Electric Light Department
Town of South Hadley

85 Main Street ***Telephone 413-536-1050***
South Hadley, MA 01075-2797 ***Fax 413-536-0741***

SOUTH HADLEY ELECTRIC LIGHT DEPARTMENT

BOARD OF COMMISSIONERS

Meeting minutes of FEBRUARY 17, 2016

Present: Anne Awad, Chair, Dan Whitford, Vice Chair, Kurt Schenker, Clerk

Staff present: Michael Conchieri, Financial Manager, SHELD

MS. Aawd convened the South Hadley Electric Light Department, Board of Commissioners meeting at 6 PM.

Public Comment:

Several members of the public asked the Board to defer any action on the Manager's contract until after the Town Election when a new Board of 5 would be in place. Ms. Awad explained that the agenda item related to the Manager's Contract was time sensitive as the Board had to act by terms of the contract 90 days before the expiration of the contract on May 31, 2016. Waiting until after the Town Election would not meet the legal requirement. Also asked was why we would do it in Open Session rather than in Executive Session. Ms. Awad explained that the item was not a disciplinary action and would not include any disciplinary information and legal counsel has advised us that we must do it in Open Session.

Administrative items (Meeting Minute approval and the Chair's report) were deferred until after guests had made their presentations.

Town of South Hadley efforts to seek alternative energy:

Ms. Awad introduced Michael Sullivan, Town Administrator, who, in turn, introduced Beth Greenblatt, a consultant from Beacon Integrated Solutions, who has been working with the Town for several years to improve conservation efforts and to seek ways to reduce the Town's consumption of energy. Ms. Greenblatt distributed copies of her presentation.

Solar development tends to be more expensive than other traditional sources of power and, in fact, most renewable generation is more expensive to purchase and distribute than traditional fossil fuel or nuclear generation. To be effective, it needs further commercialization to bring first costs down and requires incentives to help commercialize the market. The Commonwealth of Massachusetts has been very aggressive, particularly since the Green Communities Act, in promoting solar renewable generation across the Commonwealth, particularly behind the investor-owned utilities in the Commonwealth which the state regulates. There are both federal and state incentives that are supporting the solar market. On the federal side there's what's called the federal Investment Tax Credits.

On the state side there are two different incentive programs:

1. The **Solar Renewable Energy Credit** program. For investor-owned utilities, we have what's called the Renewable Portfolio Standard in Massachusetts. A certain percentage of every load serving entity, whether it's a competitive electric supplier or an investor-owned utility, is required by state law, a portion of their portfolio must be met with renewable generation. That created a marketplace that had an established pricing value associated with it. There was a ceiling and a floor that was created, and it created a commodity that was tradeable. In fact, there are firms on Wall Street that are trading solar renewable energy credits pretty aggressively now and they are attempting to bring in the highest value for the solar projects to help bring down first costs. I think there's a misunderstanding to some extent in the industry in general as to who benefits from those Solar Renewable Energy Credits. It is typically the owner of the asset. Most of the projects that are done in Massachusetts behind municipalities are not owned by the municipalities. They're owned by third parties because of those federal Incentive Tax Credits. Those tax credits are only available to those entities that have a tax appetite and pay taxes, where public entities do not. The Solar Renewable Energy Credits are used to buy down the ten-year stream of debt service on a project, which allows the developers or the sellers of the solar energy to provide a more competitive, cost competitive price for the solar generation. It's funded by ratepayers throughout the Commonwealth because the cost of those Solar Renewable Energy Credits and that program is truly paid for in the overall cost of electricity, whether it's a third party supplier or the investor-owned utility provided that electricity.

2. The second incentive program that's helping fund the investment in locally generated solar assets is what's called **net metering**, and SHELD does have a net metering program, somewhat different than other municipal light plants net metering programs with specific benefits and some specific restrictions. But net metering has been used as a tool to benefit the off-take or the beneficiary of the solar generation as compensation for electricity that's provided to the electric company. So we can talk about how that fits into what SHELD is doing and where we would like to take perhaps a pilot project or pilot program with the municipality. So those are the financial drivers that are helping bring down the cost. As the programs reach their market saturation or market maturity, new programs are put in place. The incentives off of those programs have been and are expected to be less attractive because the cost of solar is coming down.

So the incentives are doing what they're intended to do, which is to commercialize technology and bring down the cost because of the massive systems that are being installed, and to levelize the overall cost of the installations to allow for a sustainable market.

The Renewable Portfolio Standard: The Department of Energy Resources set out a goal which was earmarked to be reached somewhere in the 2017 timeframe. The target was reached three years before the deadline. So the Department of Energy Resources, by regulation because they oversee the program, actually expanded the cap from 400 megawatts up to 1,600 megawatts with a target date of 2020. Again we hit that target in February of this year, four years ahead of schedule. There's clearly a demand for solar in the Commonwealth. There have been a significant number of jobs created as a result of it. For solar to make sense it has to be win/win/win for everyone. There is a pretty interesting battle going on with investor-owned utilities and DOER and the Department of Public Utilities and the entire legislature as to what the right incentives should be, who should be getting which incentives, and how rich should this program be. It can't be an academic exercise.

If we pursue solar installations on Town property with SHELD, we would put out a comprehensive request for proposals, do the proper due diligence, find the right team of experts to do the right kind of project for the town that meets the town's needs, that works well with SHELD, and maybe provide some other benefits that are a little bit more out of the box than some of the other projects that have happened in the Commonwealth.

According to the solar industry, in 2014 the investments in solar facilities in Massachusetts reached upwards of $800 million and produced 9,000 new green energy jobs. The question is what was the cost to get there, and that is what the Department of Energy Resources is looking at now in doing their due diligence as to what the next phase needs to be. How do we incent certain types of programs that meet the overall energy policy of the Commonwealth. There was clearly a focus on certain types of solar arrays than others, sort of moving away from those big farms like the one in Warren and focusing a little bit more on other properties that can't be used for much else, like a landfill or a brownfield or carport canopies over parking lots, which is something that the town of South Hadley is also looking at. SHELD has a net metering program. The net metering program in Massachusetts has also seen sort of interesting ebbs and flows. We've seen caps that have been established by the legislature, reached several times behind the largest utility, National Grid, and yet there's still capacity behind the other utilities. There are generating facilities in Massachusetts that are either being decommissioned or have been decommissioned, so the number of facilities here in Massachusetts has also diminished. So we have a capacity issue that we're dealing with. The good news is our federal government actually acted before the end of 2015. The Investment Tax Credit that was targeted to reduce from 30 percent of cost to 10 percent was actually expanded to 2019 at 30 percent, and then it ratchets down over the next several years. The federal government recognized the benefits of providing a tax credit for domestic renewable generation which is an incentive that is helping bring down the cost of the projects. It's keeping the right kinds of investors interested in the projects. It's the investors that have a tax appetite because the benefit for them is significant. So by doing that it helps bring down the overall cost of the project, which reduces the cost of the generation on a dollar per kilowatt hour basis.

Ms. Greenblatt reviewed all of the projects in Massachusetts that were certified under the Department of Energy Resources, SREC program one and the projects that were installed behind each of the 44 municipal light plants. This is not just happening in the investor-owned utility market, it's happening behind municipal light plants as well. In fact, the total number over the past couple of years of projects was over 1,000 projects were installed. Most of those projects were residential, but the total capacity of those projects was greater than 100 megawatts. There's a lot of activity behind 44 municipal light plants that doesn't get the same level of exposure as the types of activity that's happening behind the investor-owned utilities, primarily because that's where the big programs that are being battled over in the legislature are getting the most attention. The four municipalities, municipal light plants that had the most activity were Concord, Wellesley, Ipswich and Stow (served by Hudson). She also reviewed what has happened in South Hadley and of the total of 1,000 projects, only 30 projects happened in South Hadley. All of them were residential except for the one, a 68 kW system at the landfill. That is privately owned by the former landfill operator. Of the more than 100 megawatts of capacity, less than .3 megawatts is here in South Hadley.

What does South Hadley offer? Not all municipal light plants offer renewable projects or renewable programs. You are part of the MMWEC HELPS program (only two munis participate in that program). The SHELD net metering program is sort of broken into three categories: small, medium --residential, small commercial and large commercial. All of the solar generation that happens on a residential facility is absorbed into the home usage, offsetting consumption. Any excess is credited on their bill at the full retail rate which is comparable, quite frankly, to the investor-owned utility programs for that size customer. Small commercial is credited at the full retail rate for generation, again generation that's offsetting load. That credit is at 100 percent, and any excess is also credited at the retail rate, provided certain limitations on the types of facilities, the capacity and the size are met. Then large solar generation, any excess generation for a large customer which is over 100 kW --it's just up to 100 kW is credited at the generation rate, so the commodity rate, no T&D, no delivery charges. Under all programs, under all classes, excess generation is credited to the bills. It carries forward but expires after a year if the credits haven't been fully consumed. So there are some limitations with that because even if a residential consumer or a business or the town of South Hadley were to have excess generation, if they own it they have debt service to pay off, and they're using some of what they generated. They need to have value coming out of that. Anything that falls out of these three categories--it's greater than the capacity requirements, there are some limitations, is considered a distributed generator, and a distributed generator can sell outside of South Hadley. A wheeling charge may apply and that may, quite frankly, be an interesting discussion to have with the town with respect to something that it could consider on its landfill, or providing it to SHELD as a resource. The town is open to a host of different options. How do we best utilize land, how do we generate renewable generation, how do we keep jobs and money here in South Hadley? One limitation is that power purchase agreements are not allowed under your net metering rules, which means that the town would have to own the asset. You could not under your net metering tariff, lease the landfill to a third party private entity and buy the output under a power purchase agreement. That's not allowed under your net metering tariff. That's restrictive in a way that would require the town to have to issue debt to buy these facilities, and that's probably not something that the town would want to do.

The other four municipal light plants that achieved success in this marketplace with solar predominantly in the residential markets have found ways to make the system work to their benefit. Concord Municipal Light Plant provides rebates. There are certain limits. The excess generation behind Concord Municipal Light Plant is compensated to them at the ISO New England day ahead spot price, which right now, I think as you know, is in the four to five cents range, and that's excess generation that's exported to them. The monthly charge --they also actually have a small monthly charge for distribution costs based on the size of the system. They are compensated for the generation that is feeding back into the distribution system. The investor-owned utility's argument that they still have distribution costs whether they're sold or not. Concord has a small monthly fee that's put on the bill. Wellesley has a limit on their systems. They also provide rebates, and any excess generation is monetized and again applied to the future electric bills. Ipswich Municipal Light Department actually provides some technical support to determine feasibility, which is an interesting option. That could take some of the voodoo out of the mix for particularly residential customers. They participate in the MMWEC HELPS program for residential customers for facilities no greater than 10 kW. They have a base incentive of 80 cents a watt as a rebate, up to $4,250. They are providing incentives and rebates for ownership of systems. These are ownership opportunities for customers. Stow is served by

Hudson Light and Power. Again, they have rebates. They don't offer net metering, but excess generation is purchased at the power charge adjustment rate on a monthly charge. The maximum generation allowed is no greater than 30,000 kilowatt hours per year.

Some of the things that the town is considering are: 1. Ledges Golf Course. Solar energy would help offset costs. Some roof-mounted installations, carport installations over the parking areas, and over the driving range, could cover lighting and other poser needs. It would also bring some revenue. You can use the golf course more than it's currently being used, but also install electric charging stations and have golf carts and availability for residents who have electric vehicles to have a The Town would need to be able to feed excess power back to SHELD because during the summer months, particularly July and August, when the sun is the strongest and the generation's going to be the greatest, that golf course is not going to consume all the generation that comes from the solar array. So where is it going to go? Right now it could sit on the golf course's accounts under your current tariff. It could sit on the golf course's account and sort of roll forward, like rollover credits, but only for 12 months. So if they're paying for 100 percent of it, but they may not be able to enjoy or take advantage of all of it, it becomes a much more costly proposition. So our request would be to consider as those credits are monetized, applying them to other accounts of the town. Make a payment, apply it to other accounts as a credit. So the credit stays within South Hadley but it just gets shifted around. This is similar to what the investor-owned utility programs are doing.

2. The Landfill/Transfer Station. The landfill used to provide revenue as an active, open landfill. Solar is a great opportunity to turn the Landfill into a revenue generator. A solar array could be built. It could be interconnected to your system, but if all the credits have to accrue behind the transfer station at the, landfill, they would never absorb the benefit. So how else can the town of South Hadley, all ratepayers, and taxpayers enjoy the benefits? That would be if those monetized credits get distributed to the other town accounts. Alternatively, the generation and any environmental attributes, if desired, could be sold to SHELD. As SHELD is renegotiating its supply contracts, recognizing it's not a base load supply, but as SHELD is renegotiating its supply contracts, maybe there's a fit for a small piece of renewables. Many of the municipal light plants have invested in wind projects. This may be an opportunity to get the benefits of locally generated solar. I think the town is open to that as well. This would be an opportunity to use this landfill as something more productive than just sitting there. But under the current tariff, it wouldn't work except for under one possibility, that the asset at the landfill be treated as a distributed generator, and all of the power is wheeled through SHELD, all the generation is wheeled through SHELD out of the town of South Hadley to another entity. That might be cost effective and that might be something to consider. We'd need to get a feel for what that wheeling cost would be so that when we went out to bid and did our due diligence, we could let developers know to see if it was economic.

Partnering with The Town could be win-win for both Town and SHELD. The Town hopes that SHELD would like to work with us as we develop our RFP. Together we would define where the generation is going to go and how we'd be compensated for it.

Discussion:

MS. AWAD: When you were reviewing possible projects in South Hadley, the need to have a power purchase agreement and currently SHELD does not allow them. So a policy change would have to occur at SHELD to allow that to go forward, is that correct?

MS. GREENBLATT: Under the net metering tariff, SHELD does not allow power purchase agreements. It's basically the tariff is written that the only sort of supplier of electricity of any type in the town is SHELD.

MR. CONCHIERI: I believe the Board has the power to enter into a purchase power agreement outside the net metering.

MS. GREENBLATT: The Board does, the SHELD Board.

MR. CONCHIERI: Yes, they can enter into a purchase power agreement.

MS. GREENBLATT: The Board would be buying the generation. That's the relationship from the project. So if the town were to lease --let's talk specifically about the landfill. If the town were leasing the landfill generating solar, the generation would be sold under a power purchase agreement to SHELD.

MS. AWAD: What is the timeline? When do you hope to release the RFP?

MR. SULLIVAN: The power purchase agreement allows us to avoid some risk of debt, and getting outside of what our expertise is as a municipality. The previous community I was in, I saw it work very successfully. It was with National Grid, but where a third party came in and partnered. A power purchase partner came in and bore the cost of the installation and the equipment, and had the technical expertise, the design, and did the construction.

MS. AWAD: I think SHELD commissioners would need to have a sense of what the finances would be because it could be that the units would be more expensive for us than what we currently have in our power source mix. But that would be short-term. Things are changing quickly over the next two to four years, and ultimately it might balance out. So would it make sense to have one of us meet with Mike and Mike Conchieri from SHELD to come up with some numbers? Would there would be an investment by SHELD of money?

MS. GREENBLATT: I think there's a couple ways to do that, and that's why we needed to get a feel from you folks as to what seemed reasonable, and we may not be able to do that in open session. You are talking about competitive power supply which is done in Executive session. We could put this out as a design build and then some combination of entities would own either. There's owning the asset, physically owning the asset, owning the output --so there's three things --and then owning the environmental attributes. Maybe there's some new model that hasn't been used in the Commonwealth we could figure out. The second is doing it under sort of the traditional approach, which is third party ownership, meaning no public entity would own it. A private entity would own it and could take advantage of those 30 percent tax credits and accelerated depreciation. It would own the asset and sell the output, keep the attributes maybe unless somebody else wanted them, but keep the environmental attributes, the SRECs, and sell the generation. Does SHELD want to buy the generation? SHELD should only want to buy the generation if it makes good economic sense.

Ms. Greenblatt suggested a brainstorming session internally before the RFP went out. Right now the RFP contemplates that the town would be able to lease land, whether the land is the parking lot, the rooftop surfaces or the landfill. A private entity would build, own and operate the system, and sell somebody, maybe SHELD, the generation. If that was the model that was acceptable, I would recommend we put it out and we let the market compete as opposed to establishing a price. If the price comes back at a rate that's just not economic for the town to pursue, then like any other town, you reserve the right to terminate your procurement if it doesn't make sense . But you also have the right to negotiate it. Mr. Whitford asked how these top four towns were successful. What made them successful in building out the solar? Did they do a solarized Concord? What brought the builders in? In your research and observations, is there anything about South Hadley that would preclude having a similar program? Is there something about our policy that prevents us from bringing somebody in to do solarized South Hadley?

MS. GREENBLATT: I think to the extent ownership is not an option to a residential customer, they would have to do it under a power purchase agreement. Despite DOER's low interest loan program, ownership may still not be an option for a residential. Having that second option of doing it under a PPA, which your policy does not allow, would be problematic. In preparation of the RFP, she proposed that we need to do some detailed looks at the engineering behind this, where are the tie-in points, what capacities could be achieved without redeveloping the distribution system. At the driving range of the golf course, there is not much nearby that you can tie into. You've got a single feeder to a Coke machine or a ball distribution machine. That's about it. We'd have to run hundreds of yards to find a better place to tie in. So you have an interconnection policy, and part of that interconnection, perhaps similar to the investor-owned utilities, the project pays the interconnection costs. So if there needs to be an upgrade to a substation or an upgrade to a distribution system, if there needs to be a direct circuit run, that's borne in the cost of the project.

MR. WHITFORD: I would think that in the RFP we would have to expose that portion of the distribution, where we propose that someone come in. They would have to know what the limitations might be.

MR. SULLIVAN: Oftentimes in the RFP process they'll investigate what the limitations are and what they would have to invest in. They make it as part of their proposal, knowing from SHELD's point of view that that part of the proposal is going to be on them. It's not going to be a cost to you.

MS. GREENBLATT: One of the things that we try to give developers during the procurement process is location of three-phase and what the infrastructure, the distribution network is in the vicinity of where we're looking to place facilities. So around the golf course, what does your distribution system look like. If we can give them that information when they're putting together their financial models (an idea of what an average cost would be for that type of interconnection upgrade, including specific protection equipment that may be required to protect the system).

MR. Howard noted that Mount Holyoke College has been talking on and off about solar for years. They would have the usage right on campus. There wouldn't be any need for distribution. They might be a good location for something of this sort. You own the PPA, but lease the land or whatever from them, and they use the electricity right there.

MR. SULLIVAN: I think we're at the point, from the municipal's side, if there's a comfort level that SHELD will be able to work out a power purchase agreement, that we're ready to move forward with the RFP. As long as we can state that to the development market, they'll start their work, include it as part of their proposal. That might even be a model, this is what we're proposing for the power purchase agreement right in the RFP.

MS. AWAD: I think we'd need to know some fiscal points that are going to be either in the RFP or kind of what the financial impact is for SHELD.

MS. GREENBLATT: The procurements that we do, we would get not only a full system design and a proposal and how they would interconnect into SHELD's distribution system, but a full cost proposal. If we were looking to do it under a PPA, what they would sell you on a per kilowatt hour basis the generation for, and any other financial implications, any lease payment to the town, their tax liabilities, these assets owned by a third party private entity, their taxable personal property tax, and so they'll have a tax obligation to the town. So we work to get all of that information disclosed so that when the recipient of the proposals is doing an economic analysis as to the costs and the benefits, it's fully transparent.

MR. SULLIVAN: The proposal will give you the outline, and it will make it fairly easy to discern whether it's beneficial for the town or beneficial for SHELD. If it's not beneficial for both of those entities, then the project just wouldn't go forward. Obviously as responsible commissioners, you wouldn't risk the power purchase agreement that wasn't benefitting SHELD, and if it wasn't beneficial for the town, we wouldn't move forward as well.

MS. GREENBLATT: If somebody from SHELD wanted to participate in the review process, you are an electric company. We welcome the level of expertise that you folks can offer, and ultimately you are potentially, if the economics work, the buyer. So your perspective would be valuable, not only on the qualifications and capabilities of the entity that you'd enter into a 20-year deal, I would expect that you'd do the same due diligence that you'd do on any other contract that you'd enter into. You'd want to know the whos and the whats, and then how is it going to impact us both technically and operationally and financially.

MS. AWAD: Right. I think we'd want to know the percentage of power that they'd be bringing into our system because we're committed to adjusting over a long period of time to diversify our power sources, but to do it abruptly, for example, 15 percent all of a sudden at a higher rate than we could absorb over traditional sources, would be dislocating. We'd need to have a sense of the range of the impact and if we could buffer it with other actions.

MS. GREENBLATT: Well, yes, I think that's some of it, but I think the other piece of it is to the extent we're looking to sites and generation at the golf course, if that's technically feasible, to interconnect assets to the golf course, the golf course will consume, especially if we add load to the golf course, it will consume some of that, and the rest --so perhaps your PPA is sort of the net so that it cuts out some of the sort of peaks. We can give you sort of a profile of the expected, either expected daily distribution. Again, it all is forecast because no one knows what the sun's going to do, right? But it would be sort of an expected daily forecast and here's the cost stream tied to that.

MR. WHITFORD: For the golf course, between November and April it will be very little load at the golf course, so an awful lot going out, so we'd need to put that into the business model. But in continuation of a discussion here, since we probably won't meet for another month and we do want to have continuity here, I would ask that you provide in writing what the questions are about SHELD's involvement that need to be answered in order to go to the RFP. If it's only the power purchase agreement, just specify what it is so we can agree to make a policy change. Then schedule a date very soon after the next meeting. Does that make sense?

Ms. Awad asked that Ms. Greenblatt prepare a set of questions for SHELD response and that she would provide the emails for the three Board members, noting that we can't comment together unless we're at a Board meeting, but we can comment back to you individually.

Joanna Brown, ratepayer, commented with a question: So far everything she heard has been about solar generation in the town. She knows a land owner that is in the town adjacent to South Hadley with ten acres of south facing land, and this individual would be very interested in putting in solar generating capacity. The utility that functions in that town has refused to put in 300 feet of connecting line to make that possible. Is it possible for South Hadley to be thinking about possible projects that would generate solar capacity that don't just have to do with our golf course or our landfill, but could be contiguous areas to the town, where there right now seems to be an obstruction that this land owner can't seem to get beyond.

Ms. Greenblatt noted that Granby is under National Grid and it is franchised. National Grid would never allow it. MR. SULLIVAN: That would be National Grid that would set that. What happens in projects like that often is the cost, the return on the selling of the electricity after the wheeling doesn't pay for the investment.

MS. AWAD introduced John Howard, a ratepayer here in SHELD, who lives in the community and has been interested for a long time in alternative energy. He lives that with commitment. He approached us about the Massachusetts Renewable Energy Trust, and we expressed some interest in hearing a presentation. Mr. Howard arranged for the representatives from the Department of Energy and the clean Energy Center to come to our meeting. He spoke to his interest in having South Hadley be in the Renewable Energy Trust. Mr. Howard noted that he hopes that SHELD will join the Massachusetts Renewable Energy Trust. He stated that would cost each resident ratepayer in South Hadley 30 cents a month or $3.60 per household. That's about $25,000 a year. Once you join, you cannot withdraw but Climate Change is presenting a crisis and we must respond. We need to work together with all the other towns around us that are working on this through the Trust. The Trust offers many programs and we've missed out by not being a member.

Mr. Howard introduced Jim Barry from the Western Regional Office of the Mass Department of Energy Resources. Mr. Barry introduced Bob Fitzpatrick and Peter McPhee from the-Clean Energy Center, a quasi-public entity that relates to the Department of Energy Resources.

Mr. Fitzpatrick, Director of government Affairs described the many programs at the Clean Energy Center (CEC). He introduced Mr. McPhee who is Director of Heating and Cooling. Together they described the Renewable Energy Trust Fund which funds the Mass CEC. The mission of the CEC is to build sustainable industry to create jobs, long-term economic growth, and to cultivate the marketplace, accelerating cost reduction. We offer a lot of training programs. To create the funding for the Trust, there is a surcharge on your electric bill. It's a half a mill per kilowatt hour that goes into this trust fund. Then Mass CEC has control of that trust, which is used to run our various programs that support clean energy innovation and workforce training.

MR. MCPHEE described the various programs that are offered through the Massachusetts Clean Energy Center through the Renewable Energy Trust funding. 1. Renewable Energy Division. This focuses on supporting the deployment of technologies at residential locations, at businesses, institutional locations, really providing incentives to drive down the upfront cost of installing these technologies. 2. Organics to Energy projects, which are anaerobic digestion facilities. 3. Clean Heating and Cooling This supports a variety of technologies that are cleaner, alternative ways of providing heating and cooling for a home than the traditional fossil fuel systems that you'll see. 4. Wind and hydropower projects which are typically more in the utility scale, you know, more limited in number, but something that an independent generator might support. By developing broader deployment statewide, we work to drive down the costs in the industry. When a utility joins the Renewable Energy Trust, it joins others working to change our power source and use. There are specific programs you can take advantage of. South Hadley would benefit most in the heating and cooling area, where you have homes that are using a more expensive fuel source. The rebates available are generous. You could take advantage of the Solarized mass program. Mr. Barry suggested consideration of the Green Communities Division, which is available to communities if they join the Trust and also make Green Communities provides grants in the range of $150,000, $170,000, $200,000 for municipal energy reduction such as new lights in town hall or insulation in the fire department or boilers in schools. You achieve long-term reduced energy usage, and therefore less taxpayer dollars are spent on energy and are available for other municipal needs. A Town could apply for up to $200,000 every year thereafter for additional projects. While it benefits taxpayers, it might pose challenges for ratepayers.

One direct area to help South Hadley would be to fund feasibility studies

There were questions from the Board including how they determine the fee for membership in the RET and what the difference is between the Renewable Energy Trust and the green Community program. The Department of Energy Resources Green Communities Division is also created in 2008 with the Green Community Act, and certain of the money was set aside for our department to run this program for municipalities. Renewable Energy Trust is run by a quasi-governmental agency called the Clean Energy Center. Their funds are from the five cents a kilowatt hour per bill, and they do a whole bunch of things including what we've already talked about tonight. Those are two different groups of people, two different buckets of money, all with the same goal of reducing fossil fuel consumption. To participate in Green Communities, you choose to join the Renewable Energy Trust and then you implement stretchy code in zoning (set aside area in Town where a business could come in and establish without need for special permitting), and land use for research and development.

Mr. Berwick noted that he had been in a gathering of 30 towns who had become Green Communities and the conversation indicated that the priority was NOT money but rather the sense of being part of a larger community that was talking about energy and how energy drove economic development and planning.

Mr. Howard noted that the Trust funds rebates for solar panels on residential houses and has a wood stove change-out program.

The investor owned utilities all pay into the Trust because they have no choice. Municipal utilities have a choice. The SHELD Board would make the decision to join the Renewable Energy Trust and then the Select Board (with Planning Board and Town Meeting) would make the move to join the Green Communities.

Minutes: The minutes of meetings 9/10/2015, 9/24/2015, 10/8/2015, and Executive Session Minutes of 10/26/2015, 11/5/2015, 12/16, 2015 were reviewed. Mr. Whitford moved and Mr. Schenker seconded that this particular set of minutes be approved. Discussion and unanimous vote.

Ms. Awad noted that she would not present a Chair Report in order to move to the consideration of the manager's contract.

Manager's Contract

She stated that the current Board inherited a contract that had been signed by the previous Board that had a term 2005 through 2009, which would lead one to think that the contract is not in place at this time. That is uncertain and still under review by legal counsel because there is a clause within the contract that suggests that it might automatically renew each year. We want to follow the terms of the contract by discussing the renewal or not renewal of the contract, which is within the terms of the contract that the Manager signed with the previous Board. It requires that if this Board is not going to renew the contract, it needs to notify the Manager 90 days before the expiration of the contract. The expiration is May 3lst, so the Board needs to let the manager know of our action by March lst to satisfy that requirement. Ms. Awad advised the public in attendance that the discussion of the contract would be limited to the Board members and that the public could witness the discussion. Lawyers have advised us that this discussion is held in open meeting, that it is not in executive session. You post an executive session when you are going to discuss disciplinary action or allegations that relate to someone's character or job performance. We are talking about whether the contract would be renewed or not.

Mr. Whitford stated that he had reservations about renewing the contract on several bases. The contract is old, and it has not been renewed or accepted by subsequent Boards. It has an evergreen clause that renews automatically without review. It is time for us to review it, and we have done so. Mr. Whitford reported that he was disturbed by the provision to pay out all sick and vacation leave upon separation. It far exceeds expectations for a public employee. Mr. Whitford stated that continuing or renewing the contract would increase the public debt. For each period of vacation not used, for each period of medical leave not used, ratepayers are responsible for paying in full for those times. As you might expect, the amount of accrued vacation and medical leave is significant over the duration of the contract. We potentially face a large bill due at payout when the manager leaves his position. Mr. Whitford stated that he wanted the Board to terminate the contract, to not renew. This is not punitive or disciplinary. It is purely about the nature of the contract. He moved that the contract not be renewed. The motion was made and seconded by Mr. Schenker, who stated that he was seconding in order to promote discussion on the motion and, hopefully, to renegotiate the contract. Ms. Awad noted that it would be better to simply second the motion and, once voted, to introduce a new motion to renegotiate the contract. Mr. Schenker agreed and made a second to Mr. Whitford's motion.

Mr. Whitford added to his comments about the contract, noting that another issue he identified was that the pay for the Manager was tied to the union bargaining pay increments, negotiated by the Manager. He felt that this was a conflict of interest. He stated that he felt we needed to write a new contract. He respects Mr. Doerpholz and feels he is a very smart man. Mr. Schenker does not want to lose him. The new contract could be in line with what most municipal utility managers receive.

Ms. Awad called the vote and it was unanimous to not renew the contract. She stated that subsequent and necessary actions could be considered at the March meeting of the Board.

Correspondence:

An Open Meeting Law complaint was received by the Board, filed by Mr. Doerpholz. He maintains that the emergency meeting called by the Board Chair on October 26, 2015 to deal with the federal law suit was illegal (not posted 48 hours in advance). The Board met under the emergency provision under advice of counsel.

We were advised to sequester and protect relevant records which were under the purview of the Manager. This was necessary for discovery related to the case, and counsel advised that we take all measures necessary to make sure that there were no actions taken to remove or modify records. Since these were under the purview of the Manager, we saw the need to place the Manager and the other named person, the Engineer, on administrative leave.

Adjourn: MR. WHITFORD moved to adjourn and Mr. Schenker seconded his motion. No discussion, unanimous vote to adjourn. Adjourned at 8:10 PM.

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Clerk

Next meeting: March 16, 2016, 6 PM, Select Board Meeting Room, Town hall