

As voted by the Board of Trustees and in accordance with the notice of the meeting, the monthly 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, January 13, 2020. In attendance from staff were Messrs. Crovo, Kane, Firmin, and Wallace, and Meses. Lewis, Katsiaficas and Demers. President Cote convened the Workshop at 6:38 p.m. Also in attendance was Troy Moon, sustainability coordinator from the City of Portland and Andy Price the President and COO of CES.

All Trustees were present. Trustee Libby left the meeting at 6:35 p.m. after attending the Planning Committee meeting.

1. CES Renewable Energy Project.

Andy Price, President and Chief Operating Officer of Competitive Energy Services (CES) discussed an overview of the project, the market, status of buyer and seller commitments and potential risks and how they are mitigated.

Mr. Price had a slide presentation for the Board. CES is a full service energy consulting firm. They primarily offer procurement and consulting services to their clients. A list of the firm's other clients was provided. CES is a Maine based company with headquarters in Portland. CES is very familiar with net energy billing; Massachusetts and Rhode Island have active programs similar to the program proposed in Maine. The firm only works for energy consumers and not energy suppliers.

He then mentioned a lawsuit initiated by FERC against CES for consulting services provided to a paper mill in 2007-2008. The lawsuit remains pending. The paper mills involved settled the cases against them as part of their bankruptcies. There is no risk to the Water District associated with the pending lawsuit.

Mr. Price explained that a new Maine law significantly improves the subsidies for solar project in Maine. The subsidies can only be paid in the form of bill credits. CES assembled a consortium of clients that had significant power demand and the ability to enter into long term contracts in hopes of attracting significant interest of potential solar developers. The consortium is not a legal entity - it is a group of entities that can sign 20 year contracts.

He explained the RFP process used by CES. They looked for offsite projects and are imposing the CES contract onto the developers. Approximately 20 developers responded to the RFP. The response satisfied the CMP power demand 3 times over the consortium demand. PWD would not receive actual power from the developers; PWD would receive bill credits.

It is important that the projects actually get built - not only the pricing is important. Development issues are considered. All of the finalists have been interviewed. CES is pushing to get the process done quickly. The first projects will have the most incentives and have the most financial return. The current CES contract between developers and consortium participants is under review and comments are being incorporated.

Mr. Price then went on to explain the net energy billing process. Credits can be applied to any CMP account. PWD would begin applying the credits to its largest accounts. For 2020, the credit rate is 14 cents per kwh. Credit rates are likely to fall a bit in the future. The credits are set by the PUC on a calendar year basis. They are set according to a formula which Mr. Price described.

Financial advantage to PWD is the billing credit as well as the REC (renewable energy certificate). With a diverse and large group of participants, it becomes politically difficult to radically alter retroactively a contract already in place. The risk is therefore lowered to program participants with the diverse makeup of the consortium. Production risk is mitigated because participants have a part of all projects. Further, if a project doesn't produce, the credit isn't paid for by the participant.

The potential savings to PWD is REC value of \$250,000 a year, and billing credits of \$200,000-\$300,000 per year. Mr. Price said this was a conservative estimate. If PWD chooses to sell the RECs, CES would be PWD's consultant for that process. CES would get competitive bids for the RECs and advise PWD of the best bid. CES would continue its relationship with PWD. CES has 35 people it employs. It is a for profit organization. PWD will be signing contracts directly with the developers. If CES went bankrupt, PWD would find another consultant to service the developer contracts. There will be 5-7 developers chosen for participation with the consortium. Some developers have as many as 5 projects. Solar installations will generally generate 5 mgw. The current law says the program lasts for 20 years.

All participants in the consortium will sign contracts at the same time. The list of participants given to the Board are largely committed to participate in the program. Trustees expressed concern that the City of Portland participate as well. PWD does not want to be the first entity committed.

The General Manager noted that the Finance and Administration Committee had voted to send the contracts and participation issue to the full Board for approval at the Board meeting in two weeks.

Troy Moon addressed questions from the Board. He explained that the City is supportive of this effort. The City is doing its due diligence on the program as well. A second consultant is looking at the proposal and advising the City as to the process. Trustee Willey stated he would be comfortable allowing the General Manager to enter into these contracts provided the City of Portland does so. Trustee Lunt questioned why that should make a difference.

Mr. Price said at this point, everyone is intending to proceed. If not enough participants sign up, the more expensive projects will drop off the list. Five megawatt projects are mostly 20 acre projects. If the legislature takes the program away, PWD doesn't buy the credits because none are generated; this puts PWD back in the same position as it was before participation in the program. PWD would have no liability for developer activity.

Contracts will be circulated at the end of January. Hast is needed to make sure these projects are enrolled in the program before the cut off. Enrollment in the program is the key date. It could take quite some time before the projects are built.

2. Sustainability Efforts in Portland.

Troy Moon, Sustainability Coordinator for the City of Portland, talked about sustainability and renewable energy efforts.

Mr. Moon also had a slide presentation for the Board. The mission of his office is to promote a more sustainable community now and into the future. His office has been involved in legislative

activities at the state level, including a ban on plastic bags and LD 1711 dealing with development of solar power in Maine.

The City has saved a million dollars with LED street lighting upgrades. The office works on waste reduction including a ban on plastic bags and plastic straws. The City implemented a pesticide ban for private property. It also has an energy benchmarking ordinance that goes into effect on May 1. PWD has 2 building affected by the ordinance - the Douglass Street and the East End facility. The City Council also has committed to reduce greenhouse gas emissions in the City by 2050 by 80%, and have 100% clean energy by 2040.

In October 2019, the Council also declared a climate emergency. This means by 2030, the City will try to be carbon neutral. Portland is working on its climate action plan. It is working on responses to effects of climate change including sea level rise, public health impacts including from temperature rise and the results of more rainfall and less snow. He provided a map of what would happen to Portland in the event of a 10 feet sea level rise.

Portland has joined forces with the City of South Portland and is creating a joint climate action plan. It made sense to do so because of shared resources, infrastructure and populations and common goals.

In order to reduce its carbon emissions, the City is looking at changing building codes and existing building policies. It is looking at its renewable portfolio standards. The climate plan has 4 elements. First, use energy as wisely and efficiently as possible. Energy efficiency will be important; the electrical grid will need to be upgraded. Two, look at transportation and land use. Encourage use of electric cars. Develop the City in a way so that people don't need to use as many cars. Third is the element of waste reduction. This would mean minimizing waste by changing how the community consumes and disposes of goods and materials. Lastly, climate resilience will be considered to ensure that neighborhoods can respond to and recover from natural disasters.

The final climate plan is due to be completed by June of 2020 and presented to the City Council.

Trustees asked Mr. Moon questions. His responses included information that the City does not take into account carbon emissions from plans or cruise ships in its carbon accounting. The climate footprint for report under the City ordinance includes water usage for processes conducted on the premises of the buildings required to report.

3. BOT Discussion of Renewable Energy Proposal.

Trustee Willey noted that PWD had asked the City to participate in the second review being done by the City's independent consultant of the CES deal. The City did not give PWD an answer on participating.

The contract did not need City Council approval because the City sees it as an investment.

Questions were raised about the litigation between FERC and CES. Ms. Katsiaficas provided information to the Board about the status of the case.

If CES filed bankruptcy, PWD would still have its contracts with the solar developers and those contracts would not be impacted.

CMP calculates the RECs. CES would be reviewing the calculations.

At the Board's business meeting, the Board will consider authorizing the General Manager to sign the contracts with the developers for a period of 20 years. The contracts will be the same for all participants and developers.

The issue of changes in legislation that could affect the contracts was discussed.

A downside risk was identified as a question as to whether CES's consultant fee was reasonable and whether PWD was overpaying for credits.

Ms. Lewis gave her opinion that if PWD does not do this and do it now, it will be a lost opportunity to PWD. She does believe time is of the essence.

4. Other Business.

The employee satisfaction survey results will be available tomorrow in the drop box. The General Manager's performance review process will begin at the end of the workshop next month.

The staffing plan in wastewater will be slightly changed to address a critical need in wastewater. There will also be one change in the business system analyst/ IT plan. Changes will be made during the budget year.

Ms. Lewis has been asked by AWWA to join the Water Research Foundation. Expenses will not be borne by the District. It will be a three year term.

5. Adjourn.

The meeting adjourned at 8:40 p.m.

Submitted by,

Donna M. Katsiaficas
Clerk