

A Special Workshop Meeting of the Board of Trustees of the Portland Water District was held in the Nixon Training Center at the general offices of the District, 225 Douglass Street, Portland, Maine on Monday, December 16, 2019. In attendance from staff were Messrs. Crovo, Kane, Firmin, Wallace, Johnson and Mses. Lewis, Katsiaficas and Demers. President Cote convened the Workshop at 6:47 p.m.

All Trustees were present except Trustees Douglas, Garrison and Rich.

**CES Solar project**

General Manager Lewis stated she wanted to provide more information to the Board on the solar energy credit proposal. Trustees should tell them what they want for additional information for the January workshop.

Mr. Kane took over the presentation and identified the documents which he gave to the Board tonight. He first referred to a flow chart which he had provided to the Board. A copy is attached. The proposal before the Board is that the solar farms would produce 10 million kilowatts of power and generate it into the grid. For every million kilowatts generated, 1 renewable energy certificate (REC) is generated. PWD would receive a billing credit, and RECs if it participates in the proposal. It is projected that PWD could realize up to 1.2 million dollars annually if the projections bear out.

RECs have a financial value. They can be sold, and can be sold in any state in New England. The annual net share to PWD is projected to be \$237,000.

If the projections bear out, over 20 years, PWD could realize 8.7 million dollars. Mr. Kane indicates that he believes these numbers are conservative. CES gets 5% of the amounts realized by PWD as its fee. CES has no ownership interest in the solar farms. They are bringing together solar farms with energy buyers.

PWD continues to get 1.9 million dollars in electricity through Constellation Energy. PWD would get credit to offset those charges.

Mr. Kane then provided a description of the financial benefit - the billing credit. The break-even point for PWD is .09 per kwh. Per the quotes received by CES for the projects, it appears that PWD will beat this estimate. Mr. Kane analyzed the risk to PWD using the highest and lowest electricity rates for the last 10 years. He said that his estimates were conservative. He would propose that PWD put 9-10 of its accounts in this program. From year to year, PWD could change the accounts that participate in the program.

Mr. Kane explained the concept of RECs. He said that the value for the next few years should increase. The demand for RECs should increase as targets must be met for the use of green energy. Buying RECs helps to offset this obligation, making them more valuable. He also explained the possibility that the value could decrease. The price of the RECs is up to market

forces and the number of parties that need to buy them. Regulations could theoretically increase the requirement of parties to buy RECs.

Financial benefit to PWD could be anywhere from \$990,000 to 1 million dollars.

Mr. Kane then addressed Trustee questions that had been posed at an earlier meeting.

He provided information on the identity and make up of CES and explained their role in the proposal. He explained the selection of 10,000 KWH for the project. That represents about 60% of PWD's annual electricity usage. 22% of the credit would benefit water rate payers; 78% would benefit wastewater rate payers. He explained that the first projects being developed will have the lowest costs of development as they will be easier to construct. The proposed 20 year contract has no termination provision. Trustee Libby expressed concern about the lack of a termination clause in the contract. Mr. Kane noted PWD would still need to buy electricity. If the bill credit goes away, it keeps buying power. If the energy price really drops below the break-even point, PWD benefits with lower power bills in general - without the billing credit. CES believes that if the credit is changed to be low, existing contracts would be grandfathered. There is safety in numbers, and the coalition CES has put together contains a variety of businesses that should mitigate this possibility.

PWD would be buying billing credits and RECs and thereby promoting green energy - not buying solar power directly.

CES fee is 5% of the billing credit realized by PWD.

PWD could build a solar farm itself, but it would realize only about \$35,000 more per year in rental fees for the site if it did.

Trustee Beck voiced support for the concept proposed by CES. President Cote noted some of the revenue received could be used to reduce PWD's energy demand. Trustee Willey noted that if the City of Portland is on board with this proposal, PWD should probably do it. He wished that staff had provided the information earlier. Ms. Lewis said staff was trying to wait until it understood the proposal enough to explain it. Trustee Willey responded that he believed this was a political decision.

Ms. Lewis asked if the Trustees wanted the CES team available for the January workshop, and what other information they wanted. Trustee Siviski asked to have CES come to the workshop. President Cote asked if they could disclose the level of commitment they have from consortium members for the proposal. CES is hoping to have the whole deal done by the end of January. Trustee Lunt asked if PWD had to make up its mind by the end of January. Mr. Kane said PWD could delay if it wanted to; Maine Power Options might have a deal by the end of the year. The rate of return is unknown.

Ms. Lewis said staff could propose some ideas on what could be done with the savings the CES proposal could generate. She noted that bonding also has a 20 year commitment; a 20 year commitment is not unprecedented.

Trustee Burns asked if procurement requirements were being followed. Mr. Kane said Maine Power Options may have a proposal later in the year; right now, only CES does.

Trustee Lunt wants to know how much PWD can “not spend” and place it in a reserve account to protect ourselves in the future. He wants to know what PWD can do as far as putting the money aside - are there restrictions in doing that.

Trustees were invited to ask for more information if they wanted it for the workshop.

The meeting adjourned at 7:55 p.m.

Submitted by,

Donna M. Katsiaficas  
Clerk