resource. She noted in the Board packet on page 66 it refers to Road Map 2030 & 2050, where it cites that existing intermediate plants may be used on a peaking basis. She asked if the Stoneybrook & the Peabody plant would be competing against each other, or how would they be used over time and as the market and resources shifts. Pete explained that it is all based on heat rate and efficiency and what they can bid into the market as. No peaking plant gets used unless needed. Our layered strategy is going to become more valuable as we increase our reliance on renewables.

Commr. Courcy added that prior to his retirement from National Grid, he had retired 40 megawatts of diesel emergency generators that were considered capacity resources, most being in larger combustion turbines. Most emergency backup generation and capacity resources have been converted to natural gas.

Julie Smith-Galvin inquired as to how the natural gas peakers we have in town play a role in this. Pete stated that they play a key role on our projected peak days. We utilize the battery and natural gas generators to keep our base capacity requirement down. Commr. Boettcher asked if our capacity requirement was still on a rolling 3-year period. Pete said it was and that our capacity requirement used to be in the 60's and is now down to

55. The battery and the generators have had a significant impact on our capacity requirement. Pete also noted that Project 2015A compliments our investments.

Commr. Kallay inquired about the updated forward capacity market forecast. She noted that this may not be the lowest cost option, but we know the potential price we may get for this resource assures us we will not be raising rates one year and reducing rates the next. She wanted to confirm that this strategy is really about rate stability and there would be more fluctuations if we were to choose to leave this project or remain in the open market. She noted that the long-term is uncertain as to what resources will be in the market and what fuel source, we may be using for natural gas plants. She also wanted to confirm that if in the long-term we do not see an economic benefit from this we will still be okay because we will still be realizing rate stability. Pete confirmed that this is correct. He also stated this is 2015A and it is now 2021. These projects take a long period of time to come to fruition. If the outer portions of the graph are true or worse, you cannot react quickly with a unit like this. He continued to say that this is a piece of our portfolio. He mentioned that Berkshire Wind is not the least cost resource in our portfolio. You have to look at it in terms of the entire portfolio. We need to lock in about 85 % of our capacity requirement and have 15% balance remaining open to the market to help balance the cost.

Commr. Kallay posed the hypothetical question of if we saw dramatically different economics this year are, we at a point where all the participants could change their mind. Pete stated there is already an EPC contract and we are already committed for 19 million dollars. We have paid almost 1 million dollars to date. You would be asking the participants to write-off 20 million dollars and we do not believe anyone is going to be willing to do this.

Julie Smith-Galvin asked Pete if he knew the status of all the permitting. Pete said there are various pieces of permitting. Julie said that there is still some permitting needed to be done at the DPU and in Peabody. She stated her concern is there are a lot of Peabody residents that are not aware of this project. She is concerned that Wakefield is associated with a project built near an environmental justice area. She noted there are many ways to skin the capacity cat. Pete said it is not fair to say there are many other ways to skin the capacity cat. The renewables that we are investing in now and will be in the next 15 years have very little capacity allocation to them and this project is a piece of the pie that enables us to invest in these renewables. Julie Smith-Galvin asked how much has been spent on this project and what it is for. Pete said he shared what he can publicly in the Board book, anything else would have to be in Executive session.

Commr. Kallay commented that she wanted to be sure that this will not take away from our ability to invest in customer side resources. Such as batteries at customer sites or electric vehicle to Grid that could have capacity value if aggregated and allowed into the market over time.

Pete said he was glad he could share some of the information on this project. There are still some financials, proformas and contracts that still have to remain confidential.

Julie-Smith-Galvin stated that she really appreciates this conversation and openness. She does not like the outcome but appreciates the dialogue. Pete stated that you may want to look at an individual project, but if you look at a scoreboard for Wakefield you will see that we have not raised our base rates in 13 years and the fuel charge is lower than 3 years ago. He noted that customers in Wakefield are paying less than they were 3 years ago. Julie said a lot of the capacity issues is how the market is structured. She noted that a lot of the capacity need is hardly ever used which favors having a lot of the fossils in there. Pete mentioned that you also do not want to be California where you need to shut people off on the peak days. He also stated that the ISO has a reliability component. It is a requirement that we have to keep the lights on. Julie stated that statewide everyone is struggling with that. ISO has their requirement and the State has their clean energy and somehow, we have to figure out how it all works together.

2020 Energy Efficiency Programs

Pete stated that WMGLD spent \$64,000.00 of the \$85,000.00 budget in 2020. This was affected by COVID. He noted that he is recommending holding the budget at \$85,000.00. We are not recommending changing the conservation charge at this time. Commr. Kallay asked if we can roll over the \$20,000.00. Mark Cousins stated that we can bring it forward. Pete noted that we will continue to monitor this budget closely. Commr. Boettcher thanked Pete for all the data. He noticed that Connected Homes had integrated Nest and Honeywell thermostats into their program and inquired if we will solicit those customers with Nest and Honeywell thermostats to participate in the Connected Homes program. Pete said we will continue to do that as well as promoting the Sense products.

Pete mentioned that he had a request to incorporate a heating consultant into our energy efficiency program. He noted that WMGLD has signed on with Abode, which is based out of Reading. They currently work with 7 other municipals. They will perform a pre-consultation, evaluation of proposal and cross check designs for customers. They will fill the role as coach and post audit analyst for us. It is important that the heat pump is designed properly and goes into an efficient building. Pete stated that we are in the process of executing the contract. Commr. Kallay commented that this is great news. She asked how we will be getting this information out to the public. Pete replied that we will have seminars this year for residents and contractors. Pete also mentioned that Abode has committed to 3 public and/or contractor informational seminars this this year.

Commr. Kallay asked Joe Collins to speak on the accuracy of the savings data on the heat pumps and if there are any key issues, we need to be aware of as we review this. Joe said because heat pumps are a new rebate

and people are not necessarily replacing old heat pumps it may be hard to determine, but he is looking at the meter data to see if the gas consumption has gone down and electric usage has increased for these customers. He stated he is confident that the data on the other rebates is accurate.

Commr. Boettcher inquired if there was an update on the load management portion of Sense. Pete stated that we are working on a more uniformed way to present requested dashboards. There will be a new customer portal, which will also allow us to customize and pull data automatically into dashboards. Commr. Kallay asked how many customers took advantage of the connected Homes and Sense products. Pete stated that there was a total of 10 customers. Commr. Boettcher stated that he had a request not of WMGLD, but of MMWEC to provide the data around how many devices are enrolled, how many of those customers with Sense products participated in the peaks, how many qualified for the monthly credits, and what was the energy savings. Pete stated that we will work on this in the enhanced dashboard.

New Business

2020 Goals and Objectives-Year end results

General Manager, Pete Dion reviewed the 2020 Goals and Objectives with the Board. He noted that we remained task focused throughout the year to accomplish these goals and deliver what we committed to while keeping everyone safe during the COVID environment.

Executive Session

A motion to enter executive session at 8:31 PM to discuss General Manager, Peter Dion's evaluation, returning to open session at its conclusion to report on the vote and for adjournment was made by Commr. Courcy and seconded by Commr. Boettcher.

Roll Call Vote:	Commr. Boettcher	Aye
	Commr. Courcy	Aye
	Commr. Kallay	Aye
	Commr. Warchol	Aye

The motion was approved unanimously.

The Board of Commissioners reviewed and discussed the General Manager's 2020 Performance Goals and Objectives.

The Board returned to open session at 9:01pm. Commr. Courcy noted the following areas General Manager, Pete Dion was evaluated on and the corresponding rating that he received:

Safety	20%
Operational	20%
Customer Service & Website	19.5%
Financial	20 %
Leadership	<u>19.5%</u>
Total	99.0%

The Board decide that in light of operating during the COVID environment they would give a bonus point of 1.0% to his total rating, bringing it up to 100.00%. Commr. Courcy commented that the department had an awesome year accomplishing these achievements during the COVID environment. Commr. Boettcher extended his thanks and gratitude to Pete for achieving these goals and in some instances having gone beyond. Commr. Kallay noted that this was a stellar year and Pete hit it out of the park during what was an impossible year. Commr. Warchol stated it was a great job all around.

A motion was made by Commr. Warchol and seconded by Commr. Courcy to increase the General Manager's base salary by 2.5% and the associated bonus and contribution to retirement that go along with that rating.

Roll Call Vote: Commr. Boettcher Aye
 Commr. Courcy Aye
 Commr. Kallay Aye
 Commr. Warchol Aye

The motion was approved unanimously.

A motion to adjourn was made at 9:09 pm by Commr. Warchol and seconded by Commr. Courcy.

Roll Call Vote: Commr. Boettcher Aye
 Commr. Courcy Aye
 Commr. Kallay Aye
 Commr. Warchol Aye

The motion was approved unanimously.