



HINGHAM MUNICIPAL LIGHTING PLANT

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Laura M. Burns, Chairman
Michael Reive, Vice-Chair
Tyler Herrald, Secretary

REGULAR MEETING
HINGHAM MUNICIPAL LIGHT BOARD
March 12, 2024

A regular meeting of the Board of Commissioners of the Hingham Municipal Light Plant (HMLP) was called to order by the Board's Chair, Laura Burns, at 7:30 am on Tuesday, March 12, 2024, via Zoom.

Present:

Board Members:

Laura Burns, Chair
Michael Reive, Vice-Chair
Tyler Herrald, Secretary

HMLP:

Thomas Morahan, General Manager
Mark Fahey, Assistant General Manager
Stephen Girardi, Engineer
Jeff Jones: Line Division Supervisor
Joan Griffin, Business Manager
Ellen McElroy, Customer Service
Brianna Bennett, Sustainability Coordinator

Meeting Called to Order

Ms. Burns read the following disclaimer into the record: *This meeting is being held remotely as an alternative means of public access pursuant to Chapter 2 of the Act of 2023 and all other applicable laws temporarily amending certain provisions of the Open Meeting Law. You're hereby advised that this meeting and all communications during this meeting may be recorded by the Town of Hingham in accordance with the Open Meeting Law. If any participant wishes to record this meeting, please notify the chair at the start of the meeting in accordance with M.G.L. c. 30A, § 20(f) so that the chair may inform all other participants of said recording.*

Ms. Burns asked if anyone other than HMLP wished to record the meeting. No one responded affirmatively.

PCA Formula update – Board Vote

The PCA, or Power Cost Adjustment, is an essential component of HMLP’s billing structure. The PCA allows HMLP to adjust income to cover varying energy costs while ensuring revenue meets budgetary requirements. Following discussions during the rate study, it became evident that the PCA calculation lacked comprehensive explanation on HMLP’s website. Thus, the Board proposed alternative language to accurately reflect all elements of the charge.

Power Cost Adjustment (PCA)

When stated in the electric rate schedule, there shall be included a Power Cost Adjustment, in addition to the other charge, representative of the purchased power related charges paid by HMLP.

The PCA rate per Kilowatt Hour(kWh) shall be computed by comparing the actual revenue required to cover the annual expenses which includes a minimum of a 3% of Goss Plant depreciation rate and a rate of return not to exceed 8% of Gross Plant divided by the estimated amount of kWh to be sold over the same period.

A = The actual Year to date Revenue less expenses

B = The budgeted year to date Revenue less expenses

C = Estimated kWh to be sold over the remaining of the year

D = The amount of revenue to be collected in the rate component other than the PCA (aka the base Cost)

The PCA will be calculated as follows: $PCA = (A-B)/C - D$

This calculation will normally be made on a quarterly basis, although HMLP may change the PCA more frequently if such changes are required.

Upon addressing any inquiries or comments from the Board, a motion was made to approve the proposed language for the PCA calculation.

Roll Call Vote:

Mr. Herrald: “Aye”

Mr. Reive: “Aye”

Ms. Burns: “Aye”

2024 Budget – Board Discussion

Mr. Morahan explained his approach to formulating the 2024 Budget. He outlined that he began with the projected revenue, primarily based on 2023 figures, and applied calculations to account for 2024. HMLP’s capacity, transmission, and energy costs are obtained directly from ENE (Energy New England), and these figures are integrated into the budget spreadsheet. There are separate charges as part of our capacity. As for other expenses, we've opted to use 2023 figures and increased them by 3%, considering past fluctuations. We've deliberated and decided to include REC (Renewable Energy Credit) revenue, which could increase our total revenue to

about 35 million. Even with this adjustment, we'd still be below our 8% Gross Income Maximum. The depreciation fund is allocated 5% monthly, the maximum allowed by the DPU.

Ms. Burns proceeded with a vote to endorse the 2024 budget as presented and noted that while the board does not have approval authority over the budget, endorsing it is a positive step for transparency and oversight.

Motion to endorse the 2024 Budget as presented.

Mr. Reive: "Aye"

Mr. Herral: "Aye"

Mrs. Burns: "Aye"

Financing Options for Ratepayers (Solar, Heat Pumps, etc.) - Michael Reive

The discussion focused on exploring financing options for rate-payers, and comparing two distinct programs for facilitating financing for energy efficiency retrofits or upgrades. Ms. Burns mentioned the first model, which she thought resembled the one currently undertaken by Braintree, where they collaborate with local lenders to offer financing. In this setup, the light plant assists in covering the interest on the loan. The alternative approach is akin to the Ipswich method, where arrangements are made to include the financing for energy efficiency upgrades directly on the electric bill. Ms. Burns had a discussion with someone from Middleboro, and they are on the verge of implementing their financing program. Ms. Burns said that Middleboro has an intriguing approach wherein the light plant subsidizes 100% of the interest on the loan for income-qualified individuals and 3% for other rate-payers.

Ms. Bennett spoke with Braintree and it appears Braintree does not currently have a loan program and there is no indications of one in development. Ms. Bennett looked into Taunton's program, and Taunton's Light Plant received one-million-dollars in funding from the state for zero-interest loans. This money is expected to run out in the next year and half. They have had two loans go through, thus far. Taunton is paying down the interest but it can cost up to \$9,000 per customer because the interest rate they are paying is as much as 27%. Meanwhile, Middleboro's program, though similar to Taunton's, offers reduced interest rates and additional incentives for income-qualified individuals.

The Board deliberated on whether to further explore and potentially implement this concept. Mr. Reive expressed support for exploring it, especially for low-income individuals, highlighting potential benefits such as reduced rates and energy-efficient upgrades. However, concerns were raised about the exorbitant interest rates mentioned. Mr. Morahan mentioned Taunton's unexpected funding from the state, cautioning against heavy reliance on such funding due to past experiences with unmaterialized state funding. Overall, the board acknowledged the need for caution and further evaluation before proceeding with the approach.

The Board was encouraged to hear about potential funds for MLPs from the Inflation Reduction Act and Ms. Bennett said the state is seeking public input on their current proposal, which

includes substantial funding for MLPs. The proposal encourages MLPs to use the funds to be more closely aligned with Mass Save and specifically mentions wanting MLP's to increase heat pumps and also offer low financing to 0% interest loans. Ms. Burns advised we need to be careful not to overextend ourselves if we base our program solely on these funds. It is essential to ensure our program remains viable even after the state funds are exhausted.

Light Board Meeting Times

The agenda included a discussion about potentially changing the time of Hingham Light Board meetings due to some residents finding it difficult to attend the current 7:30 am schedule. Ms. Burns said meeting during this time allows staff to attend, aiding in real-time discussions and decision-making. However, some residents prefer evening meetings for convenience. Board members expressed difficulties with evening family commitments but were open to occasional evening meetings for topics generating significant public interest. Ms. Burns emphasized the importance of including staff and ensuring public engagement can continue through emails and access to recorded meetings. Overall, while open to occasional evening meetings, the consensus of the Board Members was to maintain the current morning schedule for regular meetings.

Demand Response Program

The agenda item discussed was the demand response program. Mr. Morahan reported that despite reaching out to Energy New England (ENE) regarding their proposed program, they have yet to receive a response. Negotiations with the vendor are ongoing, but some MLPs have dropped out or lost interest, impacting the program's viability. The Board debated whether to wait for ENE's program, consider the MWEC program, or explore alternative options. Concerns were raised about financial viability and flexibility, as well as the potential benefits of each program. Mr. Morahan said we do have a program offering from MWEC, where other MLPs are members. The benefit of the ENE program is that they offer both a residential and commercial demand response which the MWEC program does not.

Ultimately, the board agreed to seek further information from ENE and invite Noel Chambers (ENE) to the next meeting for an overview of their program.

Vote To Approve Meeting Minutes

Motion was made to approve the following three sets of meeting minutes:

- (1) Meeting Minutes 1/16/24
- (2) Meeting Minutes 1/30/24
- (3) Meeting Minutes 2/13/24

Mr. Herald: "Aye"

Mr. Reive: "Aye"

Ms. Burns: "Aye"

Updates: Transmission Line Project, HMLP Solar, Municipal Solar, Landfill Solar, Capital Projects, Demand Response Program, Time of Use (TOU) Metering Project

Mr. Morahan provided an update on the transmission line project, indicating that HMLP is targeting to submit the filing next month with the Electric Facility Siting Board. Today, there is a meeting scheduled with Mayor Hedland to provide an update on the project's status.

Additionally, there will be a meeting at The Crossroads Church in Weymouth next Tuesday night, which will be posted on our website and open to anyone residing within a mile of the Weymouth tap station, including residents of Braintree. This meeting will focus on discussing the tap station in Weymouth being built by Eversource and the upcoming work near the O'Connell skating rink.

At HMLP, progress has been made on the solar project, with the canopies installed and solar panels on the roof completed. However, there is a delay in obtaining certain equipment due to supply chain issues, possibly pushing the completion date to June 2024.

Mr. Burns reported the Municipal Solar initiative was rebranded as the Distributed Energy Resource Group to reflect our expanded focus beyond town projects. She said they are now partnering with the PACE program to offer advantageous financing for energy efficiency projects to commercial entities. The Select Board is expected to vote on joining the PACE program soon. On the municipal side, we're awaiting a response from the Town Administrator's office regarding a proposal sent in January 2024 for contracting with third parties to install solar arrays on town buildings. The proposal has been approved by the advisory committee, and the next step is town meeting approval.

Noel Chambers from ENE has informed HMLP that Generac, the vendor for the ENE Demand Response Program, has decided to leave the market. ENE is still committed to establishing a demand response program.

Mr. Morahan reported that regarding capital projects, we are currently engaged in two initiatives focused on improving reliability in the Prospect Street and Lincoln Street areas.

The landfill solar project is currently on hold until we make a decision on how to utilize the green funds going forward. We had plans to go out to bid for a designer, but given the current circumstances, we are reconsidering our approach. Since it is a smaller landfill, there have been challenges in attracting commitments for the project. One option HMLP is considering is including it in a group of projects in an upcoming RFP to potentially increase its viability. We'll continue discussing this matter with the Town.

Ms. Burns explored a potential financing model for the AMI metering project and will meet with Mr. Morahan and Ms. Griffin to finalize the Board's proposal. Updates will be provided at the next Board meeting.

Ms. Burns entertained a motion to adjourn.

Mr. Reive: “Aye”

Mr. Herrald: “Aye”

Ms. Burns: “Aye”

The meeting adjourned at 8:45 am.