

Chicopee Municipal Lighting Board
Minutes of Meeting
Thursday, February 23, 2023

Chairman Pasternak called a regular meeting of the Chicopee Municipal Lighting Board to order at 4:00 PM on Thursday, February 23, 2023

Present for this meeting were Commissioner Carl E. Sittard, Commissioner Joseph F. Pasternak, III, and General Manager and Clerk of the Board James M. Lisowski. There is an open board position

Commissioner Sittard made a motion to accept the minutes of the January 24, 2023 meeting as presented. Commissioner Pasternak seconded the motion. Discussion: None; Motion was passed 2 to 0.

Commissioner Sittard made a motion to concur with the payment of **Warrant #E020323** dated 1/27/2023 in the amount of \$102,376.83; **Warrant #E020323** dated 1/30/2023 in the amount of \$29,365.35; **Warrant #E021023** dated 2/2/2023 in the amount of \$95,785.31; **Warrant #E021023** dated 2/6/2023 in the amount of \$23,806.50; **Warrant #E021723** dated 2/9/2023 in the amount of \$267,651.35; **Warrant #E021723** dated 2/13/2023 in the amount of \$149,209.35; **Warrant #E022423** dated 2/16/2023 in the amount of \$265,680.56 and **Warrant #E022423** dated 2/21/2023 in the amount of \$6,251,661.61. Commissioner Pasternak seconded the motion. Discussion: None; Motion was passed 2 to 0.

Commissioner Sittard made a motion to pay **Bills and Customer Refunds** in the amount of **\$193,986.51**. Commissioner Pasternak seconded the motion. Discussion: None; Motion was passed 2 to 0.

The General Manager presented the Commissioners with the bid CEL Bid #23-0501 for a Padmount Transformers. The Board was informed that pricing and lead times are at historically high levels. For comparison, approx. 10 years ago, a 2000KVA transformer cost approx. \$25,000 with a 2-3 month lead-time. The same unit today, costs nearly \$90,000 and will take a minimum of 1 year to receive (if not longer). There are also far fewer manufacturers quoting today compared to then. The Board was informed that a handful of the transformers were awarded to a higher bidder due to lead time issues with the low bidder (1 year vs. 2 years).

Commissioner Sittard made a motion, to award the bid consistent with staff's recommendation. Commissioner Pasternak seconded the motion. Discussion: Motion was passed 2 to 0.

DISCUSSION ITEMS:

MMWEC BTM BESS Authorization of Participation Vote

The General Manager presented the Commissioners with the Authorization of Participation Vote in the MMWEC BTM BESS Program and Approval of Agreements. There are numerous components to the package – these included the following:

Memorandum of Understanding (MOU)

An agreement between MMWEC and Delorean that sets out how the BESS Program Objectives will be met, including what percentage of the shared savings CEL will receive (52.76%). The MOU binds MMWEC, acting as CEL's agent, to coordinate the installation of the BESS system, negotiate, facilitate and cause the execution of the Definitive Agreements (ESSA, IA and Site License) and monitor the performance of the BESS.

Board Vote for Administrative Services Agreement (ASA) and Definitive Form Agreements

The ASA is a contract between MMWEC and the MLP that requires MMWEC, as administrator of the BESS Program, to negotiate with Delorean on behalf of the MLP's. Upon execution of the ASA, the MLP will be known as a "Program Participant". The Vote on the Definitive Form Agreements, will bind Delorean to the shared savings set out in the MOU and will allow MMWEC to achieve the objectives of the ASA. The Commission Vote is also necessary as a result of the financing requirements of Delorean. The Definitive Agreements are designed to implement the installation and operation of the BESS and provide the method of compensation, which is achieved through the shared savings.

The ESSA (Energy Storage Service Agreement) contains the obligations of CEL and Delorean as it relates to the Project. The IA (Interconnection Agreement) contains the terms and conditions pursuant to which Delorean will connect the BESS to CEL's distribution system. The Site License provides a non-exclusive revocable license to Delorean to install and operate the BESS at a specific location (CEL's 18L substation). It also includes the terms of use of the property.

MMWEC has provided CEL with a financial Pro-Forma for the project. Based on certain assumptions concerning future Transmission and Capacity costs and the ability of the developer to discharge the system at the peak day/time on a monthly basis, the project has the potential to save CEL upwards of \$10M over the initial 20 year life of the installation.

The Vote authorizes the GM to enter into the ASA with MMWEC and the ESSA, IA and Site License Form Agreement with the Developer as follows:

WHEREAS, the Chicopee Municipal Lighting Plant ("MLP") intends to participate in the program (the "BESS Program") being administered by the Massachusetts Municipal Wholesale Electric Company ("MMWEC") for behind the meter battery energy storage systems ("BESS"), pursuant to which MMWEC will negotiate with Delorean Power, LLC ("Developer") who, among other things, will be responsible for the design, engineering, construction, permitting, operation and maintenance of a BESS facility located on the agreed-upon site for the MLP;

WHEREAS, the General Manager of the MLP has determined that it is prudent and in the best interests of the MLP to enter into an Administrative Services Agreement with MMWEC for the administration of the BESS Program by MMWEC on behalf of the MLP;

WHEREAS, the General Manager of the MLP has determined that it is prudent and in the best interests of the MLP to permit MMWEC, on behalf of the MLP, to negotiate, facilitate and cause the execution of certain definitive agreements, including an Energy Storage Services Agreement (“ESSA”), a Site License & Use Agreement (“License”) and Interconnection Agreement (collectively, the “Definitive Agreements”) between the MLP and the Developer for a term of not less than twenty (20) years;

WHEREAS, the Administrative Services Agreement is a contract between MMWEC and the city or town having a municipal light department and pursuant to St. 1975, c 775, § 1, and such city or town is authorized to exercise any of its powers or authority contained in St. 1975, c. 775 through its municipal light board or commission; and

WHEREAS, the Administrative Services Agreement contains provisions bestowing on such city or town powers and authority contained in St. 1975, c. 775, §6:

WHEREFORE, it is voted:

VOTE: That the MLP Board of Commissioners (“Board”) hereby votes to:

1. accept the recommendations of the General Manager and hereby finds that it is prudent and in the best interests of the city or town acting by and through the MLP to participate in the BESS Program and to permit MMWEC to negotiate, facilitate and cause the execution of the Definitive Agreements on behalf of and/or by the MLP; and
2. authorize and approve the MLP’s participation in the BESS Program; and
3. approve the Administrative Services Agreement between MMWEC and the MLP presented to the Board at this meeting and made a part of the record of this meeting; and
4. approve the ESSA between the MLP and the Developer substantially in the form of the ESSA presented to the Board at this meeting and made a part of the record of this meeting; and
5. approve the License between the MLP and the Developer substantially in the form of the License presented to the Board at this meeting and made a part of the record of this meeting; and
6. approve the Interconnection Agreement between the MLP and the Developer substantially in the form of the Interconnection Agreement presented to the Board at this meeting and made a part of the record of this meeting; and

7. authorize the General Manager to execute and deliver the Administrative Services Agreement; and
8. authorize the General Manager to execute and deliver the ESSA, substantially in the form of the ESSA presented to the Board at this meeting, with such changes and amendments thereto as the General Manager, may deem necessary or appropriate, without need of further approval or action from this Board; and
9. authorize the General Manager to execute and deliver the License, substantially in the form of the License presented to the Board at this meeting, with such changes and amendments thereto as the General Manager, may deem necessary or appropriate, without need of further approval or action from this Board; and
10. authorize the General Manager to execute and deliver the Interconnection Agreement, substantially in the form of the Interconnection Agreement presented to the Board at this meeting, with such changes and amendments thereto as the General Manager, may deem necessary or appropriate, without need of further approval or action from this Board; and
11. direct the General Manager to cause the MLP to perform all of its obligations under the Administrative Services Agreement and the Definitive Agreements at such time as the General Manager determines is appropriate to carry out the intent of this vote; and
12. authorize the General Manager to enter into such amendments to the Administrative Services Agreement and/or any of the Definitive Agreements as the General Manager may deem necessary or appropriate, without the need for further approval or action by the Board; and
13. authorize the General Manager to execute, accept, deliver or perform obligations for such further documents, or agreements and take any and all further actions, as the General Manager deems may reasonably be required to carry out, give effect to and consummate the Administrative Services Agreement and the Definitive Agreements and the purposes and intent of this vote; and
14. confirms and ratifies any and all actions previously taken by the General Manager or the MLP consistent with the purposes and intent of this vote.

Commissioner Sittard made a motion to authorize the Manager to participate in the

above detailed program, enter into an Administrative Services Agreement with MMWEC and permit MMWEC to negotiate, facilitate and cause the execution of certain definitive agreements, including an Energy Storage Services Agreement (“ESSA”), a Site License & Use Agreement (“License”) and Interconnection Agreement (collectively, the “Definitive Agreements”) between the CEL and the Developer for a term of not less than twenty (20) years;

Commissioner Pasternak seconded the motion. Discussion: None; Motion was passed 2 to 0.

Delinquency Report Update

The General Manager informed the Board that during the disconnect moratorium, we have seen a significant increase in our Delinquencies. The total as of the end of January is \$840,685 (956 total accounts), an increase of \$360,985 just in the month of January. Of the grand total, \$334,893 is related to protected accounts, less than \$5,000 for commercial accounts and less than \$2,500 for telecom. This total is more than 2022 but significantly less than the COVID total in 2021. The 2022 total was aided by the significant influx of aid received through the VOC Supplemental Covid Funding received in late 2021. Our Customer Service Reps have already started to reach out to these customers to urge them to pay or establish a payment plan with the disconnect moratorium likely to be ended by April 1st.

End of '22 + '23 to Date Power Cost Update

The General Manager informed the Board that we “undercollected” on the PPA for December by approx. \$300K. Even though December spot market prices were less than we anticipated, these savings were countered by 3 factors: (1) Lower than budgeted sales due to the mild weather, (2) Much higher than budgeted Mystic COS for November and December (\$285K vs. \$130K) and (3) a \$365K cost for REC’s that wasn’t included in the December cost assumptions. The \$300K undercollection will decrease our net position for the year.

The General Manager informed the Board that actual spot market cost for January and February to date, are well below the assumptions made when developing the 2023 budget and rate calculation. In November, the indices we utilized to predict pricing had January at \$285/MWh and February at \$275. Actual final figures for January are approx. \$56 and February is currently around \$128. If the temperatures remain mild for the remainder of the winter, it is likely we will be able to implement a rate reduction through a negative PPA adjustment this Spring and a contribution to the Rate Stabilization Fund.

Crossroads Fiber Update:

The General Manager informed the Board that we currently have 3,108 active residential customers and 81 business customers. There are 139 additional in the survey/install queue (137 Residential / 2 Commercial). There are currently 63 FSA’s open and accepting applications and 7 additional under construction and/or awaiting splicing

and testing. The biggest challenge we face right now is supply chain issues related to our high-end electronics at the CO's.

Chicopee Hydro Update

Discussion to be pushed off until the March meeting

Presentation of General Manager Candidates/Finalists for Board Interview

The General Manager informed the Board that he and the HR/Admin Manager interviewed 5 potential candidates (2 inside and 3 outside CEL) for the GM Position over the past 2 weeks. One of the outside candidates has since withdrawn from consideration. The GM and HR/Admin Manager are recommending the following individuals be invited in for a 2nd interview with the Board:

- Daniel R. Faille – CEL's IT/Telecom Manager
- Erik C. Morgan – CEL's Engineering & Operations Manager
- Jason Viadero – Engineering and Generation Services Group Supervisor at MMWEC

The GM will work with the Commissioners on scheduling these interviews during the week of March 27th.

Non-Union Personnel Compensation Proposal

At the January meeting the GM informed the Board that CEL non-union salaries have fallen well below the average for comparable positions across the MEAM (Municipal Electric Association of Massachusetts) membership and the other larger Western Mass MLP's (WG&E, HG&E, SHELD). As a result of this, the General Manager is presenting the Board with a Compensation Plan to bring non-union salaries to levels consistent with other Western Mass MLP's. In order to retain our employees and compensate them per the existing market, the General Manager is recommending to the Board that we implement a strategy to bring our salaries in line with other MLPS's over a 2-3 year period starting in 2023. The General Manager is recommending the following annual discretionary funding to adjust salaries of non-union staff over the next 3 years (2023, 2024 and 2025):

- 2023 \$110,000
- 2024 \$110,000
- 2025 \$ 55,000

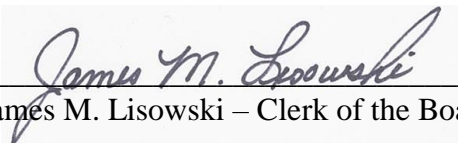
These funds do not include adjustments to the General Manager's salary or filling currently vacant/open/unfilled or future positions, such as the Assistant General Manager.

Commissioner Sittard made a motion to accept the General Manager's recommendation on non-union salary adjustments and the funding for 2023, 24 and 2025 as defined above. Commissioner Pasternak seconded the motion. Discussion: The Board felt it was important to compensate our personnel competitively in order to retain staff and attract new staff in the future; Motion was passed 2 to 0.

New Business

- MMWEC Special Project 2023A (Nextera Seabrook) was created and formal requests for participation will be happening over the next month or so. There is a lot of interest from the other MMWEC members so our share may be lower than what we initially requested. The power with environmental credits will be ATC and could begin as soon as 2028 (22 year term). The deal would include “backfilling” of the energy and attributes during outages.
- The Board asked the General Manager to coordinate in April or May, Flynn Financial coming in and providing an update on the market and the performance of our various funds.

Commissioner Pasternak made a motion to adjourn at 5:18 pm. Commissioner Sittard seconded the motion. Discussion: None; Motion was passed 2 to 0.


James M. Lisowski – Clerk of the Board

Approved: March 29, 2023