



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

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**

December 1, 2021

MINUTES

IN ATTENDANCE:

Comms. Thomas Boettcher, Chairman
Elton Prifti, Secretary
Phil Courcy
Jennifer Kallay
Jack Warchol

Peter Dion, General Manager, WMGLD

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

Matt Ide, MMWEC
Steve Smith, MMWEC

PLACE: ZOOM MEETING

CALL TO ORDER:

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

Chair Remarks:

Commr. Boettcher advised the Board that during Town Meeting, which was held on November 6th, he read the letter that WMGLD sent to Northeast Regional Vocational School, about additional opportunities for energy savings and efficiencies into the Town record. He also commented that the IT Update was timely as a cyber-attack occurs every eleven seconds. He noted that we have always had a need for physical security for both safety and malicious attacks. He mentioned a recently declassified thwarted drone attack, which occurred last year against a substation in Pennsylvania.

Commissioner Remarks:

Commr. Kallay provided the Board with an update on the Green Communities application. She mentioned that additional time is needed to assemble the energy reduction plan, so they are going to apply next year. The first presentations for both Town Council and the School Committee were held in November with the second presentations concerning the energy reduction plan are targeted for February of next year.

She commented that she was notified by Steve Maio and Julie Smith-Galvin that Wakefield has been allocated an additional \$50,000.00 through the State legislative process for another solar installation on a municipal building. She said that Joe Conway from the DPW will be reaching out to WMGLD about the next steps.

Commr. Kallay said that she and Commr. Courcy attended MMWEC's annual meeting. She stated that this has become her favorite meeting of all the conferences because you are able to have discussions and dialog with other Commissioners, General Managers, and Community Leaders throughout the State. She extended kudos to the MMWEC team for putting together a great meeting this year.

Town Council Liaison Comments:

Not present.

Public Comments:

None

Secretary's Report

Approval of the amended minutes included in the Board book from the November 3, 2021, meeting was before the Board for approval.

A motion was made by Commr. Courcy to accept the November 3, 2021, minutes and seconded by Commr. Boettcher.

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

The motion was approved unanimously 4-0.

Presentations

Power Supply Update – Matt Ide and Steve Smith, MMWEC

Pete Dion noted we are entering into a period of time where our prices are higher because of current gas markets. Matt Ide stated that WMGLD's power supply is comprised of three separate components: Transmission, Energy, and Capacity. MMWEC looks at all three components and designs a hedging strategy to effectively control and provide stable costs which translate into stable rates for your customers. The summary of the 2020 portfolio costs are as follows: Transmission - 18%, Energy-35%, Capacity - 44% and Administrative and Settlement costs- 3%. He noted that the transmission cost is low because WMGLD has done an excellent job investing in batteries and in other peak load reducing assets that MMWEC is dispatching on WMGLD's behalf. There are concerns about where transmission costs will be in the future. He said that during the past month, MMWEC started a testimony to drive commentary to FERC that will allow FERC to direct ISO New England to initiate a planned transmission process that will allow transmission to be planned and built to accommodate the offshore wind that the States are soliciting. By doing this, it will emphasize competition and cost reduction as well as, reduce the environmental impact if the transmission lines are planned out. Right now, each developer is responsible for getting their transmission lines to the mainland.

He noted that the steps Wakefield has taken with the assets to reduce consumption during peak periods, which then reduces your overall volumetric charge. Combining this with the potential to own some transmission assets, we will be able to hedge transmission. WMGLD does hedge energy, however we are looking at elevated gas prices due to the world market driving up prices, not including the normal seasonal weather impacts. Matt said that capacity is a concern. One of the ways we will try to utilize the vertically integrated business model is to own the asset that provides the capacity, it is a long-term stable cost, so you will not have the volatility in your cost that effect your rates.

Matt said in looking at how we hedge capacity, we try to create a diversified asset mix, where we have certain assets that Wakefield has entitlements to, i.e., you own them. That is 59% of current capacity requirement. The open position is at 16%, which is where you pick up capacity from ISO New England. These prices change every year dependent on the dynamics of the forward capacity market. We are trying to create stability in our capacity cost over a long period of time. We have target ranges that we discuss with Mark and Pete, as far as, where your risk tolerances are, where you want to have some exposure, and where you want to lock in the prices by owning the assets. You have to procure capacity because that is part of the market rules. We want to be able to deliver that capacity at a stable cost to WMGLD. Matt noted that the energy portfolio has a lot of new requirements due to the new Climate Bill coming into play in managing our energy portfolio to make sure we comply and have non carbon emitting resources.

Commr. Kallay inquired as to what the roughly 18-19% capacity contracts that are coming offline as of FCA 14 represents. Matt noted that Public Service Electric & Gas (PSEG) was a five-year capacity contract. At the time there was volatility in capacity prices, and we wanted to have diversified assets. We would have a contract utilizing different techniques and products to provide stability. There are pros and cons for all these things. One con is when that rolls off you effectively have repricing. You try to balance the portfolio long-term thru asset ownership, contracts, and take some capacity from the market. The balance of all those things combined provide you with relative stable capacity costs.

Commr. Kallay inquired if there is any opportunity for five-year contracts in the future. Matt stated that it becomes a function of price and availability. Basically, PSEG withdrew and sold its assets out of the New England market. Owning the assets generally provides long term price stability. There is a role for short term contracts, we have used them, but right now they are priced very close to where the capacity auction is going to clear at so there is not any benefit.

Commr. Boettcher questioned why the out years capacity is depicted as flat. Matt stated it is a directional best guess depending on the load on our system in the future. Commr. Boettcher inquired if this takes into consideration any batteries or other projects that will impact our capacity requirements.

Pete said numbers went down because of DRT leaving, but with 1200 all electric apartments coming online in the next year or two, electric heat pumps, EV's and other growth, we will see our number increase. Pete said that we will continue to evaluate other battery projects and other options down the road as our load continues to grow.

Steve Smith stated as far as power supply, the shift has changed to the non-carbon position with passage of the Massachusetts Climate Bill. There is an obligation for the MLPS to provide non-carbon energy to its customer, 50 percent in 2030, 75 percent in 2040 and net zero in 2050. Wakefield has done a great job growing its non-carbon position over time. He reviewed Wakefield's assets with the Board and whether they were from undefined resources, Purchase Power Agreements, or if there were attributes that WMGLD is entitled to count toward their non carbon position. Commr. Boettcher inquired if WMGLD's Green Choice program would be counted in the non carbon bucket or broken out as a separate line. Steve responded that it would count as a small percentage of the Wakefield portfolio that could be broken out in a separate line item. Steve noted that back in 2016, WMGLD was only at 38 percent non carbon and has made significant progress increasing that number in 2021 to 49 percent. He expects this number to continue to grow in 2025 to 54 percent as we have done additional bilateral hedging with environmental attributes attached to it. Wakefield will be achieving the 2030 goals with the renewal of the Hydro Quebec contract. Pete stated that in the 2025-2030 timeframe we are hoping to layer in some offshore wind.

Steve stated that there are two developers that are offered into Massachusetts solicitation and the winners of that will be selected by the State in mid-December. MMWEC has an agreement with one of those developers and if they are chosen by that solicitation then we will be able to sign onto a PPA which will significantly

change Wakefield's non carbon portfolio. Commr. Kallay asked if the total committed megawatt hours number is accurate for planning purposes. Steve said that the hedging program would refer to higher levels of energy requirement on a short-term basis (5 years). We would gradually transition to what we have hedged to non-carbon emitting resources. Wakefield has begun to transition some of these shorter-term trades where you are getting power from undefined resources to hydro facilities with attributes attached. Pete noted as you look beyond 2025 the hope is that you will see a percentage of our portfolio tied to long-term offshore wind contracts. Pete stated that when we created the Green Choice program, we were assuming that our portfolio of non-carbon was going to be at 49 percent, so we set the price on the other 51 percent. We are now projecting that we will be at 51 percent, so the percent to buy will be lower but the cost of that energy is going up in the market. He said that we will have to talk about adjusting the 2.2 cents in January or February of next year. Commr. Boettcher thanked Matt and Steve for their informative presentation.

WMGLD IT Update – Jeff Morris, IT Manager

Jeff Morris, IT Manager, updated the Board on recent, current, and future projects. He noted that in focusing on additional security, he will be adding two new high-level firewalls to provide more layers of protection on both the SCADA and corporate networks. It will also provide a layer of protection between the Town corporate network and our network. A new threat intelligence gateway will also be installed that will sit between the outside world and the firewall. In July of this year a new payroll system that integrates with the financial system went live, so we now have a complete payroll/work order integration directly into the department's financial system. At the same time, a new Time Off Request Calendar was implemented. He noted that he is currently working with Easton Utilities on a new Customer Portal that will provide more flexibility and functionality for our customers so to enhance the customer experience. WMGLD switched over to a new call center, Continental Message Solutions. They provide better support during high volume call times and also relieves the stress on the Town's phone system. This also feeds directly into our Outage Management System (OMS). Additional security to the Wallace substation is being added in the forms of cameras and forced entry alarms.

Other project updates include the billing system, SCADA system, and meter reading software. He also mentioned cooperative projects such as Mass Energy Insights (MEI) and Home Energy Efficiency team (HEET) that he is working on to reduce both carbon and methane emissions.

Old Business:

Project Updates

COVID 19

Thirty-four of our forty-three employees have been vaccinated. On September 24, 2021, the Town adopted an updated Covid policy requiring weekly testing for non-vaccinated personnel.

NGRID 345kv Project Update

United Civil/NGRID plan on working on Salem & Montrose this winter as much as possible. Completion of the manhole and ductbanks are targeted for the Spring of 2022.

Wakefield Ave. Substation: all old 4kv and 13.8kv equipment has been removed and building asbestos abated - **Complete**

4kv to 13.8 kv conversions:

- West Water St., Richardson Ave., and Foster St. area (ckt 97-02) -preparing to convert from 4kv 397-02 to 13.8kv – 1302/ 0005 in progress – Verizon completed – **Work in Progress**
- Tuttle St. Chestnut St., Murray, Avon St., Emerson from 4kv to 13.8kv
- (ckt 397-02 to 1302)
- 397-04 Ballister St. area convert to 1302/0005- **(Transformers ordered).**
- Converting portions of ckt9 on Water to ckt 443-W32 - **(on hold)**

Town Projects:

- **Albion Street** – Town is upgrading drains, water, street paving, sidewalks & 18 Street lights.
 - Town has selected and ordered the new lights for Albion St. – **Installation of new Street light is in progress**

WMGLD/ Solar Project Overview

Commr. Warchol recused himself from any discussion or vote on the Community Solar Project. He was placed in a Zoom waiting room during this discussion. Pete noted that we received a bid back from Ameresco and it was out of market. We went back for revised pricing, and we are now at a more reasonable number. We are recommending proceeding with the 480 North Ave. project. The pricing for McGrail Substation is still too high, noting that perhaps they are not efficient in that smaller market. We may go out to bid again in the Spring, or perhaps marrying up with the Town if they are going to do a small project with the additional \$50,000. Our consultant said the market is between \$2.80-\$3.10 a watt. Ameresco came in at \$3.20 a watt. Pete stated that if you factor in increased labor costs the older number of \$2.80- \$3.10 is probably climbing as we speak. Commr. Boettcher inquired if we go forward with this project, is this being added to our portfolio or are we going to have a true community solar and allow customers to buy shares. Pete stated that we had to get past this point first, we can now craft a community solar offering for part of the output. Either way it

makes sense to do this project. It is going to inject into the system, and we can also offer part of the output as a community solar project. He noted that this is a seven-year lease with a buy out to own. Ameresco receives the tax benefits, and we will have full ownership after seven years. We will craft a community solar offering for a percentage of the output. Commr. Kallay asked if the contractor is considering this one big project for the total capacity or is it two projects of these two sizes. Pete said they are doing it as one, but we are taking two separate feeds, one for the building load and one to go out to a separate transformer for the Community Solar. Pete said that our goal is to be net zero ourselves. Some of the capacity of the North Ave and Wakefield Ave roofs will reduce our own carbon footprint, by doing this it will be easier to encourage others like the high school to follow our example. He mentioned that the Board had discussed naming the Community Solar Project after Commr. Chase and dedicating this to him in the Spring. Commr. Boettcher stated it is a great way to honor his many years of service.

Commr. Kallay asked how this project's pricing compares to the Water department installation. Dave Polson said that the Water department installation was much different, as it was all exterior work. Here we have interior work as well, that needs to be done so that is why the cost is a little bit higher. The 480 North Ave. project is a more complicated job. She also inquired as to the concerns of the neighbors involving sight lines. Pete stated that Atty. Mike McCarthy brought a rendering to the ZBA and there were no issues. Dave stated the panels are a low profile and will not be visible. Commr. Prifti stated the quoted \$3.20 price is very reasonable based on developers in his service territory quoting \$500,000-\$700,000 per megawatt for interconnection costs. Commr. Warchol rejoined the meeting. It was decided that the Board will inform former Commr. Chase that the Community Solar Project is going to be dedicated in his honor.

WMGLD Energy Efficiency Program 2022 Offerings

Commr. Boettcher stated that there was an email from a customer inquiring about rebates for energy efficient dryers. He stated that MASSSAVE does offer dryer rebates. He also said that they also offer a rebate on a heat pump dryer. Pete stated he included what MMWEC's offerings for the Board to review. He stated that we administer our own rebate program but utilize MMWEC's offerings as a guide. A standard energy star dryer rebate is \$50 where a heat pump dryer is rebate is \$500.00. Commr. Kallay inquired if we are trying to align ourselves with MMWEC's offerings. Pete stated that we already voted to set the budget for next year, so we need to be careful if we want to add anything else to the list. Commr. Courcy stated that he is concerned with adding things one at a time as opposed to budgeting for the year. He commented that we can tell customers that we are considering adding things in the future. Commr. Kallay mentioned, if we can move away from central air conditioning and perhaps dishwashers it would enable us to offer other options, such as pool pumps, heat pump dryers, and electric induction ranges. She noted that by eliminating some options, it would free up some dollars for other options.

Pete asked the Board if they want to incorporate this topic into our strategic discussion. Commr. Boettcher said that we could leave what is in place for now and talk about this further in a strategic planning session. Pete noted that this will

be added as an agenda item for January. He further noted that he will do an analysis on other options to present to the Board for review. Any potential changes could be made mid-year.

New Business

WMGLD Fuel Efficient Vehicle Policy

Pete mentioned that last month the Town adopted a Fuel Efficiency Policy. He noted that he drafted our policy effective on December 1, 2021, to mirror the Town's policy except for the last section entitled Questions and Enforcement. This section would have required WMGLD to go through Steve Maio, Town Manager and Joe Conway, Director of Public Works, before purchasing a vehicle. This process would not have been an effective or efficient process for WMGLD.. Commr. Kallay confirmed that DOER will be in contact directly by WMGLD about our vehicle list. Pete stated that we will be maintaining our own list and updated annually. He commented that Sara Eriksen has already set up this list. He also noted that he will send this policy to Steve Maio, so he can include this into any correspondence to the Green Communities

A motion to adopt WMGLD's Fuel Efficient Vehicle Policy was made by Commr. Courcy and seconded by Commr. Kallay.

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.

Wakefield Municipal Coop Corporation Board Representative

Pete explained that this is a separate entity established for building 480 North Ave. and the procurement of land for the Wallace substation. The Board of Directors include Ron Decurzio, President of MMWEC, Pete Dion, General Manager, and Ken Chase as a representative of the WMGLD Board. We need to replace Ken Chase because the variable rate loan for 480 North Ave. is coming up for repricing. With the uncertainty of interest rates in the future, MMWEC investigated other options and came back with an eight-year fixed rate loan. Upon doing an analysis, it makes sense to refinance now. Pete stated that we will need a Coop Board meeting to vote on this matter. Pete asked if anyone is interested in volunteering. Commr. Courcy volunteered to represent the WMGLD Board.

A motion to replace Ken Chase with Phil Courcy on the Board of the Coop on the premises as discussed was made by Commr Warchol and seconded by Commr Boettcher.

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.

January Strategic Meeting Discussion

It was determined that a Zoom Strategic Meeting will take place on January 26, 2022, at 6:30pm. Pete stated that we may want to talk about balancing our strategies around decarbonization and the net zero goal of 2050, while maintaining reasonable prices and efficient and cost effect operation of the facility. He noted that this point was read into the meeting last month by Commr. Courcy. Conversation ensued around how WMGLD could effectively institute changes to reach the net zero goal. Commr. Boettcher noted that codifying new building requirements is an integral part of achieving this goal. Pete stated that we can offer incentives, but until the building codes change developers will not institute these because of the costs. A prime example of this is the new Northeast Vocational School. The state is giving them millions of dollars and are allowing them to move further away from the goal. The State building people have to change the goals to be more consistent with the 2050 goals. He noted that the most effective thing the Board has done in reducing natural gas consumption is implementing the moratorium on multi-family dwellings. Because of this vote the 1200 new housing units at the head of the lake will be on electric heat pumps. Pete asked the Board members to submit a few topics that they would like to discuss at the Strategic meeting, and he will share them with the other members, so they can narrow them down to a a few topics for discussion. Commr. Kallay noted that we can look at what has worked as well as what has been challenging. Commr. Warchol commented that in a few years from now everyone will be driving an EV and wondered where these are going to be installed and how these would be metered.

Pete also commented on how we would encourage people not to charge on peak periods.

He mentioned that Groton has a Time of Use (TOU) program where they charge four cents for off peak charging and forty cents for on peak charging. This TOU rate may be something that we consider down the road. Commr. Kallay noted that we need to find where the best place is for us to be operating and working without being stretched too thin. Commr. Boettcher echoed that we would need to find our niche. Commr. Prifti stated that we know what the goals are and perhaps we should work backwards as far as what needs to happen to our system to achieve these goals. Layout what the system should look like in 10 years, 20 years from now, then we can put together plans on how to achieve these goals. He stated that there may be federal or local funding, but what happens when we have to

fund these goals from our rates. Do we need to start increasing these rates now? Pete commented that the system is in good shape now, but we have to be sure the system is resilient to handle future load increases down the road. Dave Polson stated that going forward towards electrification the systems are efficient, but EV chargers are not efficient, and he thinks they will put the biggest drain on the system.

He wants to see EV chargers in new developments metered separately, so we can have some control over them.

2022 Meeting Calendar

Pete mentioned that the five-year Payment in Lieu of Taxes (PILOT) Memorandum of Understanding (MOU) with the Town will expire at the end of this Fiscal Year. He asked the Board if they want to invite the Finance Committee to the January or February meeting for a discussion. It was decided that the Board will have a discussion in January then invite the Finance Committee to the February Board meeting.

Pete noted that staff will be recommending a similar longer term PILOT MOU. This gives everyone numbers for planning purposes. Pete also noted that other towns that have PILOT programs based on a cents per kwh saw a decrease in their payments over the past year due to COVID. Our pilot payment did not decrease.

Commr. Boettcher confirmed that next year's proposed Board meeting schedule was suitable to the other Board members.

Any other matter not reasonably anticipated by the Chair.

Commr. Courcy mentioned that he saw the notice in the paper for the calendar distributions dates. Pete said they will also be available in the office.

A motion to adjourn was made at 9:15 pm 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.