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Peter D. Dion, General Manager

Thomas Boettcher , Chair
Elton Prifti, Secretary
Philip Courcy
Jennifer Kallay
John J. Warchol

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

May 5, 2021

MINUTES

IN ATTENDANCE: Commrs. Thomas Boettcher, Chairman
Elton Prifti, Secretary
Phil Courcy
Jennifer Kallay
John J. Warchol

Peter Dion, General Manager, WMGLD

Mark Cousins, Financial Manager
Dave Polson, Engineering and Operations Manager
Sylvia Vaccaro, Office Manager

Julie Smith- Galvin, Town Liaison

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:

Commr. Courcy congratulated Commr. Kallay on her reelection and welcomed Commr. Prifti as a new Board member.

Commissioner Remarks:

Commr. Kallay inquired when the Board would resume in person meetings. Pete Dion stated that his recommendation is to continue with Zoom meetings for the next two meetings and decide in August if the September meeting will be in person. This will allow the public more time to be vaccinated.

Commr. Boettcher inquired if we were to come back in person, can we require the public to be on Zoom or if we are in person, must it be open to the public to due to the open meeting laws. Pete said he can discuss this issue with legal and report back to the Board.

Commr. Kallay asked if everyone feels comfortable coming back to in person meetings in September. Commr. Courcy and Commr. Boettcher said they would feel comfortable. Pete said that this question can be asked again at the July meeting. Commr. Warchol stated that there should be guidance coming out at the State level about resuming in person meetings and that if we are all vaccinated, we should think about getting back in person as soon as possible.

Town Council Liaison Comments:

Julie noted that on May 24, 2021, Commr. Boettcher will provide Town Council with an update on WMGLD's solar and EV programs. She said that the Town Council is restructuring and assigning new liaisons, so there should be a new liaison to this board by the next Board meeting. She stated that the Governor's orders allowing Zoom meetings is still in effect. She thinks it is likely when Town Council returns to in person sessions the public will still be remote.

Commr. Boettcher advised that there was a request by a member of the public regarding the EV end of year online summary. Commr. Boettcher said the request was to have each individual charging station's revenue and the electric billing to the Town reported separately. Dave Polson noted that this individual information is reported on monthly, however the end of year report is a summarization of how the Town is doing collectively. Dave noted that he will incorporate each station's individual stats in the next report.

Secretary's Report

Approval of minutes from the April 7, 2021 meeting was before the Board for approval. Commr. Boettcher's edits were already incorporated in the minutes in the Board book. Commr. Kallay had two minor edits.

A motion was made by Commr. Courcy to approve the April 7, 2021 Board minutes as presented and seconded by Commr. Boettcher.

Roll Call Vote: Commr. Boettcher Aye
 Commr. Courcy Aye
 Commr. Kallay Aye
 Commr. Prifti Abstaining
 Commr. Warchol Aye
 The motion was approved unanimously 4-0.

Old Business:

Project Updates

National Grid

Pete commented that the Gas department has shifted its priorities temporarily as the gas main contractors are out of town and to allow the Town and National Grid work to proceed. The Police department is very busy in the month of May with police details and training, so we will not be working on Lowell or Vernon Streets at this time but focusing on less travelled streets such as Grafton that will require fewer police details.

He also noted that the Electric department has shifted its priorities from working on the 4kv conversion out of Wakefield Ave. substation to focusing on replacing cable on circuit 4 from Albion St. to Wakefield Ave. There was a failure on that old cable last year and another failure this year, so we are replacing that feeder section. There are 2-3 sections left to replace. Dave Polson noted a small section from North Ave. up to the church will also be replaced making all of circuit 4 upgraded. This project is estimated to be completed in June.

Pete stated that monthly meetings are held with United Civil, DPW, WPD, and WMGLD to prioritize police details, so that Joe Anderson, with the police department can plan and secure police details for all the work. Commr. Kallay inquired as to the end date for all the work that needs to be completed. United Civil's goal is to have all the street digging done by the end of this year as long as the Town does not keep pushing it down the road. Paving will not be done probably for another 1 1/2-2 years. It was decided that the Town will do the paving in exchange for money instead of National Grid doing the work. Pete said that United Civil has been great to work with and has been very flexible with their work schedule. He stated that we are not directly involved any more but we are trying our best to help facilitate the completion of the work.

MMWEC Project 2015 A

Commr. Kallay stated that she along with Julie Smith-Galvin and a Wakefield resident participated in the April 26, 2021 Department of Public Utilities hearing on Special Project 2015A, Peabody Peaker Plant.

Julie Smith-Galvin noted that she testified on her own behalf and her comments focused on process and transparency. She testified that for over six months she has not been able to get clarity on the following: ownership & control, public input, consistency with current climate change legislation, wetland protection and environmental/social justice laws, standards, and executive initiatives. In conclusion she asked that the DPU consider the issues she raised and deny public funding until it can be determined if the Peabody Peaker Plant is actually in the public interest.

Commr. Kallay's testimony concerned the economic value of the Peabody Peaker Plant. She focused on the near-term value and need versus long term value and need of this 30-year contract. She stated that the forward capacity market prices have decreased over the past 5 years and are projected to be low for a while. Therefore, the cost to build and operate this plant will be higher than the forward capacity market prices for a decade or potentially longer. She said load has dropped for a number of different reasons, resulting in excess supply, so there is no need for new capacity resources at this time or for a while. The long-term value and need is one of uncertainty. A lot has changed since 2015. Renewables are anticipated to come in strong and their prices will be lower than the price to build this plant. There will be cleaner options available. New legislation may make this plant illegal in the future. She requested that the DPU find that this plant is not in the public's best interest or deserving of financing at this time.

Commr. Courcy thanked Commr. Kallay and Julie Smith-Galvin for stating their positions as private citizens about this issue and stated that their concerns were certainly valid and well stated.

Commr. Kallay stated that she would like to see an updated vote on this plant. In preparation for this she requested to see in writing what WMGLD's legal obligation is to this project and what our options are. She would like to spend this meeting and the next to discuss this and be able to take a vote at the next meeting. Commr. Courcy stated we have plenty of time until the DPU shares the results of the hearing. Pete confirmed the results should be public by May 26, 2021. He also stated that he gave the Board copies of the 2017 executed PPA which spells out our obligation. He noted that he also provided the Board in writing what we spent so far and what our obligation is going forward. He explained that we are on the hook for \$2.6 million dollars. Our only option is to request others to purchase our share. He stressed that we are part of this project unless someone else wants our share. Commr. Kallay asked if it were legal for all participants to offer up their shares. Pete stated that there is some confusion around this. It is legal to offer up your shares to see if others want to purchase them. He continued to say that Chicopee & Holyoke are not walking away, they are asking if someone else wants to buy their shares. They are still legally obligated if no one buys their shares.

Pete stated that he and Commr. Kallay have discussed this issue and he does not agree with her view as to what will be happening over the next 10-30 years. He believes that the Climate Bill has accelerated the need for this

plant and not reduced it. He stated that the one thing Commr. Kallay did not mention is that the forward capacity market price for this year is \$1.20 higher than what was forecasted. He continued to say that our region is very capacity constrained and that was the original justification for the project and that it has grown since. From an environmental perspective this unit will benefit the environment and not harm it. It will help take more polluted units offline or replace them in current markets because it is the latest and cleanest technology for gas. It will bump out Wyman and the coal plant in Bow and the other 5 oil plants that still exist in New England. By not allowing the Peabody plant project it will allow these units to continue to run longer.

Commr. Kallay said the capacity market is \$3.98 and the cost to build and operate the plant is over \$4.00 even though they are fluctuating at a level up and down below that value. The second point is that when batteries come into the market, they will be cleaner to run than natural gas and will bump us everyone else out. Pete said they will only bump you out for 2 hours because the batteries will only run for 2 hours. Commr. Kallay said that 2 hours is the eligibility requirement to play in the market. Pete stated that is correct, but it is this Board's obligation is to keep the lights on. Batteries start and stop where generators run for the duration. Batteries are a great tool at curbing the highest peak, but not a good tool for serving load over an extended period of time.

Commr. Prifti inquired as to what the megawatt hours are that we are trying to shave off the peak. Pete stated that we are just trying to reduce our peak as much as possible. We try to decide how long we think the variability of the peak is and when the upper peak will be. We run the batteries at the highest peak. We may also run the battery at a lower output. The generators are run for the whole window of time, where ISO New England is looking at serving the entire peak for the whole region.

Commr. Prifti asked Commr. Kallay if the MMWEC load projections took into consideration the Climate Bill and the increases in loads due to electrification. She replied that she did not have an answer to that question, but when the projections were developed it was November 2020 and the bill had not been signed yet. Pete added that there was no aggressive load increase in the projected forecast as they were very conservative. He did note that with the last forward capacity auction it continues to show huge variability. Having gone up over \$1.20 of the original forecast shows the capacity is going to be needed. He explained that what we are trying to do with the Peabody plant is to force some of these bigger units into retirement. The only way you are going to do that is to have smaller units run on demand but not run all the time. Let offshore wind serve the bulk of the kwh but when you need to shave the peak demand you can utilize the smaller units. Without units like Peabody, ISO will keep units like Wyman, Bow, and Edgar running because it is ISO's responsibility to keep the lights on for the entire region. He noted that Edgar is the dirtiest unit in Massachusetts being built over 20 years ago.

Pete went on to say that offshore wind will get a capacity value but limited in comparison to their name plate data. A 600-megawatt unit may receive a capacity value of something less than half of that. He noted that another concern is extreme weather conditions. For example, if we get 20-25 percent reliance on offshore wind, what happens if we get a hurricane or a nor easter. Wind turbines cannot over speed. They are shut down when winds reach 55-65 miles an hour, so where will we get our supply from at that point.

Commr. Kallay commented that this is a great conversation because it is important for her to figure out what Wakefield is responsible for doing and not responsible for doing on behalf of our ratepayers. She feels conflicted, if it is Wakefield ratepayer's responsibility for the closing or retiring some of these older dirtier plants that are not in our jurisdiction. She said in talking to people in the industry, it is a mystery why these plants are still running. She remarked that it probably will not be too long before these units are retired anyway. Pete stated that they can not shut down until there is capacity to replace them. They will move them to a reliability must run contract because they are going to be needed. That is why Mystic held on for four more years. Commr. Kallay said it is not mandatory that capacity be peak or gas peak capacity. Pete said no but it has to be capacity that you can rely on. Commr. Kallay stated there will be more capacity from other resources entering the market. Pete said he disagrees and is concerned for the reliability of the region. He said any offshore wind or solar cannot be relied on in the same way a gas peaker can. We can push the button at any time of day or night on a gas peaker unit and have reliability.

Commr. Kallay noted that we put a lot of preference on utility-controlled solutions versus customer sited solutions. She noted we need to focus on customer sited solutions. She claimed that customer sited batteries and EVs can play a role in reliability in the future. The focus does not have to be on utility side large scale projects.

Commr. Courcy disagreed and noted that we have spent a lot of time, perhaps a disproportional amount of time, on the demand customer side of the meter with the electric vehicles and heat pumps. We do not spend that much time on bulk power. Commr. Kallay said the majority that we spend our budget on is bulk power. Commr. Courcy stated that is the business we are in. Pete explained that our obligation is that every time someone in Wakefield goes home and flips the switch their lights go on. We cannot put that obligation onto individual ratepayers that may not be able to implement customer side solutions. Our obligation is to serve Wakefield and the region. There are 14 participants in this Peabody project that represent municipals from different regions within the state, who discussed the environmental impact this plant would have for over the next 20 years. Pete told Commr. Kallay that if she is right and the unit never has to run it is still there and still a win. Right now, there is no path that any of those renewable resources or batteries can fit the same role that this unit can fit in the global portfolio.

Commr. Kallay said that we can purchase low-cost power in the capacity market until the future becomes clearer. She sees no reason to build this plant in 2021. She stated that we have capacity resources that will be coming offline in the future such as some of the gas and nuclear plants and that would be a better time to examine adding a large capacity resource or making a significant investment in a capacity resource. Commr. Courcy added that it is not a switch you can just turn on. This project has been in development for seven years. These things need to be planned. Commr. Kallay said we have a timeframe of retirement dates on plants. So we know when capacity will come off line. Pete said Peabody may retire some of these dirtier plants. The region as a whole will have a greater asset base that will force the dirtier plants out sooner. Commr. Kallay said they will be forced out by batteries. She noted that there is not a D rate and batteries go into the market at 100 percent capacity for 2 hours. Pete stated that you have to forecast the duration of the peak. Dave Polson showed a graph from April 16, 2020 which illustrated a flat peak where the generators ran for longer periods of time and the battery was run for a short window. The battery was not run at full output. The battery output varies depending on the forecasted peak.

Commr. Boettcher stated with battery technology advancing and battery prices coming down it seems that they may be a viable option to replace our capacity. He inquired if we were to replace our capacity with battery how much battery would we get for the cost of the Peabody Peaker plant. Pete stated at current prices it would cost twice as much, around \$172 million dollars and take up to six times the land area at 3.5-4.0 acres versus a half-acre. So, it would be double the cost to get that limited window whereas with the Peabody Peaker plant you have an unlimited window. Pete noted that we need to continue in investing in renewables. Pete mentioned that we are talking about investing in smaller resources it will be an accumulation of many, many smaller pieces, but that list of resources needs to be diverse, so we have reliability. If we only rely on one resource, it will not be available at all times of the year and we will have to worry about reliability.

Commr. Kallay said just to be clear we do not have to build anything we can buy all our remaining capacity from the market and the lights still will not go out. Pete said yes for the short term, but it is a misnomer to make the economic argument because then we would have never ever built Berkshire Wind, which is 3.3 cents higher than the market. Commr. Kallay said that it is the reverse where renewables in short term is more expensive but over the longer term a lower cost. Pete said is not that what we just said about the forward capacity market. We invested in Peabody and continue to invest in renewable resources and hopefully they come into the market, but that is just as unknown. Commr. Kallay said this is the reverse where a large long-term fossil plant is the riskiest investment in the next thirty years you can make. The economics for natural gas in the 2040–2050-year range is certainly unknown. A lot of the value proposition of this plant is reliant of the economics in this time period, so it is the reverse where renewables are more valuable overtime. She continued to say that it comes down to what

price premium you are willing to pay. She thinks this price premium for this resource is too high for Wakefield to bear. She said that for you, Pete, you feel that this price premium is worth it. You have a different risk profile and opinion. It comes down to cost and risk and everyone has a different prospective on that. Commr. Courcy agreed and stated that this item will be added to the June agenda.

Collective Bargaining

Pete informed the Board that both associations voted and approved so we will sign the letter for a one-year extension of the current contract and not enter negotiations until next year.

New Business

Green Options

Pete noted that several utilities have Green Choice or Non-Carbon Emitting Supply options that they offer to their customers. He said in a recent State house delegation, the question was asked if WMGLD had such an option. There are basically two options available, a per cent per kwh basis or as a fixed rate option. The mechanism that would be the cleanest for the billing system would be a cents per kwh for the balance of the portfolio. If a customer wanted to make their entire supply non-carbon emitting it would be at a rate of 2.213 cents per kwh opposed to opting for renewables at 3.929 cents per kwh. They would have the option to opt in and out. We would purchase RECs to be retired with the money from this program. Commr. Kallay inquired if this would be separate from the Community Solar program. Pete stated it would be separate, but customers could purchase Green Choice for the difference in their portfolio. She also inquired as to which program would be the least expensive. Pete stated that we do not have the cost for the Community Solar project yet. Commr. Boettcher inquired if the solar program would go into our portfolio, or a community project where ratepayers could buy shares. Pete stated the Community Solar project went out on an RFP, so we can analyze how best to proceed with that project. Commr. Boettcher asked if we are required to buy Mass Class 1 RECs to retire or can we choose any RECs. Pete said most Massachusetts programs are choosing Mass RECs. Pete said the 2.213 cents and 3.929 cents number could potentially go down as we become more non-carbon emitting and increase our renewables and the prices of RECs would also go down.

Commr. Kallay inquired if these prices would fluctuate. Pete stated that they would be reset on an annual basis after looking at the

projection for non-carbon percentage and the projected costs of the RECs.

Commr. Boettcher asked if there are any upfront costs to set up this program and projected number of customers that would take advantage of this program. Pete said it is not a huge number probably in 20-100 range. There would be limited amount of work internally to modify the billing system to accommodate this. The simpler we keep this, the less cost there will be in the set up.

Commr. Warchol inquired about the mechanics of setting up this program. Pete stated that at end of year we would buy the correct number of RECs and retire them. Commissioner Warchol noted that WMGLD is going green anyway and questioned why we should create an option for ratepayers to volunteer to pay more than the rest of the ratepayers.

Commr. Boettcher suggested that by providing this option it may help move the needle faster and that not everyone has the option to build wind or solar. He also noted that this would be for customers that want to be at 100 percent right away and this would not take away from any future WMGLD renewable projects. Discussion ensued further and it was decided that Pete will research different ways to market this program, as well as how other municipals have implemented their programs and bring this information back to the Board for future discussions.

Board Reorganization

Commr. Courcy had discussions with Pete about the order of succession. Tom Boettcher will move to chair and Elton Prifti will take over Ken Chase's slot and move to secretary.

Commr. Warchol stated there has never been a contentious vote on reorganization and we have always followed the order of succession. The only exemption was when Mike Giannattasio was on the Board. He did not want to be chair, so he was skipped over for the position.

A motion to nominate Commr. Boettcher as Chair and Commr. Prifti as Secretary was made by Commr. Warchol and seconded by Commr. Courcy.

Roll Call Vote:

Commr. Boettcher	Aye
Commr. Courcy	Aye
Commr. Kallay	Aye
Commr. Prifti	Aye
Commr. Warchol	Aye

The motion was approved unanimously 5-0.

Any other matter not reasonably anticipated by the Chair.

Commr. Boettcher mentioned to the Board that he is the liaison to the Environmental Sustainability Committee and is happy to continue, however if someone else is interested in serving he will certainly defer to them.

A motion to continue to keep Commr. Boettcher as liaison to the Environmental Sustainability Committee for the next twelve months was made by Commr. Kallay and seconded by Commr. Courcy.

Roll Call Vote:

Commr. Courcy	Aye
Commr. Kallay	Aye
Commr. Prifti	Aye
Commr. Warchol	Aye
Commr. Boettcher	Aye

The motion was approved unanimously 5-0.

Pete mentioned that the only other item is the DPU annual report that was included in the board package and asked if anyone had any questions. Commr. Kallay asked if this can be included on our website. Pete said that we will create a separate tab on the website.

A motion to adjourn was made at 8:33 pm by Commr. Courcy and seconded by Commr. Warchol.

Roll Call Vote:

Commr. Courcy	Aye
Commr. Kallay	Aye
Commr. Prifti	Aye
Commr. Warchol	Aye
Commr. Boettcher	Aye

The motion was approved unanimously 5-0.