

South Hadley Electric Light Department  
Executive Session of January 11, 2018

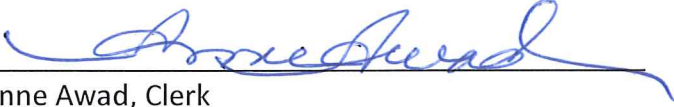
Present: Greg Dubreuil, Vernon Blodgett, Kurt Schenker, John Hine, Anne Awad  
Staff: Sean Fitzgerald, Michael Conchieri

The Meeting convened following an open Session motion to enter Executive Session. A roll call vote on the motion was unanimous; Dubreuil-aye, Blodgett-aye, Hine-aye, Schenker-aye, Awad-aye . The Executive session convened at 6:37 PM.

The Board had met in Executive Session on December 7, 2017 in order to hear a proposal from the Massachusetts Municipal Wholesale Electric Company (MMWEC) on a Special Project 2015A which is a 50MW dual-fuel peaking plant which would help SHELD mitigate our Capacity costs. SHELD's open capacity position is high and puts us at risk for volatility in the wholesale capacity market. Purchase of shares in Project 2015A would add 6MW's to cover an additional 14% of our open capacity position. At the December meeting, Board members received the proposal and detailed materials on SHELD's current capacity status, and agreed to review the materials and come back in January fully prepared to make a decision. MMWEC staff explained that several participants in the fully subscribed project indicate a willingness to give up some portion of their shares, should SHELD wish to purchase them. Project 2015A has qualified to participate in the ISO Forward Capacity Auction (FCA12) which will be held in February 2018.

The Board discussed Project 2015A which would build a peaking generation plant, powered by natural gas and ultra-low sulfur distillate fuel oil, in Peabody, MA that would provide a hedge for municipal utilities against future fluctuating capacity prices. It was noted that we have a large "open position" which exposes SHELD to cost volatility if capacity prices spike in the future. Participation in the project would provide risk management. Capacity prices are established each year via capacity auction. A pie chart of SHELD's capacity coverage shows Millstone at 17%, Seabrook at 10% and Hydro/NYPA at 5%, leaving an open position at 68%. Most MMWEC members have open positions less than 50% and Special Project 2015A would cover 14% of our open capacity requirement. There was discussion about purchasing even more of the Project 2015A if shares were available. Manager Fitzgerald and Mr. Conchieri counseled a conservative approach--that 6MW's which is 10% of the project would directly help SHELD and bring us close to the average of other MMWEC members but more than that might be overreaching. Other future projects added to this one might be a better balance for the energy portfolio.

A motion to return to Open Session was made by John Hine, seconded by Anne Awad. Roll Call vote ensued: Dubreuil-aye, Blodgett-aye, Hine-aye, Schenker-aye, Awad-aye. Unanimous vote.



Anne Awad, Clerk

Approved: February 22, 2018