

**Cape Light Compact JPE
Governing Board
Open Session Meeting Minutes
Wednesday, May 8, 2019**

The Cape Light Compact JPE Board of Directors met on Wednesday, May 8, 2019 in the Martha's Vineyard Conference Room at the Cape Light Compact JPE Offices at 261 Whites Path, Yarmouth, MA 02664 at 2:00 PM.

Present Were:

1. David Anthony, Secretary, Barnstable
2. Robert Schofield, Executive Committee, Bourne
3. Colin Odell, Brewster
4. Peter Cocolis, Executive Committee, Chatham
5. Timothy Carroll, Chilmark – **By Phone**
6. Brad Crowell, Dennis
7. Robert Hannemann, Dukes County – **By Phone**
8. Fred Fenlon, Eastham
9. Alan Strahler, Edgartown – **By Phone**
10. Ronald Zweig, Chair, Falmouth
11. Valerie Bell, Harwich
12. Richard Toole, Executive Committee, Oak Bluffs – **By Phone**
13. Martin Culik, Executive Committee, Orleans
14. Nathaniel Mayo, Provincetown
15. Leanne Drake, Sandwich
16. Richard Elkin, Wellfleet
17. Sue Hruby, West Tisbury
18. Joyce Flynn, Vice-Chair, Yarmouth

Absent Were:

1. Michael Hebert, Aquinnah
2. Wayne Taylor, Mashpee
3. Kirk Metell, Tisbury
4. Jarrod Cabral, Truro

Members/Alternates:

Physically present: 14

Present by phone: 4

Legal Counsel:

Jeffrey Bernstein, Esq., BCK Law, P.C.

Erin O'Toole, Esq., BCK Law, P.C.

Staff Present:

Austin Brandt, Senior Power Supply Planner

Dan Schell, Marketing and Communications Coordinator

Lindsay Henderson, Senior Analyst

Maggie Downey, Administrator

Margaret Song, C&I Program Manager
 Melissa Allard, Senior Administrative Coordinator
 Phil Moffit, Planning and Evaluation Manager

Public Present:

None Present.

Ronald Zweig called the meeting to order at 2:02 PM. Ronald Zweig recognized Robert Hannemann of Dukes County, Alan Strahler of Edgartown, and Richard Toole of Oak Bluffs who were remotely participating because physical attendance at the meeting would be unreasonably difficult.

PUBLIC COMMENT:

There were no members of the public present.

David Anthony joined the meeting at 2:10pm.

APPROVAL OF MINUTES:

The Board considered the April 10, 2019 Meeting Minutes. Ron Zweig asked that the words “Executive Committee” be added before the word “meeting” at the bottom of the first page. He also asked that on page 5 to change the word “low-income” to “discount rate” in the first line of the 3 paragraph under “Discussion on 2018 Municipal Aggregation Report” and to add an “s” to “need” on the last page under “Potential Topics for May Board Meeting Continued”.

Martin Culik moved the Board to accept the minutes as amended, seconded by Joyce Flynn.

David	Anthony	Barnstable	Yes
Robert	Schofield	Bourne	Yes
Peter	Cocolis	Chatham	Abstained
Ronald	Zweig	Falmouth	Yes
Richard	Toole	Oak Bluffs	Yes
Martin	Culik	Orleans	Yes
Joyce	Flynn	Yarmouth	Yes

Motion carried in the affirmative (6 – 0 – 1)

The Board considered the June 13, 2018 Meeting Minutes.

Martin Culik moved the Board to accept the minutes as amended, seconded by Robert Schofield.

David	Anthony	Barnstable	Yes
Robert	Schofield	Bourne	Yes
Colin	Odell	Brewster	Abstained
Peter	Cocolis	Chatham	Yes
Brad	Crowell	Dennis	Yes
Fred	Fenlon	Eastham	Yes
Alan	Strahler	Edgartown	Abstained

Ronald	Zweig	Falmouth	Yes
Valerie	Bell	Harwich	Yes
Richard	Toole	Oak Bluffs	Yes
Martin	Culik	Orleans	Yes
Nathaniel	Mayo	Provincetown	Abstained
Leanne	Drake	Sandwich	Yes
Richard	Elkin	Wellfleet	Yes
Sue	Hruby	West Tisbury	Yes
Joyce	Flynn	Yarmouth	Yes

Motion carried in the affirmative (13 – 0 – 3)

Tim Carrol joined the meeting at 2:14pm.

CHAIRMAN’S REPORT:

Ron Zweig introduced Nate Mayo, the new Board Member from Provincetown.

2019 CONTRACT UPDATE AND FINANCIAL REPORTS, PETER COCOLIS

Peter Cocolis stated that the Operating Budget is in decent shape. Maggie Downey stated that the salary category is high because the Compact had an employee retire towards the beginning of the year and the Compact, consistent with its’ Personnel Policies and Procedures Manual, had to pay out the employee’s accrued time. Peter Cocolis stated that payroll services is over by \$54 which is not a major concern.

Peter Cocolis stated that the Compact has spent 18% of the Energy Efficiency Budget so far. This is typical with the “hockey stick” pattern; the Compact always starts off slow.

Peter Cocolis reviewed the list of contracts that have been approved so far in 2019. He noted that the amounts on the RISE Engineering contracts are some of the highest as they do a lot of work on the Compact’s behalf. Sue Hruby asked what the Mass Save Marketing Agreement is. Dan Schell stated that it is the statewide marketing that all the PAs use. Peter Cocolis asked about the Low-Income Energy Affordability Network (“LEAN”) procurement process for the Housing Assistance Corporation (“HAC”) contract. Maggie Downey stated that HAC was selected to serve low-income residents on Cape Cod and Martha’s Vineyard as an approved state low-income provider of services. The LEAN federal funds help bring more (savings?) to low-income residents. Martin Culik stated that in the “Amount of Contract” column there should be a number instead of “no change.” Margaret Song stated that in the notes section of the document the Compact has put in what the amendment was for. For instance, it has referred to a time extension. Peter Cocolis stated that another column will be added to show the original contract amount.

DISCUSSION ON 2017 CAPE LIGHT COMPACT FINANCIAL STATEMENTS, JENNIFER COOK. CLIFTON LARSON ALLEN, LLP

Jennifer Cook stated that for the \$7 million that is in an uninsured bank account the Compact should evaluate the risks. Banks are rated by color and stars. Rockland Trust has a bank rating of green and three stars. The Compact can determine whether it would like to have additional insurance on top of the Bank’s insurance. Peter Cocolis stated the Compact is not sure what its other options are. Jennifer Cook stated that the Compact could do a collateral agreement. Maggie Downey asked if this is common in municipalities. Jennifer Cook stated

that municipalities tend to be a little exposed. Valerie Bell asked how much it would cost for a collateral agreement. Jennifer Cook answered that the Compact should talk to the Treasurer to figure out how much it will cost and what the risks are. Maggie Downey asked if this is a Treasurer or Board decision. Jeff Bernstein stated that it is in the Treasurer's control, but the Board can add its input. Maggie Downey stated that she will ask the Treasurer to research this issue and bring back her recommendations to the Board. Colin Odell asked if the costs for a collateral agreement would come out of the Energy Efficiency Budget or the Operating Budget. Maggie Downey stated that it would be subject to the shared cost policy recently approved by the Board.

Jennifer Cook stated that the money from the Barnstable County has been received and she will follow up with that in the 2019 audit.

Richard Elkin asked to see how the Compact's spending looks now after being separated from the Barnstable County for over a year now compared to when it was still a part of it. Is the Compact saving money? Maggie Downey stated that the Compact can put that together and present it as part of the 2020 budget review process.

ENERGY EFFICIENCY PROGRAM:

1. Main Streets Initiative, October 2019, Lindsay Henderson

Lindsay Henderson reviewed the Main Streets Initiative October 2019 PowerPoint. On Wednesday, October 2nd, Energy Efficiency Day, all PAs are interested in doing a one-day "Main Streets" event. The Compact is looking to go door to door on a specified street with the help from RISE Engineering to install energy efficiency measures on site.

Valerie Bell asked where non-profits fit in. Lindsay Henderson stated that the incentives for commercial are very in line with non-profits. An application is sent out to make sure they qualify for the non-profit enhanced incentive. She stated that if any of the Board Member towns are interested in participating, to let her know by Friday, May 17th. Maggie Downey asked Lindsay Henderson to send an email to the Board with information on the event and when she'd like to know if towns are interested. Lindsay Henderson stated that if the Compact doesn't hear from the towns then it will select by town criteria. Brad Crowell asked what the criteria is for deciding on a town. Lindsay Henderson stated that it will be based mainly on historical participation to see how much has already been done. Joyce Flynn asked if the amount of MMBtus saved in 2018 was correct. Lindsay Henderson answered that yes, they were correct. Ron Zweig asked about the difference in kWh savings in 2017 and 2018. Lindsay Henderson stated that it is due to evaluations and size of the projects. Ron Zweig asked if the Compact has received any push back from business owners. Lindsay Henderson answered that there hasn't been much push back.

2. Analysis of Energy Efficiency Program Budgets 2014-2021

Phil Moffitt reviewed the Cape Light Compact Energy Efficiency Program Budget and Savings PowerPoint. The purposed of the presentation is to assess 2019 progress compared to historical trends.

Richard Elkin stated that he'd like to see each month's spending, not just the average of the past 5 years. Phil Moffitt stated he would create the graph that way the next time the Compact updates the Board. Richard Elkin asked what will happen when LEDs become the standard. Phil Moffitt stated that when LEDs become the baseline the Compact will not be able to incentivize them. Valerie Bell asked if CFLs could be upgraded to LEDs. Phil Moffitt stated that it is not cost effective to replace CFLs with LEDs.

Peter Cocolis asked if this is something that will be presented at every meeting. Maggie Downey stated that the Compact can present it quarterly but it takes a lot of time to do every month. Martin Culik asked about the jump in spending in April and June. Margaret Song stated there are a lot of promotions and events paid for during those months. Brad Crowell asked that there be a graph that shows the percentage relative to the annual budget spent. Phil Moffitt stated that it won't equal 100%. Colin Odell stated that as presented doesn't give a good picture of where the Compact stands for progress through the year. Ron Zweig stated that September's meeting will be the next time the Board is updated on the Energy Efficiency Budget and savings. Richard Elkin stated that he has a concern about the savings and thinks there should be an update sooner than September. Margaret Song stated there will be a jump in savings for April. There has been a decrease in savings due to baselines and evaluated results. Ron Zweig stated that staff is requested to update the Board at their July meeting.

3. DPU 18-1116: Update on Discussions with Eversource Over the Compact's Active Demand Response Initiative, Austin Brandt

Austin Brandt stated that on April 26th Eversource had responded to the Compact's proposal on our Active Demand Response Initiative. Eversource stated in the response that it would allow the Compact to administer the Demand Load Control ("DLC") program for the summer of 2019 provided that the Compact acknowledge to the Department of Public Utilities ("DPU") the following:

1. Any DLC program that the CLC runs is done under the authority and control of Eversource as the grid operator, no different than any other resources/loads currently on the grid;
2. Behind the meter ("BTM") distributed energy resources ("DERs") have the potential to impact the safety and reliability of the grid; and
3. BTM DERs can be used for purposes other than energy efficiency and are therefore not inherently energy efficiency resources.

Austin Brandt stated that it seems Eversource has not changed its position. Eversource wants control of the Compact's demand response ("DR") program. On April 29th the Compact responded saying that the request was unacceptable and reiterated the Compact's proposed mitigation measures and asked Eversource to respond by May 10th whether the mitigation measures were acceptable or to provided non-fundamental changes to the Compact's proposed mitigation measures. The Compact met with the Energy Efficiency Advisory Council ("EEAC") Executive Committee to provide an update on negotiations, and the EEAC was unhappy as to how negotiations were going so far. The Compact is to update them once it has received a response from Eversource. Martin Culik asked about getting members of the State Legislature involved. Maggie Downey stated that she has met with a few of them and they are aware about what is going on. Maggie Downey stated that Eversource believes that it should be administering the program and not the Compact because of potential safety and reliability issues, but the Compact's position is that the issues raised can be mitigated. Sue Hruby stated that it sounds as if Eversource is afraid of losing control.

4. Discussion and potential Vote on Consumer Advocacy Cost Allocation Policy, Maggie Downey

Maggie Downey reviewed the Consumer Advocacy Cost Allocation Policy presented. The Consumer Advocacy Allocation Worksheet will be filled out at the beginning and end or every 12 months of each proceeding. Jeff Bernstein stated that research on each proceeding will be presented to the Board to help with determining the allocation or deciding whether to continue with the proceedings. Richard Elkin stated that as regulatory proceedings go new issues may arise that could change the allocation. Jeff Bernstein stated that the Board can revisit the allocation based on how things develop. Maggie Downey stated that this paperwork will be submitted to the DPU to show how the Compact determined how the bills were allocated.

Martin Culik asked that the motion be made general in nature and the word “she” should be removed in the second bullet and “deem” turned into “deemed.” Colin Odell stated that in the first bullet in the parenthesis it should say (taken together, “Consumer Advocacy Matter”).

Richard Elkin stated that the worksheet should be a guideline but not a policy. Jeff Bernstein stated that the worksheets are to help satisfy the DPU when the Compact has to show how these expenses were allocated. He stated that the Board could add to the worksheet and answer N/A where appropriate. Richard Elkin asked what happens when the research is presented and there are questions the Board wants to add. Maggie Downey stated then the Board would be able to add it. Richard Elkin suggested that the worksheet be submitted as it is. Maggie Downey stated that the Compact can add another question where the Board can discuss any other factors that might be necessary.

Martin Culik moved the Cape Light Compact JPE Board of Directors vote to adopt a process to allocate consumer advocacy costs between the Compact’s energy efficiency and operating budgets as follows:

1. After identifying a regulatory matter, rule-making proceeding, legislative action or other activity relating to or affecting the Compact’s administration of its energy efficiency plan or its provision of power supply (taken together, “Consumer Advocacy Matter”), the Compact Administrator will provide the Board with pertinent information regarding the Consumer Advocacy Matter and present a completed consumer advocacy worksheet (as attached) for the Board’s consideration and review.

2. The Board will thereafter vote to authorize and direct the Compact Administrator to take all actions deemed necessary or appropriate to implement the Compact’s participation in the Consumer Advocacy Matter (subject to any limitations imposed by the Board), and to execute and deliver all documents as may be necessary or appropriate to enable and effectuate such participation.

Additional Information:

Pursuant to the Order of the Massachusetts Department of Public Utilities approving the Compact’s 2019-2021 Energy Efficiency Plan dated January 29, 2019, the Compact is required to demonstrate that its consumer advocacy activities have a direct energy efficiency related benefit. Seconded by Brad Crowell.

David	Anthony	Barnstable	Yes
Robert	Schofield	Bourne	Yes
Colin	Odell	Brewster	Yes
Peter	Cocolis	Chatham	Yes
Timothy	Carrol	Chilmark	Yes
Brad	Crowell	Dennis	Yes
Fred	Fenlon	Eastham	Yes
Alan	Strahler	Edgartown	Yes
Ronald	Zweig	Falmouth	Yes
Valerie	Bell	Harwich	Yes
Martin	Culik	Orleans	Yes
Nathaniel	Mayo	Provincetown	Yes
Leanne	Drake	Sandwich	Yes
Richard	Elkin	Wellfleet	Yes
Sue	Hruby	West Tisbury	Yes
Joyce	Flynn	Yarmouth	Yes

Motion carried in the affirmative (16 – 0 – 0)

POWER SUPPLY PROGRAM:

1. Analysis of JPE Operating Budgets and Reserve Balance, Austin Brandt

Austin Brandt reviewed the Cape Light Compact JPE Operating Reserves and Budget PowerPoint.

Austin went over the Revenue Trends graph. Jeff Bernstein noted that the revenue is not received in the month it is earned. Austin Brandt stated that is correct, the Compact doesn't receive the revenue in that month; it receives the revenue that the following month. For example, revenue collected on January electric bills is not received until sometime in February

2. Power Supply, Operating and Solarize our Schools Fund Analysis

Maggie Downey reviewed the Power Supply, Operating and Solarize our Schools Fund Analysis document put together by Dan Sullivan from Clifton Larson Allen. She stated that the Compact has received the money owed to it from the Barnstable County and that for being a member of the Washington Electric Cooperative ("WEC") the Compact has received \$5,000. The document shows that the remaining portion of the 2018 Operating budget was \$7,687.16. She asked the Board if they wanted to create a policy where the Compact would have to keep a set amount of money in a reserve fund.

Sue Hruby stated that she believes it is always a good idea to have a reserve fund, but does the Compact have the capacity to produce it. Maggie Downey stated that the Compact can set a target for a reserve and build it over time through the budget. Jeff Bernstein stated that another option could be for the Compact to purchase a letter of credit or other similar support. Colin Odell asked if the money CVEC owes the Compact will be added to the remaining budget. Maggie Downey stated that the Compact has received the money back from CVEC and it is included in this document. Richard Elkin asked how the Compact ended up around \$7,700 from \$100,000. Maggie Downey stated that expenses came in such as retirement assessment that were not anticipated because the Compact was still included as part of Barnstable County. The Compact will not receive its own assessment until July 2019. Richard Elkin asked if this is a trend the Compact should expect. Austin Brandt answered no, that load is weather variable. Sue Hruby stated that Cape Cod is in a storm zone and asked what happens to the mill adder revenue if Cape Cod has massive power outages. Jeff Bernstein stated that factor can be added into the model as well.

Maggie Downey stated that the Board wants a reserve but needs direction on where to start. Sue Hruby stated that it may be a good idea to get a few Board members together to come up with recommendations. Maggie Downey stated that she was fine with doing that. Richard Elkin stated that the Compact must access the risks that may need to be covered by the reserve fund. Valerie Bell stated that the reserve fund should be a balance between cash and some sort of insurance policy. Maggie Downey stated that the new comptroller will be starting in June and that he along with Dan Sullivan and a few board members could get together to review the risk and come up with recommendation. She then asked the Board to raise their hands if they were interested in participating. Colin Odell, Richard Elkin, and Peter Cocolis raised their hands. Maggie Downey stated that she will coordinate. Colin Odell stated that the Compact needs take a look at the 2019 Operating Budget and see what it could get away with not spending in case something came up in 2019.

ADJOURNMENT:

Motion to adjourn made at 4:25 PM moved by Martin Culik, seconded by Joyce Flynn.

Respectfully submitted,

Melissa Allard

LIST OF DOCUMENTS AND EXHIBITS:

- Meeting Notice/Agenda
- June 13, 2018 Meeting Minutes
- April 10, 2019 Meeting Minutes
- 2019 Operating Budget
- 2019 Energy Efficiency Budget
- 2019 Contracts
- Main Streets Initiative PowerPoint
- Cape Light Compact Energy Efficiency Program Budget and Savings PowerPoint
- Agenda Action Request: Allocation of Consumer Advocacy Costs Policy
- Cape Light Compact JPE Operating Reserves and Budget PowerPoint
- Power Supply, Operating and Solarize our Schools Fund Analysis Document