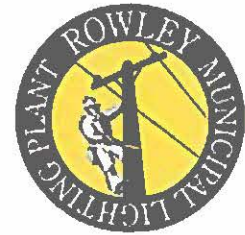


# Rowley Municipal Lighting Plant



January 25, 2023, Commissioner's Meeting

## 6:00 PM – Remote Go to Meeting

Commissioners Present: Bryan DiPersia, Mark Cousins, Danby Whitmore. Also, in attendance was General Manager Matthew Brown, Office Manager Eric Grover

See attendance sheet for the public sign-in. Resident Kevin Snow, Bill Bullock, Matt Ide, and Jason Viadero all from MMWEC. [Massachusetts Municipal Wholesale Electric Company]

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Bryan DiPersia opened the meeting at 6:11 PM.

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### *Citizen Query*

Nobody from the general public participated in this citizen's query.

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### *Review and Accept Previous Minutes*

After reading the minutes from the previous meeting session, November 22, 2022, the corrections made by the board were edited prior to the meeting.

*Mark Cousins made the motion to accept the regular minutes for November 22, 2022, with the corrections made. Danby Whitmore seconded the motion. Roll call vote was taken. Mark Cousins, "I", Bryan DiPersia, "I" and Danby Whitmore "I". Voted in at 7:32.*

After reading the minutes from the previous meeting session, December 21, 2022, the corrections made by the board were edited prior to the meeting. Bryan had one change and that was to add the vehicle for the general manager came in the day of the meeting and it will be outfitted with the necessary stuff to get it complete.

*Mark Cousins made the motion to accept the regular minutes for December 21, 2022, with the corrections made of the gm vehicle. Bryan DiPersia seconded the motion. Roll call vote was taken. Mark Cousins, "I," Bryan DiPersia, "I" and Danby Whitmore "I". Voted in at 7:34.*

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### *MEAM Meeting Summary 1/18/23*

Manager Brown attended the meeting in Littleton. He stated there was a legislative report update, report of the regulatory committee and minutes voted on from the November meeting. There was a discussion and a vote on the MEAM bylaws amendment which was voted and approved. (28 for and 3 against). The 2024 MEAM budget was voted on and approved as well. Once the minutes come out, Matt will distribute them to the board. Mark said

there was also a letter circulated to the group from the president of MEAM to Governor Healy welcoming her and expressing the status of MEAM and light plants across Massachusetts. Matt contacted Jane Parenteau to include the board in future correspondence through MEAM email.

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### **Budget 2023**

Commissioner Danby Whitmore had a couple of questions regarding the budget. Last year the purchase power increase was two hundred and fifty thousand dollars and this year's budget calls for one million dollars. The board talked about accounts 555 & 557 and why it was broken out the way it was. Last year for account number 415 there was a lot of work dedicated to the Falcon Ridge project which is almost wrapped up. The good part of that is the developer paid for the project, so that is why there is a difference from last to this year. Account number 392 is the money transfer for the bucket truck that was supposed to be here last year, so it is a hold over.

Commissioner Mark Cousins said this is probably another discussion for another time, but how many solar installations do we have currently and how many are in the que. Cousins just wanted to do some long-term figuring on how the budget is going to be if the other systems are paid off. There should be a reconfiguration of how this is being paid, maybe up the conservation fee of twenty-eight cents to looking at other solar incentives out there. Commissioner Cousins do we need to supplement money to the rate payers where solar is coming down in price. Commissioner Bryan DiPersia is all for a discussion on where we are going for future programs. DiPersia also asked if Brown if he could get together with Energy New England and see where there refunds and paid out money last year.

*Mark Cousins made the motion to accept to approve the 2023 O & M and Capital budgets. Bryan DiPersia seconded the motion. Roll call vote was taken. Mark Cousins, "I", Bryan DiPersia, "I" and Danby Whitmore "I". Voted in at 7:57.*

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### **Battery Storage Project Update**

***\*The following is a summary of a discussion between RMLP and MMWEC, full recording is available through Rowley Community Media\****

Manager Matthew Brown introduced Bill Bullock from MMWEC and asked if he could introduce the rest of the group, how we got to where we are today, regarding and how Delorean was chosen. Bill Bullock introduced Jason Viadero from the engineering team and Matt Ide from the marketing team. Jason said we have been working on this project for a year or from the time FERC Order 222 was settled about year ago, at which time a lot of our members were approached by battery developers. The reason for installing a battery is to try and help peak shave their system, which in turn will give them a cost savings in transmission, and capacity charges from ISO New England. This will save the MLP money. So, what we found was a lot of the developers where approaching MMWEC members with battery suppliers, MMWEC decided to step up and started to help MLPs such as John Blair in Ipswich line up the offers, put it on as an apple-to-apple bases and kind of pick which ones were the best developers. What MMWEC saw was a lot of the developers confusing MLPs and all over the place. For example, not having a fixed structure and offering fixed capacity cost charges, MMWEC decided to put together a RFQ and helped the different MLPs. Advertisement was done in April and all the proposals were in by May. It was looking like there were nine proposals for the project and two battery suppliers that would sell the MLPs just the batteries, the MLPs would have to build the project on their own alone. It was thought with the different number of developers, it would make sense for the ownership option of the developer, the capital was far less than owning it outright. So, at a meeting, there was a

raise of hands from thirteen different MLPs to see what the developers had to offer. MMWEC came out to all thirteen sites to see what they were looking at and asked three of the top nine developers a detailed proposal of each site. The idea was to come up with three, but the developer with the best offer was the youngest company being Delorean so MMWEC asked the developers to sharpen their pencils and look at the sites and see what had to be done. In July they went back and updated their proposals as they were offering a shared savings arrangement as it was thought this was the best way to transfer the value instead of bringing the risk onto the MLPs. So, they all made proposals for shared savings arrangements and in all cases the percent savings from the first phase did increase. We were at a point where 50% and the smaller MLPs were under a larger saving because of different site conditions. Also, some of the MLPs get charged a different transmission rate because they are tapping into local networks instead of regional networks, so the savings and percentage is higher. We did our due diligence to check with their supplier to see how the developers were with said equipment and all three developers hadn't had an issue. So MMWEC decided to go with the developer with the best savings and the lowest risk to the members and that and that is how Delorean was chosen. We have been working with Delorean on a contract structure where we can gain economy of scale as having 13 MLPs. The developers sharpened their pencils and wanted to make it look attractive. Due to this reason, the suppliers could make it worthwhile because of the number of members coming together to make a better project. So, what we did was built a contract structure, so we developed the agreements, so they would all be the same. In the end, you won't have thirteen different MLPs putting together agreements, which lowers the legal costs for MLPs, so both parties get a better savings. The offer from Delorean has a very aggressive schedule as this was very attractive to the equipment and battery supplier and to really shorten the lead time. MMWEC feels they can get these projects done by the peak of 2024 or at least the second quarter of the year. It is to say that the projects chosen first can get to that deadline. Delorean has reached out to contractors in Massachusetts that are custom to working with MLPs, such as PLM with the interconnect and the design, they are working with MA Electric and Elm Electric. These different contractors have a strong record of working with these projects, and they have found legal counsel to find out the permitting processes for each town. MMWEC feels they have chosen Delorean in a positive way and they had a very competitive process. By sharpening their pencils MMWEC feels they have delivered a shared savings percentage that has nearly doubled from a year ago. This process has been very positive, and we feel that there has been a nice amount of savings. The host opened up to the meeting to questions or comments if there were any. Mark Cousins asked if Bullock could explain the cost savings as the ratepayers watching this may wonder what it entails. What that means is that Delorean will supply all the capital to the project, they will be responsible for the installation and the operations of all the MLPs, will be responsible for is the interconnection to their distribution system and the site of the battery storage facility. The MLP won't have the operations or construction risk as Delorean is putting up all the capital for the project which will ultimately reduce the peak and keep the charges down from ISO New England. Then MMWEC will double check the invoice to make sure that Delorean has in fact charged us the correct amount for the market conditions. Cousins then asked if he could explain what each MLP will be responsible for the purchase power agreement and the rate structure because Delorean will need electricity to charge the batteries. There will be a battery rate established with the MLP based on a tariff which is already in the system. The LMP charge will be part of what Delorean pays to energize the batteries and discharge when the peak is high. So, the service agreement is calculated and analyzed by MMWEC and they should be agreed upon by the MLP so there should be a template or guide to see what that calculated amount will be. Commissioner Whitmore spoke from the panel and said she had concerns about the youth of the company. Should Delorean fail, who would be responsible for the facility? She also asked why the insurance was only a million dollars which seemed kind of low and why it wasn't five or ten million dollars? Does this include the full cost of the project and the full bonds for the decommissioning of the facility? The agreement is a form agreement which it is intended to be a starting point, so if there are concerns about the insurance, that can be modified. The asset of the project is with Delorean so the risk of loss could be some concern as there could be some damage to the substation. If the unit did fail, most of the damage would be with the battery facility itself. Delorean

also has in part of their agreement to put the site back to how it originally was and how they find it. To answer your first question, what would happen if Delorean would fail as this could happen to any company. The batteries will be there, and the lender will want to keep it there. If the company should cease to exist, the best company for that battery would be the MLP so there would be some kind of negotiation with the lender to recover most of the cost to the project. Whitmore asked if there were still some parts of the contract that are being worked on and could be changed such as limit requirements and bonding? There are blanks in the contract right now, and it doesn't have to be to the letter. You must note that if you over negotiate you would be adding too much risk onto Delorean which could reduce the savings they are able to share. It is also noteworthy to say MMWEC is only the administrative service agreement provider and supplying the overall payment of the project, the PPA and other charges are with RMLP and Delorean. So, with any changes it would have to be ironed out with Delorean and the ESSA contract as so this contract is tailored to your needs. Whitmore was under the impression that all thirteen contracts were the same, but that isn't the case as there are different sites and conditions within the MLPs. So right now, there is ninety-five percent of the contract complete and the remaining five percent has to be worked out.

Whitmore asked why there were three days for the RMLP to inspect the facility? This sounds difficult because if something happened you would think you would want to get something corrected stating the clause was on page 24 of the ESSA. MMWEC said they could have their attorneys look at that as they weren't present tonight in the meeting. MMWEC said all this has moved quickly after the FERC order 222 came into effect, but he doesn't see where we would have to sign anything until all the administrative stuff could be ironed out. Cousins asked if they could run through the timeline to know what the expectations are as Delorean might be looking for any type of agreement. Cousins said he would like to be in front of the others so when the June date does come, we can be ahead of the game of the summertime peak so if we were to be the last to sign up, we would be the last to be installed. Delorean can't order the equipment if they don't have a contract in place and they have held the pricing since September and they don't know for how long they need can keep the pricing at that rate. Cousins didn't see a problem if there would have to have another meeting in February to just talk about this item, that shouldn't be a problem, so sooner the better.

Commissioner DiPersia asked if there were any other MLPs that have signed up for this yet? As of now, there should have been one MLP voting on the project, at which time gives the General Manager the right to sign the contract. The agreements were sent out at the start of January to be looked at. Cousins asked how the contract worked and if there was any wiggle room to get out of the contract once the board voted on and signed it by the manager? Chapter 164 states that the General Manager has the right to sign the contract, but the vote of the board is keeping the process moving forward and the support of the project going. Cousins asked if the board voted tonight, could those blank spots in the contract still be negotiated meaning it isn't game over for the contract. MMWEC could fill in those blank spots and finish getting unsolved items complete; such as the rate structure, having the attorneys of choice look things over, ours or MMWECs it is up to us.

Cousins asked if there was any apprehension from DiPersia or Whitmore on taking a vote tonight giving Brown permission to sign tonight? It isn't binding and there would be some wiggle room. DiPersia would like to get further information from MMWEC and discuss it for the next meeting.

Resident Kevin Snow asked if he could have a couple questions. He asked is there any out-of-pocket cost to the RMLP? The answer is yes. If the project brought 100 thousand dollars to the table and there were 10 participants, then the cost per utility would be 10 thousand dollars. It all depends on the number of participants into the project which only time will tell. It also determines the size of the project, for example, if Rowley was a 3 megawatt project, then the remaining would be divided over the other utilities. Snow also asked if the cost to the town would be for station equipment such as air breaks, interconnections costs, reclosure, and would the contractor pay for the

conductor? Matt Brown chimed in and said one thing he didn't want was to own the transformer, one because Rowley has an oddball primary voltage and second with everything going on with getting equipment, it would have to be the developer to take care of that. DiPersia asked if part of the costs for the administrative agreement was with MMWEC, and would that be for preparing the site? A portion of the development costs would be for this, and the equipment would be on the MLP as DiPersia just wanted a clarification. DiPersia wanted to go over the operational profile of the project having MMWEC being the developer and Delorean being the construction side of it. So once the project gets up and running, MMWEC would be the middle person for system control and billing then Delorean is the system operator and maintenance provider. Delorean will be calling peaks and figuring out through their software when to do certain switching for peak levels. For example, if Delorean continues to miss peaks who would be responsible in that regard to correct the issue? So, in the end, if Delorean doesn't meet what they are supposed to do, the utility will be paying larger peak costs and Delorean won't be getting the revenue they want. Delorean has third party companies forecasting peaks, so they have a very good track record in figuring this out. Bryan DiPersia just wanted to confirm as was mentioned at the start of the meeting, this would be solely for transmission and capacity avoidance for the utility, and MMWEC confirmed that.

Brown asked if Delorean has a battery up and running in Massachusetts yet or if there were any under construction? Currently there is nothing in Massachusetts. Delorean is a Virginia based company with most of their projects being down there. Currently there is a 10-15 KW system in Danville, guessing New Hampshire, where their first system will be running in the New England area. Kevin Snow asked if Delorean would be open to the possibility of islanding if there was an emergency? The plan in Wakefield is to back up a school and energy park and the same goes for Groton ELD. All this can be worked into the contract as there would be a difference for each utility. The utility would have to pay for any of the equipment to do this as the battery storage isn't intended for islanding. DiPersia asked if the MLP enters into the contract, does this mean we couldn't go with another battery installer in the future or have another vendor add a battery to our system, what would be the restrictions. The answer is no, you could always add other sources to your system. Brown asked who the battery manufacture was? The company name is Trina and they are a Chinese company with a very good reputation mostly all their equipment is used in the UK and MMWEC did reach out to customers and they had a very good recommendations. Currently in the United States, Trina has solar projects, and they would like to grow more into the battery end of the industry and open an office in the Albany New York area. Brown said there was comments on a battery made here in the United States, but it wouldn't be feasibly or a time line done with the way they are built over seas. There has been discussions that manufactures have been blacked balled in China for projects going to the United States. Only the battery cells are being made in China, the brains of the operating system is being made in Texas which is by a US company. There are some other companies in the US such as Tesla which would like to get into this market, but China is very dominant in the battery end.

At this point, the MMWEC presentation had ended. DiPersia had asked if there was any discussion or questions between the board as he felt we should discuss this at the next meeting. Mark Cousins said he would encourage whatever questions we had, get them to Matt Brown, and we can get them answered in a timely manner as we could have a meeting with one agenda item on there. So really all this vote would be is to just get the ball rolling and get placed in order of construction. There is still an out for the project if we felt it had to happen, it wouldn't be the end of the road. Whitmore stated what we would be saying is if Brown peruses the agreement, then further agreements would be finished, are we going to have a lawyer investigate this and will it be confirmed that there could be changes after this original contract is signed? Whitmore asked the other board members if anyone had hesitation to sign this first agreement? Snow chimed in and said they had the same presentation in Groveland from MMWEC and Delorean last week. His two concerns was one being the source of the equipment due to the supply chain issue and second MMWEC can't nail down the settlement costs of the agreement. Snow said anytime I have

had settlement cost either with Energy New England or NYPA, I know what I am going to be paying. Tonight, MMWEC couldn't tell you those costs and that seems to be a little concerning to him as a rate payer and a MLP manager looking at this project, those are valid questions that should be figured out. Whitmore stated there wouldn't be a problem with stock and equipment as mentioned. Snow said at their meeting last week, Delorean stated they could do the project as quick or slow that the MLP wanted, but in the end, the supply chain getting stock is very underestimated. Snow is just saying that they may have the stock needed for the project, but on the MLP side how long would it take us to get a reclosure or airbreak switch not to hold up the project? This is something we are up against for the last couple of years. Cousins said maybe part of the negotiations would be, hey we need a date for completion from you to ensure the inventory is available. It could happen in 15 months if all the pieces come together like they are saying.

Brown made the point we should also be concerned about getting together with other town departments to make sure this can happen, conservation, fire, and planning board so there wouldn't be any surprises. You just need communications from each of the departments as this has been the experience of past projects. It is a ready to go unit and is pretty much straight forward.

Cousins brought up again the point Whitmore made earlier in the meeting and that was the insurance. Whitmore said that one million dollars is insane as they are a big company as they say they are and if they are doing projects all over the US, they should have that increased. Cousins asked if this was for the construction process and she said it was for the foreseeable future of having the project continue on after completion. Another example would be for the bond to decommission the project at the end, they should have 100% of the project to take care of the project once deemed done.

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### ***Managers Update***

**MLP Solar Continuation Update:** There are four potential solar customers who have applied for service. Other than that, everything remains the same. There are 31 total systems now.

**Supply Chain Issues:** There really isn't a change in the supply chain issue, it isn't getting better.

**Power Supply/Financials:** We continue to track and watch the budget closely. Matt is still watching it and is talking to ENE regularly about the subject.

**Fleet Vehicles:** We are waiting for our new bucket truck and now the target date is going to be March of this year.

**End Of Year Inventory:** We are nearing the end of inventory. Next Matt will be working on the town report and will get it to the board before the next meeting. Then to tackle the Pilot Payment calculation once all the information is gathered.

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### ***All Other Items Not Anticipated by The Chair***

There was nothing added by the chair.

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### ***Executive Session under GLC 30A, Section 21 a Strategy for Negotiations with Non-Union Personal***

There was no reason to go into executive session for this meeting.

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**Adjournment**

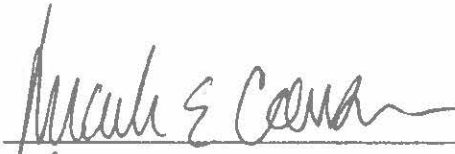
*Mark Cousins made the motion to adjourn. Danby Whitmore seconded. Roll call vote was taken.  
Mark Cousins, "I," Bryan DiPersia, "I" and Danby Whitmore "I." Voted in at 8:04.*

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Minutes submitted by Eric R. Grover



Bryan DiPersia, Chair



Mark Cousins, Clerk



Danby Whitmore, Member