

**BOARD OF COMMISSIONERS MEETING  
SELECTBOARD MEETING ROOM, TOWN HALL  
APRIL 26, 2018 AT 6:30 P.M.**

Present for the Board: Chair Gregory Dubreuil, Vice-Chair Vernon Blodgett, John Hine, Kurt Schenker, Peter McAvoy

Present for staff: General Manager Sean Fitzgerald, Sr. Engineer Mark Gilmore, Financial Manager Michael Conchieri and Administrative Assistant Kim Mendoza

The Open Session convened at 6:30 P.M.

**Reorganization of the Board**

Mr. Dubreuil explained that the first thing on the agenda was to elect new Officers. He outlined the process and then Mr. Blodgett nominated Mr. Dubreuil for Chair. Mr. Dubreuil accepted the nomination. There were no other nominations. The Board voted unanimously to appoint Mr. Dubreuil as Chair. Next Mr. Dubreuil nominated Mr. Blodgett for Vice Chair. Mr. Blodgett accepted the nomination. There were no other nominations. The Board voted unanimously to appoint Mr. Blodgett as Vice Chair. Mr. Hine then nominated Mr. McAvoy to the Secretary position. After inquiring about the duties for the position, Mr. McAvoy accepted the nomination. The Board voted unanimously to appoint Mr. McAvoy to the Secretary position.

**Public Comment**

There were none.

**Minutes Approval:**

3/05/2018 Strategic Planning Open Session

On a motion made by Mr. Hine and seconded by Mr. Blodgett, it was unanimously

VOTED: To accept the minutes of the March 5, 2018 meeting of the Municipal Light Board.

3/22/2018 Open Session

On a motion made by Mr. Blodgett and seconded by Mr. Hine, it was unanimously

VOTED: To approve the minutes of the March 22, 2018 Open Session meeting.

**Town Master Plan Implementation Committee Update**

John Martins and Margaret Jodoin, members of the Master Plan Implementation Committee, updated the Board on the status of the Town Master Plan. The plan will be a collaboration process of the Stakeholders that will map out the direction of the Master Plan. It will encompass the priorities of next five to ten years. They will be looking for input and feedback from SHELD's Board. They plan to post a RFQ to hire a consultant who will reach out to Town groups for their input. Secondly, they are looking for content from the Stakeholders. There will be tasks associated with goals. There are currently three structural categories: cross collaboration, communications and evaluation criteria. These have emerged from the analysis of the previous master plan process meetings.

Ms. Jodoin stated that she and Ms. Gooch recently met with Mr. Fitzgerald for an informational meeting. They were pleased with SHELD's transparency and willingness to work with them on this phase of the Master Plan.

Mr. Fitzgerald commented that SHELD was currently working on its own Strategic Plan and would be willing to help as best they could with input to the Town Master Plan. He also stated that he could not give any updates on fiber at this time.

Mr. Dubreuil said SHELD is planning on being more engaged in Town affairs than in the past. One future concern for SHELD is for a new facility. This will be addressed during the strategic planning process. Until that is completed, SHELD will not know what its requirements will be for a facility. We will continue to work with the Redevelopment Authority and Town to be creative and work on other development projects.

Mr. Hine also mentioned that SHELD's strategic plan process will provide goals and the vision for SHELD for the next ten to fifteen years. When that plan is completed, it could be rolled into the Town's plan, along with the plans from other departments, to contribute to the Town Master Plan.

Mr. Blodgett asked if the Master Plan had a rolling aspect to it or does it have an end. Mr. Martins hopes that, in the future, their plan could be revisited and updated with changes or additions that may develop over time. Mr. Martins thanked the Board for their time.

**Manager's Report:**

**Outages:**

There were five electrical outages in the past month due to animals, trees and one due to an underground digging incident. The outages impacted thirty-two customers for an average of fifty-two minutes.

Mr. Fitzgerald took this time to remind ratepayers to call Dig Safe, at 811, to find out what is underground before they do any digging. It is a free service.

**Chamber Plaque:**

Mr. Fitzgerald displayed a plaque that the Chamber had presented to SHELD for sponsorship of the Holiday Stroll. He thanked the Chamber for the positive gesture and commented that SHELD is trying to invest more into the community and appreciates being recognized for its efforts.

**Distributed Generation Options:**

Mr. Fitzgerald gave a brief definition of Distributed Generation. It refers to technologies that generate electricity at or near where the electricity is used. Solar is usually the main source of distributed generation, in most utility service territories, and is the topic of discussion tonight. He stated that the goal tonight was have to a vote on the proposed PV Interconnection Policy. The current net metering policy has the interconnection policy combined with the metering policy. He stated that he would explain why it needs to be separated into two policies. Then, following the vote, he would like to discuss the rate structure.

Mr. Fitzgerald then presented a PowerPoint presentation on SHELD's Photovoltaic (PV) Policy. PV is very important to the ratepayers and to SHELD. There is a growing interest in clean renewable energy. He went on to explain the differences between the current policy and the proposed policies. The current net metering policy combines the technical requirements with the compensation method.

SHELD has reached its 1% residential cap stated in the current policy. The size of installation is not defined as AC or DC, the inverter specifications are outdated and the rate classes do not match the customer definitions.

The proposed changes included separating the policy into two policies: one that details the technical requirements in the PV Interconnection Requirements Policy; the other addresses the compensation policy in the PV Metering Policy. The caps would increase to 2% for residential and 3% for commercial. The size of installation would be defined as DC to match the proposed Town Solar By-law. The inverter specifications would be updated and there would be only two types of installations, residential and commercial, based on rate classes.

Mr. Hine asked if the 1% residential cap included customers who wanted to go off the grid and use only solar. Mr. Gilmore explained that the 1% included anyone with solar panels who was connected to the SHELD distribution system. Mr. Gilmore explained those customers who were not connected to the distribution system would not be included in the 1% and they would never be able to use SHELD for electricity. Most people who would install solar will still be connected to SHELD and would fall into the 1% category. Mr. Dubreuil mentioned there is a misconception that people with solar would still have power during an outage. Mr. Gilmore explained that the solar systems also shut down, during outages, for safety reasons. If they did not shut down, the system could back feed and injure linemen making repairs.

Mr. Hine also asked why caps were needed at all. Mr. Gilmore explained that once a cap is reached it forces SHELD to review the policies and the impact of the current policies. At that time, it would allow SHELD to review their policies, goals and make any new changes that may have been introduced for solar installations.

Mr. McAvoy asked how long it took to reach the 1% residential cap. Mr. Gilmore explained it took about seven years to reach the 1% cap which allowed forty-two solar systems to be installed in Town. In the future there are many things that can affect the future of solar. The addition of tariffs and changing credits may slow down the installation of solar. The SREC credits are ending soon. The State SMART program does not currently allow municipalities to participate. SHELD is working on addressing this with the State. Mr. McAvoy reminded everyone that there are other types of distributed generation renewables, besides solar, that we could look into in the future.

Mr. Fitzgerald continued the presentation listing a few other changes to the policies which included clearly listing upgrade costs for residential systems in the Fee schedule, eliminating the Witness Test fee and O&M costs. Systems would be required to be oriented W and SE to reduce voltage rise and reverse power flows and the new application would have a place for approvals and any additional fees.

Mr. Fitzgerald requested the Board vote on the proposed two policies. Mr. Hine asked if this would affect the rates. Mr. Fitzgerald said the vote would keep the same rates but that, after the vote, he would present some information about rate options for future consideration.

On a motion made by Mr. Blodgett and seconded by Mr. Hine, it was unanimously

VOTED: To Rescind the current Net Metering Policy which was established on November 15, 2011, and last amended on March 23, 2016 in its entirety, and move to Approve the new PV Interconnection Requirements – Customer Accessory Operation Policy with an effective Date of April 27, 2018.”

On a motion made by Mr. Blodgett and seconded by Mr. Hine, it was unanimously

VOTED: To Approve the PV System Metering Policy with an effective date of April 27, 2018.

Mr. Fitzgerald addressed the reasons for a discussion on solar rates. He highlighted how the growth of solar has prompted many utilities to review their rates. For South Hadley, incentives have met the goals in achieving installations, costs are dropping, and a balanced approach would support both the customer and SHELD in the future. Management is looking for the Board's input and philosophy for a rate design. He presented three options and the impact each would have on customers and on SHELD. The options included keeping the current Net Metering policy, changing to a Modified Net Metering policy, or changing to a 'Buy All - Sell All' policy.

The current Net Metering policy pays the customer the full retail rate. The Modified Net Metering policy allows customers to consume their usable production at a full retail rate and compensates for any output production to the distribution system at SHELD's average cost of purchased power. The third option is the 'Buy All - Sell All,' which separates solar production from the usage. It meters separately and compensates for energy produced at the average cost of purchased power. It is not netting out the production and consumption. It's a separate transaction that is metered separately on two meters. Mr. Fitzgerald pointed out that the 'Buy All - Sell All' is the current policy for all three other Municipal Light Plants of Westfield, Holyoke and Chicopee. Mr. Fitzgerald explained that MLP's have historically had much lower rates than Investor Owned Utilities and it is an important distinction when considering how to compensate for Distributed Generation.

Mr. Dubreuil asked what components of the costs SHELD was failing to recover on a full net metering policy and how it impacted SHELD. Mr. Fitzgerald explained that the distribution costs are not being recovered with the current policy. These costs are all the operational costs to run the utility and maintain services.

Mr. Hine commented that if SHELD is paying the retail rate for electricity that it gets from a solar customer; it would be at a higher rate than if electricity was bought elsewhere. Mr. Fitzgerald said that if everyone went to solar and there was no one to pay the distribution costs; there would no longer be a utility. We are looking for a balanced approach for rates; one that would allow SHELD to manage the utility and also compensate the customers fairly. The wild card right now is the rebate. SHELD is working with MMWEC and MEAM and the DOER to create a rebate that would offset some of the installation costs. If there were an added rebate, it may make the 'Buy All - Sell All' worthwhile for the customer.

There was a discussion addressing concerns the Board members had about the 'Buy All - Sell All' option. Chairman Dubreuil expressed an opinion that he believed customers who invest the capital to install solar should be able to consume that energy at the cost they would have otherwise paid. Mr. Dubreuil stated that he also acknowledged the shifting of distribution costs is an important factor and that he believes the Modified Net Metering Policy makes the most sense for SHELD at this time. Mr. Blodgett asked if the other MLP's began their policies with the 'Buy All - Sell All' and Mr. Fitzgerald replied that it appears they all began with this version of DG policy.

Mr. John Howard asked about any rate changes for solar systems that are already installed. Mr. Fitzgerald said they would be grandfathered for a time period, probably ten years, because those customers made their investments based on the current Net Metering policy. Mr. Howard also had

several comments on the future of solar to which Mr. Gilmore explained SHELD's position on the topics and the reason for needing changes.

Mr. Fitzgerald commented that the most important job SHELD has is to manage the power portfolio which is 80% of the cost. 80 % of the load is covered by owned generation in the two nuclear power plants. We leave 10% to 15% open to the market and hedge that percentage to close our position, so that we have stable rates. We are currently buying power a year in advance.

Mr. Dubreuil clarified that we own a portion of the nuclear power plants; we don't buy that power. It is fed into the grid and we do not have to pay to transport the power to South Hadley. We own the plant; we pay to operate the plant and the costs for it to generate electricity. It feeds electricity into the grid, sells it, and we buy it; which is ultimately a wash. We don't physically pay to transport the power to South Hadley. We pay to operate the plant.

Mr. Fitzgerald said there is a lot to consider and that's why he was starting the discussion early. We are looking at renewables, as they come our way, but we don't have a lot of open position. There are times when we are long from the power generated from the nuclear plants. Therefore, investing in generation is not a wise decision. At times, we also have zero emissions because of the nuclear generation. We will revisit this topic when we discuss other rates.

Mr. Dubreuil inquired if we were doing another peak shaving project this year. Mr. Fitzgerald said we could not do the same generator project we did last year because it had a diesel motor which had emissions. We need to wait a year because of the emission limitations. Mr. McAvoy mentioned that, if the diesel emissions were the issue, there are other fuel sources that could be utilized.

Mr. Dubreuil asked if there was a way to communicate with all customers to tell them a peak load day was coming and to ask them to conserve, for that one hour on that one day, which could save money over the next year. Mr. Fitzgerald said that they talked about possible robo calls last year. He thinks it is worth looking at it again.

#### **New Business**

Mr. Fitzgerald told the Board that SHELD was going to participate in the Town Memorial Day Parade this year. We will have a bucket truck and the electric car in the parade. If any members of the Board would like to walk, or ride in the car, let him know.

#### **Adjourn:**

On a motion by Mr. Hine and seconded by Mr. McAvoy, it was unanimously  
VOTED: to adjourn.

The Open Session ended at 7:44 P.M.

  
Peter McAvoy, Clerk

Approved: May 24, 2018

EXHIBIT A

List of Documents reviewed at the April 26, 2018 Municipal Light Board Meeting

1. Draft Open Session Minutes of the MLB Meeting March 5, 2018
2. Draft Open Session Minutes of the MLB Meeting March 22, 2018
3. Outages 4/23/2018 YTD
4. PowerPoint – Photovoltaic (PV) Policy
5. SHELD PV Interconnection Requirements – Customer Accessory Operation Policy Draft
6. SHELD PV System Metering Policy Draft
7. SHELD Net Metering Policy dated 03/23/16