



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

October 6, 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

Member of the Public

Micah Canestaro - 101 Cedar St.

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 reminded the Board of the letter that they and the WMGLD sent to the Northeast Metropolitan Regional Vocational High School's (VOC) building committee sharing some opportunities and considerations for their new building that are in line with the state's Net Zero goals and the 2050 Decarbonization Road Map. He also informed the Board that the MCAN (Massachusetts Climate Action Network) 2021 report card of Municipal Electric departments was released and WMGLD is tied with Chicopee for twelfth position. He noted that 2019 data was used for this report, so our recent portfolio changes and programs, such as, Your Power Your Choice, are not reflected. He said that an immediate increase in our score could be realized by including our fuel mix portfolio on our website.

Commr. Boettcher also noted that Governor Baker signed an Executive Order establishing a commission on Clean Heat. This commission will set targets for buildings across the state including homes in accordance with the Mass Clean Energy Climate Plan for 2030. He stated that our Energy Efficiency programs are on track and that the Department will have to monitor any mandates and recommendations that come out of that commission that may impact our residents and businesses.

Commissioner Remarks:

Commr. Kallay provided the Board with an update on Green Communities. They are proceeding with the application to the Green Communities Program, which will be submitted by the end of the calendar year. She noted that key milestones for completing the application are finishing the municipal building scoping audits, which should be completed by the end of this month and preparing the application package which is in process. She said that there will be two presentations for Town Council in November and December and two meetings for the School Committee in November and December. The first meeting will focus on the Town's energy use baseline with the second focusing on strategies and the approach to achieve the 20 percent reduction over five years. Both will need to approve these strategies and actions in order to submit the application at the end of December.

Commr. Warchol suggested that in the future, when a ZOOM Board meeting is cancelled, a member of WMGLD staff should join the ZOOM call to inform any members of the public that the meeting has been cancelled. Pete noted that this practice will be in place moving forward.

Town Council Liaison Comments:

Not present.

Public Comments:

Micha Canestaro 101 Cedar Street Wakefield

Mr. Canestaro noted that he was present to follow-up on the July 2021 Board meeting, referencing his inability to receive gas service due to the gas moratorium. Pete Dion stated that Mr. Canestaro was instructed at the last Board meeting to get back to both him and the Board with an analysis, yet they still have not received any information from him.

Mr. Canestaro stated that WMGLD's consultant, ABODE was very extremely helpful in educating him on how the energy costs compare between gas and electric heating systems. He also consulted with two noted real estate agents in Wakefield, Chris Barrett, and Christy Etienne. Mr. Canestaro read an email from Chris Barrett stating that in his professional opinion, potential home buyers prefer gas heating systems to electric heating systems. Mr. Canestaro did not have a cost analysis around rental properties.

Christy Etienne's opinion was that when renting or selling the operating cost for electric is more expensive than gas. This ultimately costs more in market and vacancy time, resulting in increased costs for the property owner. She mentioned that electric is 2 -3 times more expensive than gas. A renter budgeting expenses is less likely to rent with electric unless you include all utilities in the rent, causing you to increase the rent ultimately bringing your rental unit higher than the fair market value, making it harder to find a renter costing more vacancy time decreasing your profit. She went on to say that if you sell the costs are similar. She noted that electric units sell for less money and stay on the market considerably longer than units with gas systems. She stated that there was one property with electric heat that was on the market for almost a year and sold for less than other properties with gas. She noted that this is not every time, but it is more beneficial to have gas and that electric is a hindrance and a negative on the property,

Mr. Canestaro stated that ABODE's opinion was with all the work he is doing on the property to make it energy efficient, the operating costs will be similar between electric and gas. His main reason for gas is simply for the economic value because he may convert these rental units to condos in the future and the resale value may be higher. Commr. Courcy commented that the second agent, Christy Etienne, seems to be referring to electric resistance heat, which is 2-3 times more expensive than heat pumps. Commr. Boettcher explained to Mr. Canestaro that he was asked to bring the cost comparison of heat pumps versus gas, plus air conditioning to the Board, and he has not seen that. He went on to say that if this comparison has not been done than requested he perform this comparison before the Board takes this matter under consideration. Mr. Canestaro said that he is not claiming heat pumps to be more or less expensive than gas. He is just going by ABODE's word that those costs are similar from

install and operating standpoint. His concern is that the economic value in the rental and resale market will be less with electric. He stated that he will take the real estate agents' opinion that the economic value of a home is less with electric than gas. He is asking for an exception from the moratorium because he has not added any square footage and has made the property more energy efficient. He also noted that there was a miscommunication with the gas department when he removed his oil tanks. He also said that the gas application changed after his application was submitted. Commr. Boettcher agrees with Commr. Courcy that those opinions are based on resistance heating which is very different than heat pumps. Mr. Canestaro said he understood and that was his mistake. Pete stated that Chris Barrett may have also been referring to electric resistant heat in his analysis. He noted that the moratorium has been in place for a long time. WMGLD brought the cost of the heat pump products in line with gas products as part of the moratorium to reduce that impact. The marketplace is changing. In terms of units with electric heat staying on the market longer, it is unclear when these units came onto the market.

Commr. Boettcher stated that you are converting a single-family home to a multifamily which clearly falls under the moratorium. With all the renovation you are doing it makes your property ideal for heat pumps. As far as the gas application, it was just changed to select single or multi-family.

Mr. Canestaro said the property that was listed and stayed on market for 300 days was during a time when there was a shortage of properties in Wakefield, which should have drove the price up. Commr. Boettcher inquired if it was electric resistance heat or heat pump. Mr. Canestaro said he was not sure, and he did not know if he would be able to clarify this. He does not know if he will be able to provide the Board with a good comparison. He went on to say that it is not the installation or operating costs of heat pumps, but the perception of them that will diminish his ability to either rent or sell his units without weakening their value.

Pete stated that he disagrees with the miscommunications with the Gas department. He also noted that there are 1000 new units on the drawing board in Wakefield between last year, this year and next and all those units will have heat pumps, so the owner will be in the same market as any multi-families rental properties being built in Wakefield at this time.

Commr. Boettcher asked if there were any other comments. Commr. Warchol stated that although he continues to be sympathetic to Mr. Canestaro's situation, he believes that what the Board was waiting for was not an analysis on the property value, but on the operational cost comparison of gas versus heat pumps. He agrees with everyone else that the real estate comparisons provided by Mr. Canestaro are not apples to apples, because electric baseboard is completely different than heat pumps. Commr. Warchol noted that based on this he does not have enough information to make a decision at this time. Mr. Canestaro stated that he appreciates his comments and seeing it from his perspective. He noted that he was misinformed on multiple occasions by the

Gas department, and that there is zero accountability, but that is a separate topic. He said that he will look at the cost of installation, compare the two and try to find better comparisons with heat pumps for these size units just to compare the economic value difference.

Secretary's Report

Approval of minutes from the July 14, 2021, meeting was before the Board for approval. Commrs. Boettcher, Kallay, Warchol and Courcy provided edits to incorporate into the minutes.

A motion was made by Commr. Courcy to accept the July 14, 2021, minutes as amended 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.

Old Business:

Project Updates

COVID 19

The Town adopted an updated COVID policy on September 24, 2021. It will require weekly testing for non-vaccinated personnel. Pete mentioned that there are ten people that are not vaccinated. A high percentage is in one division that could potentially cause an issue. This is something that we will have to monitor closely.

Commr. Prifti inquired about a business continuity plan. Pete said that we do have a backup plan, if needed.

Commr. Warchol inquired about the September 1, 2021 water infiltration issue on the Customer Issues log. Pete said it was all bare steel pipe and it leaked, so it was moved up on our gas main list. Pete stated we received 12 inches of rain in a month. Water was intruding on a single service at Wiley Place and as we were repairing the pipe we found more issues, so we just continued and replaced about 380 feet of main and converted 12 services. He noted that this is typical emergent gas work.

Commr. Boettcher asked Pete to provide an update on the DPU warning letter concerning our inactive services. Pete explained that this is a legacy issue. In the past if you chose not to have gas anymore it was cut off at the property line and a stub was left off the main. The industry found that this was an unsafe practice, so several years ago the requirements were changed to cut off at the main and seal it at the main. As a result, we were left with a legacy of a few hundred of these. Over the last 15 years we have worked them down to twenty at the beginning of the summer and we are now down to just ten. We have until July 01, 2022, to finish this and to August 1, 2022, to file our report. Commr. Warchol expressed his concerns about the potential fines if these are not completed. Pete said these will be completed by the final deadline and he will include a status update in the Board books moving forward.

Dave Polson provided an update on major new customer projects.

Commr. Boettcher inquired if Pete received any response back from the letter sent to the VOC. Pete stated that he just received a thank you from Julie-Smith-Galvin. He said that the goals of the state building projects are different from the goals of net-zero, so until those two things come together, they are not truly incented to look at things differently. Commr. Kallay stated that this proposal will come before Town Meeting this November, so that will give the public an opportunity to voice their opinion. Commr. Warchol inquired on the status of Project 2020A bids. Pete stated that he does not know if the bid was awarded yet. He noted that he was out at MMWEC last week and it appears that there has been some site work underway to prepare for the project.

WMGLD/Community Solar Project

Dave Polson said the project is out for bid with a mandatory pre-bid walk thru meeting to be held tomorrow at 9:00am. We have received twelve requests for packages. We combined 480 North Ave. as Project 1 and Wakefield Ave. as Project 2. Both are in the same bid package as two separate proposals. We will have a good sense of the vendors that are interested tomorrow. Commr. Warchol asked for clarification of what a mandatory pre-bid means. Dave explained that we advertise the projects thru different entities, local papers and the state has two locations where we must advertise. Interested vendors must make a request for the bid package. We received 12 requests and those were supplied to the vendors. We advertised that there is a mandatory pre-bid meeting so all the parties interested must attend. The bid is due on 10/22/21. We will likely award the contract in early November. Pete said we have mandatory pre-bid to ensure everyone is on the same page. Any questions during this period are added as an addendum and sent to all vendors requiring their initials that they were received. Commr. Kallay asked about the evaluation criteria. Dave stated that cost, references, experience, and the materials they are using are all evaluated. There

is also financing options that are involved with this as well. Commr. Kallay asked if this is a new process or is it used for other construction projects. Pete stated that this is used for anything going out to bid over \$30,000.00. Dave said the only difference is the equipment lease for 480 North Ave. that required a 30-day advertisement, but basically the same process.

Energy Efficiency Program Update- Mark Cousins and Joe Collins

Mark Cousins stated that Joe Collins has assisted us with providing a review of our energy efficiency program. Joe supplied the Board with tables detailing the rebates and incentives issued from February 2021 – August of 2021. Mark noted that the data includes the 5-year kWh savings we have realized by providing incentives for new appliances and devices. Commr. Boettcher inquired if we are capturing what types of heating systems are being replaced by heat pumps. Joe noted that in the past we have relied upon the information supplied by the customer. If no information was supplied than we used federal standards. Pete noted that we need to be careful because you would need to know if they are replacing or supplementing their systems. He also said that since partnering with ABODE we will be able to have more information surrounding this and be able to provide the Board with more detailed information in the future. He also stated that of the incentives we issued, a relatively small percentage were probably complete replacements with the majority being supplemental. Commr. Boettcher said that the cost savings for the customer is great and valuable, but us as a utility it would be good to capture the positive impact on the peak both electric and gas and try to quantify that data. Commr. Prifti stated that this may be hard to do especially if someone is adding on a supplemental system and not replacing a whole system. He noted it would be hard to compare with all the variables.

Pete said that we are recommending increasing the conservation charge this year. After the first year, the costs and data may have been impacted by COVID, but after a couple of years we have data. Pete said if the solar rebate program is to continue, we need to fund it out this and not as part of a pilot. Mark Cousins provided a review of the Conservation budget that has an annualized cost of \$380,000.00. The 10-year average residential sales are running at 80 million kWh, which works out to be 0.005 for the rate. We are now at 0.001 which yielded \$80,000.00 for the residential program. Pete noted that we have only been applying it to the rebate category and the rest have been treated as pilots within the core business. He said that we will talk in Executive session about the other costs that are increasing, so this is the appropriate time to make the adjustment and put these all under a single category. Commr. Kallay asked for clarification of the administrative costs under MMWEC and the administrative costs under WMGLD Admin. Mark said the costs under MMWEC is the costs for Joe Coles salary and administering all the programs. Pete added that it also included the administrative costs for Connected Homes, development of new programs,

promotional materials, audits, and EV chargers. The internal costs for WMGLD are for Shauna's time, it captures the FTE and no benefits. Commr. Kallay requested that the admin. costs listed under MMWEC be moved and create a separate administrative slice to the chart. Mark acknowledged that he would add this. Pete noted that National Grid and NSTAR are at 2 and 2.2 cents. He noted that Peabody Municipal Light keeps it all in their core business. Reading Municipal Light Department does have a separate conservation charge and are at a tenth of a cent, however they have more than 3 times the load we do so their tenth of a cent generates basically the equivalent of what we need. Commr. Boettcher inquired if our rebates and incentives are on par with theirs. Pete said that when we enhanced our programs a few years ago it brought them up to the equivalent level. There may be some things they offer that we do not. One thing they offer is an incentive to upgrade your electrical service. One issue folks may have as we move towards more electrification is the internal house size of the electrical service. This may be something that we could add under the current conservation program. Commr. Prifti asked if the \$380,000.00 is enough to fund our rebate and incentive program. Mark said that it should be for now and taking an increase to a half a penny is a good step. Pete added that when we changed the conservation charge from a fixed number to a cent per kWh basis it allows us to take look at it from year to year to make adjustments as part of the budget. Commr. Kallay asked if the increase will apply to commercials as well as residential. Pete said that the commercial programs have not been fully subscribed yet, so we do not have enough data. His recommendation is to hold off on any increase on the Commercial side.

Commr. Kallay commented that he raised the question as to what is in the core business and what is in the EE charges. She stated that the one thing that sticks out to her that has not been folded into the EE charges in many jurisdictions is the solar being a generation resource. She is not fully convinced that it should be not part of the core business. Pete noted that with the two investor-owned utilities it is a separate line item on their bill. We are rolling it into one bucket to simplify our bill. Commr. Kallay was wondering why it cannot stay in pilot phase. Pete said that we would make it a regular offering, as we are into our third year now. Pete said there is a larger financial issue we will have to deal with and that is why we tried to right size our cost. It is not a power supply cost. We get very little net metering revenue. We pay for that out of net metering side so that is in the cost of the electricity side. It is truly an incentive for the customer. Commr. Courcy noted that he believes this topic will be receiving a lot more attention because the legislature is not happy with the progress of conversion of homes. Commr. Kallay asked in preparation for further discussion if we can receive the following for the incentive program, the number of rebates, total cost of rebates, savings and calculate as a cost to saved energy, so that would allow us to compare to some of the other investments we are making a little more readily. Pete stated that we can look at the customers that installed heat pumps, but again it will depend on if they were replacements versus supplemental. We will ask ABODE for additional

data that may assist us. Pete inquired if anyone had any other questions. Pete said we are recommending that we pull some of these costs into our conservation charge. Commr. Boettcher asked if Reading Municipal Light would share some of their information surrounding this subject. Pete said he would check on what information we could get from them.

New Business

WMGLD Fleet Update- Sara Eriksen

Sara mentioned that the Town hopes to implement a Green Fleet policy. Pete already had a vision to convert our vehicles, so we have had a head start. We purchased a hybrid plug in bucket truck, (which has a 45- foot reach) with an expected delivery date of July 1, 2022. We secured a 2021 Plug in Hyundai Santa Fe to replace Pete's vehicle. We turned in our leased Nissan LEAF and are on the list for Nissan's new Airya, but due to COVID there have been delays. We purchased a used 2015 NISSAN Leaf that will assist us during COVID in keeping safety a priority and limit contact with crews. We are also on the list to replace a pickup truck with FORD's new electric F150 Lightning. We just purchased an all-electric transit van for the gas department, which falls under the Mass DEP \$7500.00 grant. This has a 20-24-week lead delivery time. She thanked Tom for notifying her of the September EV Strategy call. It enabled her to network with someone that just installed pole-mounted EV chargers that we will be installing soon. She noted that we will be applying for DERA funding in February/March for our hybrid trouble truck. She stated that we have a contact at MMWEC that keeps her apprised of any new leads in grants and incentives. There are just a few vehicles that still cannot be replaced with EVs, such as our dump truck and line trucks. The line trucks have a 55-60 -foot reach and currently there is nothing available in this sector. She also noted that she researched converting a 2019 gas service van to a hybrid, but it was cost prohibitive to do so.

Commr. Courcy thanked Sara for her presentation. Commr. Kallay said that she understands that a lot of our vehicles are exempt from this policy and loves that we are including our exempt vehicles and perhaps we will lead the Town in including exempt vehicles.

Any other matter not reasonably anticipated by the Chair.

Executive Session- Collective Bargaining Discussion

A motion to enter Executive session at 8:32pm to discuss labor negotiations returning to open session at its conclusion for the purpose of adjournment was made by Commr. Warchol 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.

A motion to adjourn was made at 9:10pm by Commr. Warchol 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.