

Light Commission February 27, 2024 meeting minutes

To: Light Commission: Commissioners
Light Department: J. Kowalik, General Manager
From: Jean-Jacques Yarmoff, Secretary
Date: March 19, 2024
Re: Commission Meeting February 27, 2024

A quorum being present, Chair Wolf brought the meeting to order at 4:04 pm. The meeting was held in person and with remote internet access, both available to public participation. A recording of the meeting is made available to the public at the following [link](#).

Participated in meeting:

Commissioners: Commissioners Frechette, Hull, Smith, Wolf and Yarmoff participated in person.
Light Department: General Manager, J. Kowalik; Business Manager, Matt Barrett; Manager of Technical Operations, Colin Coleman.

Marblehead Land Acknowledgment declaration was read by Commissioner Frechette.

Approval of minutes: The minutes of the executive sessions of September 5, 2023 and December 12, 2023 were reviewed and approved without comments by the commissioners by e-mail.

Comments from the Public No comments from the public.

Outstanding items from previous meetings

Polco survey. The General Manager had a recent conversation with the company, which assuaged some of the concerns of doing a survey in a small employee population. Each individual response will be confidential and anonymous. The details of carrying out the 15 minutes survey to make sure this is the case were discussed. A specific questionnaire will be prepared for MMLD, and we will have a chance to review the questions. The target for having this completed is April, before the General Manager's review. The survey will also be useful as the Department is hiring

Review of 2023 Goals. The General Manager sent out a tracking report of the End of Year 2023 goals. Commissioners are encouraged to direct questions, if they have any, to the General Manager.

2024 Goals: The General Manager expressed his appreciation at the simplified version of the goals proposed by the Commission and proposed an amended version with two simple wording adjustments (B.5. GIS goal being "essential" rather than "important, and a simplification of goal E.4., Shadow billing). The amended goals are shown on pages 4 and 5. The approval of the goals means the planned executive session is not necessary.

Vote #2024-03 Motion to approve the Calendar Year 2024 goals as amended was moved by Commissioner Frechette, seconded by Commissioner Yarmoff. **Unanimous.**

2024 Budget: The General Manager presented the proposed 2024 budget with a comparison to the previous year's budget and actuals. 2024 budget, as presented on page 6 is \$20.24M. As always, during the course of the year's exercise, changes may happen that will make the "actual" different from this budget,

but the document takes into account all the known major events planned. Commissioner Yarmoff had three questions:

Payroll is going down from last year's budget, even though we are planning to hire extra staff? Answer: the 2023 budget voted in 2022 already included a budget for these positions; the variance comes from the fact that MMLD lost one Business Assistant staff, and that new hires will not be on board for the full 2024.

Depreciation is a low 1% increase from previous year; this should be discussed off-line; and

Power Costs: In 2023, MM:D bought 20% of power on next day ISO market, and had a large amount of hedged contracts, over 30% of its purchases. What is the amount of hedged power purchases contracts MMLD has entered into, going into 2024, knowing that given the overall environment it is probably a good time to enter into these hedges and we have been discussing this since June 2023? The General Manager suggested that we should postpone this discussion as Adam was not present. MMWEC is analyzing our purchase portfolio and will present to the full board at the next meeting. The guidance the GM has given to MMWEC is that we want Power Purchase Agreements with environment attributes, similar to the agreement that was struck recently.

Vote #2024-04 Motion to approve the 2024 Budget as presented was moved by Commissioner Yarmoff, seconded by Commissioner Frechette. **Unanimous.**

Aligning Marblehead goals and Light Department goals

Chair Wolf introduced Logan Casey, who has been in his position of Sustainability Manager for the Town for three weeks. Before working for Marblehead, Logan worked for the Boston Region Metropolitan Planning Organization. Logan explained his initial priorities, meeting the various town departments, as he is looking at helping the town abate emissions in buildings and transportation through electrification. The possibility of Marblehead becoming a Green Community would also open up many funding opportunities for the town, which would be very welcome in the current financial context. Chair Wolf commented that the Green Marblehead Implementation Committee has drawn a list of priorities for the town, and that the Goals approved for the Department were very much aligned with the towns' goals.

General Manager Updates

Hiring updates. The General Manager is interviewing three persons for the IT position, next week. They will meet with staff members and Commissioner Frechette who has volunteered to help. This person will really help MMLD with all the information systems.

The next position the General Manager will focus on is the Capital Improvement one, for which a preliminary job description is being drafted and will be shared with the board. Additionally, Colin Coleman will have one open position, as the Department's mechanic will be retiring next month.

Village 13 upgrades. The contract for the land bridge has been signed on February 22. The 22 elements of pre-cast concrete will be delivered in the coming weeks, weighing 6,500 to 9,500 pounds each. MMLD will soon open the bids for the construction of the land bridge. We hope to have everything in place by the end of April so that the transformers can be delivered early May as planned.

An easement around the corner of Bessom Street is being pursued. The fence surrounding the site will be moved, narrowing the footpath, to make room for the construction site.

A discussion on water coming to the Village 13 site took place. Commissioner Yarmoff remarked that the drainage ditch, along the Right of Way has not been cured for a long time. Cleaning it would go a long way towards ameliorating drainage of the footpath and of MMLD's site.

Separately, MMLD is putting in place the bids for the work on the foundation of the new substation equipment.

Tioga Way site preparation. DeLorean has reviewed the site that seems adequate for the siting of the battery. Chair Lisa Wolf requested to have a timeline and steps for the preparation of the Tioga site, that a Gantt chart be developed.

Power portfolio. Wholesale power costs declined from 2022 to 2023 by 6.3%, to \$0.113. Also included in the power costs numbers for 2024 is a decline in the capacity charge, as the peak in 2023 was in September, on a very hot muggy day for most of New England but a cool one in Marblehead. This 16.9% decrease in capacity charge will be effective from June 1. A further review of the portfolio will take place at a subsequent meeting.

PILOT Payment. The town financial manager asked the General Manager whether the Light Department might increase its PILOT payment to the town. The assessed value of the Light Department has hardly changed as was discussed before. The commission will look at the situation in comparable towns before responding to the town's request.

The **meeting concluded** at 5:58 pm after a motion to adjourn was proposed, seconded and adopted unanimously.

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Documents presented during the February 27, 2024 Light Commission Meeting



Polco employee survey

- Small employee population necessitates avoidance of any personally-identifiable information e.g. department, union/non-union, sex to identify employee based on responses
- Emphasize to employees that there the survey will be confidential and anonymous, with no ability to track the survey to an employee.
 - Paper survey...mailed to employee home...w/ addressed, stamped envelope to be sent to Polco
 - Survey Target: 15 minute completion time
- Polco is preparing a project description and price

MMLD General Manager Objectives Calendar Year 2024

MMLD Mission Statement

“The mission of Marblehead Municipal Light Department (MMLD) is to **provide reliable power** as we work towards a goal of a **carbon free portfolio**, while maintaining **competitive rates** in a **safe working environment** for MMLD employees and its customers.”

Objectives

These objectives identify key areas and strategic priorities for the Marblehead Municipal Light Department (MMLD) and are adopted jointly by the General Manager and Commission.

A. Human Resources and Safety

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|---|-----------|
| 1. Define chain of command within organization chart; create succession plan | Essential |
| 2. Expand capacity and develop robust sustainability and engineering capabilities | Essential |
| 3. Develop, implement, and communicate a department safety plan | Important |
| 4. Expand Strategic Planning capability, clarify responsibility | Important |

B. Operations & Infrastructure

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| 1. Continue Village 13 Substation capital improvement project | Essential |
| 2. Create 3-Year Operational plan for distribution system and engineering upgrades | Essential |
| 3. Implement meter and billing IT system upgrades to enable new Distribution Demand and Time of Use rate structures | Important |
| 4. Investigate options and draft a plan to supplement the existing Railyard substation’s dual 23kV sub-transmission supply lines and/or to provide temporary emergency supply | Important |
| 5. Design and Implement distribution system GIS software capability | Essential |

MMLD General Manager Objectives Calendar Year 2024

C. Ensure Financial Stability & Competitive Rates

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| 1. Identify relevant grant programs, apply to at least two grants, prepare follow-up and reporting | Essential |
| 2. Prepare 3-Year Capital Investment plan | Essential |
| 3. Implement Strategic Electrification, Demand Management and Energy Efficiency programs consistent with future ToU implementation | Important |
| 4. Develop options for reducing up-front cost barriers to strategic electrification (e.g.: upfront grants, on-bill financing, ...) | Important |

D. Decarbonize Power Supply

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| 1. Implement in 2024 a Utility-Scale battery storage project | Essential |
| 2. Implement an MMLD-driven distributed BESS program for residential and commercial customers | Essential |
| 3. Streamline permitting process for residential PV, residential storage; publish and communicate policy and incentives | Important |
| 4. Explore options to procure or install (e.g. solar on public buildings' roof or canopies) additional decarbonized power to reach 70% carbon free power by 2028 and 85% carbon free power by 2033 and present options to the Commission | Important |

E. Communicate with Stakeholders, Improve Customer Service and Education

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| 1. Launch monthly communications with customers (bills inserts/e-mail/social media) | Essential |
| 2. Create and Implement a voluntary demand management campaign | Essential |
| 3. Create and Implement a communication program on "Energy Efficiency tools" | Important |
| 4. Develop shadow billing capability for ToU | Important |



2024 Budget Review

- VOTE: to approve operating budget of \$21.240 million
- (Jan 2024 financial spreadsheet included latest MMWEC wholesale power cost estimates)
 - Includes expanded headcount- 1 h/c 3 quarters (Q2 start) + 2 h/c 2 quarters (Q3 start) = 1.75 full year equivalents
 - Includes new vendors
- 2024 budget vs actual vs 2023 budget – see Matt spreadsheet

Item	2023 Budget	2023 Actual	Variance	2024 Budget	2024 Budget to 2023	2024 Budget to 2023 Actual
7 KWH Sales-Millions	321.0	36.8	(4.2)	321.0	0.0	4.2
8 Sales Revenue	23,328.0	21,521.0	(1,806.0)	21,240.0	(2,086.0)	(281.0)
9 Power costs	14,512.0	11,606.0	(2,904.0)	12,143.0	(2,369.0)	535.0
10 Net	8,814.0	9,913.0	1,099.0	9,097.0	283.0	(816.0)
11 Operating Costs						
13 Payroll	2,478.0	2,083.0	(395.0)	2,453.0	(25.0)	370.0
14 Depreciation	2,108.0	2,108.0	0.0	2,130.0	22.0	22.0
15 Benefits	624.0	616.0	(6.0)	646.0	24.0	30.0
16 OPEB	300.0	300.0	0.0	300.0	0.0	0.0
17 Pensions	816.0	816.0	0.0	816.0	0.0	0.0
18 Maint. Supplies	774.0	651.0	(143.0)	823.0	49.0	152.0
19 Office Supplies	278.0	311.0	33.0	305.0	27.0	(6.0)
20 Outside Services	252.0	206.0	(46.0)	423.0	171.0	217.0
21 Fuel	30.0	31.0	1.0	30.0	0.0	(1.0)
22 Insurance	60.0	39.0	(21.0)	75.0	15.0	36.0
23 Bad Debts	36.0	36.0	0.0	36.0	0.0	0.0
24 All Other	300.0	319.0	19.0	300.0	0.0	(19.0)
25 Bonds Payable Interest	428.0	428.0	0.0	428.0	0.0	0.0
26 Total Operat. Costs	8,484.0	7,926.0	(558.0)	8,787.0	283.0	841.0
27 Operating Income	330.0	1,987.0	1,657.0	330.0	0.0	(1,657.0)



Agenda

- 4:00 Call to Order, Approve Minutes & Public Comments
- 4:15 Board request items
 - Polco MMLD Employee Survey
 - FY 2024 Goals – Joe Kowalik -
 - 2023 Q4 progress tracking
 - FY 2024 Budget – Matt Barrett...Board Vote \$21.24 Million
- 4:45 Aligning goals – Green Marblehead Committee & MMLD



Agenda

5:00 General Manager update – Joe Kowalik

- Hiring updates
- Village 13
- Tioga Way – Battery Storage siting
- 2023 Power Portfolio
- *Pilot Payment to the Town*

5:30 Executive session

- Conduct strategy sessions in preparation for negotiations with nonunion personnel

7:00 Adjourn



Hiring Updates

- Interviews for IS&T Manager candidates now scheduled next week, March 5-7
- Capital Project Mgr. next position focus for recruiter
- Preparing posting to replace the department mechanic, for posting on Town website,

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Village 13 update

- Contract signed on Feb 22 for Land Bridge precast concrete – 29 sections
- Feb 28 - Bid opening for Bridge installation- Mass Public Works construction contract for completion in late April/early May
- First Virginia Transformer projected delivery date April 29



Battery Electric Storage – Tioga Way

- Post-visit conference call held...site appears adequate,
- Next step is to confirm easement access
- Anticipate the assistance of outside engineering firm, as Bayside Engineering, for detailed site evaluation of full parcel, including wetlands and drainage.
- Replace fence with Ballistic/fireproof walls?
 - effective but expensive - \$300-500K for 100 x 150-foot perimeter



Proposed BESS site layout Tioga Way

- 10 Battery Cabinets to hold 20 MWH of battery storage capacity
- 80' x 140' site
- Review site expansion options



2023 Power Portfolio – Top line results

- Wholesale power costs declined 6.3% from \$0.12 in 2022 to \$.113 in 2023
- Total wholesale power purchases declined 4% and sales declined 3.8%, direct correlation heating and cooling degree days in 2023 vs 2022.
- The 2023 ISO-NE peak in early September, our coincident peak dropped dramatically in 2023 vs 2022... a 16.9% decrease. This decrease provide us with some capacity cost relief starting in June 2024,
- Several carbon-free generators in our portfolio generated less energy on a percentage basis for us in 2023 vs 2022. Nuclear and wind generation were down, and hydro was up slightly. The Cotton Solar PV array was not online in 2023.
- The carbon-free % of our portfolio was 41%, down from 44% in 2022.

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