



**OFFICIAL MINUTES OF:**

Meeting of:	CEO Committee Meeting
Date:	November 10, 2015
Time:	9:45 a.m.

**MEMBERS PRESENT:**

John MacQueen, Chairman  
Robert Andrade  
Jonathan Farnum  
Vincent Mesoella  
Al Montanari  
Angelo Rotella  
Richard Worrell

**MEMBERS ABSENT:**

**STAFF AND GUESTS PRESENT**

Raymond J. Marshall, Executive Director  
Tom Brueckner, NBC  
Karen Musumeci, NBC  
Tom Uva, NBC  
Paul Nordstrom, NBC  
Rich Bernier, NBC  
Sherri Arnold, NBC  
Gail Degnan, NBC

Jamie Samons, NBC  
Karen Giebink, NBC  
John Zuba, NBC  
Deborah Samson, NBC  
Barry Wenskowicz, NBC  
Jim McCaughey, NBC  
Sam Celone, NBC

**1. Call to Order**

CEO Chairman MacQueen recognizing a quorum called the November 10, 2015 Construction/Engineering/Operations (CEO) Committee Meeting to order at 10:05 a.m.

## 2. **Approval of Minutes** – September 29, 2015 CEO Committee

Chairman MacQueen asked for a motion to approve the September 29, 2015 CEO Committee meeting minutes as written. Commissioner Montanari moved to approve the minutes of the September 29, 2015 CEO Committee. Commissioner Farnum seconded the motion. The vote taken by the CEO Committee was unanimous. The motion carried.

## 3. **Items for Action**

- A. **Review and Approval of Resolution 2015:23; Award of Contract 304.38RS-Agreement for Professional and Technical Consulting Services During Construction for Abbott Valley Interceptor Maintenance and Improvements**

Commissioner Rotella arrives at 10:15 a.m.

Mr. Marshall stated that VHB is completing the design of the Abbott Valley Interceptor Maintenance and Improvements in Cumberland, RI. The project involves clearing the interceptor easements to allow access by our crews to the interceptor pipeline and manholes. The estimated construction cost is approximately \$500,000. The project is scheduled to be bid this winter with the bid results and recommendation presented to the Board in March or April.

VHB is nearing completion of the design contract. Therefore, we asked them to submit a proposal for the professional and technical services necessary to provide technical support and survey support during construction. It should be noted that the NBC will be performing the resident field oversight services in-house.

VHB submitted a proposal and we have negotiated a cost ceiling of \$45,000 to provide their services.

We have determined that VHB's proposal is fair and reasonable to perform the required services for this Contract. Therefore, we recommend award of this contract to VHB for a cost not to exceed \$45,000.

Commissioner Montanari made a motion to approve Resolution 2015:23, Award of Contract 304.38RS-Agreement for Professional and Technical Consulting Services During Construction for Abbott Valley Interceptor Maintenance and Improvements. Commissioner Farnum seconded the motion and the vote taken by the CEO Committee was unanimous. The motion carried.

- B. **Review and Approval of Resolution 2015:24; Authorization to Enter a Power Purchase Agreement (PPA) with Coronal Municipal Energy Services to Provide Electricity to NBC from Up to Two 5MW Solar Energy Projects**

Mr. Marshall advised that the NBC has experienced the benefits of utilizing renewable energy with the operation of the three wind turbines at Field's Point. As of July 2015, these turbines have generated more than 19,321,958 kWh of electricity resulting in approximately \$1,814,332 of savings to NBC. Additionally, the on-site generation of this clean renewable energy has resulted in the creation of 16,565 Renewable Energy Credits which generated \$1,023,522 in financial benefit to NBC ratepayers. NBC is also in the construction phase of installing a 600

kW Combined Heat & Power (CHP) engine that will operate on renewable biogas at the Bucklin Point facility. When the biogas project becomes operational at the end of 2016, NBC will be generating approximately 33% of the total NBC annual electrical energy needs from renewable resources.

In recognition of the environmental and economic benefits already achieved by generating alternative energy, NBC is actively pursuing additional renewable energy opportunities to satisfy the remaining 67% of our energy demand. Utilizing Rhode Island's net metering laws, which now allow for off-site generation of renewable energy by municipalities and public entities, NBC issued an RFQ/P for Renewable Energy Net Metering Projects in August 2015. In response to the RFQ/P four proposals were received consisting of three solar projects and one wind project.

Four firms submitted proposals but the Coronal solar project and WED wind project allowed NBC to maintain ownership of the Renewable Energy Credits (RECs). This is an important project element, both because of the monetary value of the RECs and because the environmental value of the RECs may become more important in the future should laws and regulations be enacted that limit NBC's carbon emissions.

Staff performed extensive analysis of the proposals received and the Coronal proposals had the best economic benefits to the NBC. Staff recommends entering into a 25 year Power Purchase Agreement with Coronal Municipal Energy Services for up to two 5 MW solar energy projects that will lock the NBC into a rate of \$102.5 per megawatt-hour (\$0.1025/kWh) over this period. Two projects of 5MW each will provide 49.5% of present NBC energy needs and will reduce an estimated 5,670 metric tons of carbon dioxide equivalents annually. This will not require a capital investment by the NBC. NBC will own all Solar Renewable Energy Credits (RECs) which can be sold and are estimated to further reduce the electricity cost from these two projects to \$0.0725/kWh. Should the NBC Board elect to move forward with only one 5MW project with Coronal, it will result in a slightly higher rate of \$105.0 per megawatt-hour (\$0.105/kWh) for the purchased electricity with a net cost after REC's of \$0.0775/kwh.

There are several issues that need clarification and/or verification before a final determination can be made. The first is to confirm that each of the two 5MW facilities will be sited separately so that compliance with the legislation is achieved. The next two issues are broader in nature. They address whether the renewable energy and energy efficiency charges on National Grid's bill will be applied or credited to the proposed projects and whether the PUC Docket No. 4568 based on legislation (H5199/S0081) covering a monthly fee payable to National Grid for use of their transmission/distribution system will be charged.

Based upon the analysis of contracting two 5MW projects and resolving the outstanding issues favorably, if electric costs were to increase an average of 2% annually, a conservative assumption, the NBC would realize an economic savings of \$0.5M in electricity cost. Income from Renewable Energy Credits could add another \$12.9M in financial benefit to the NBC for a total savings of \$13.4M over the 25 year project period. If electricity costs should increase by 3% annually over the life of the project, the NBC would save approximately \$6.5M in electricity costs, in addition to the \$12.9M financial benefit from selling the REC's for a total savings of \$19.4M. Due to the economic and environmental benefits associated with these projects, we recommend that two solar projects of 5MW each be awarded to Coronal Municipal Energy Services provided the outstanding issues can be resolved favorably.

By moving forward with the solar energy projects, the NBC will satisfy between 58% and 83% of our total electric demand with renewable energy as shown in the table below:

As a result, staff recommends the approval of Resolution 2015:24; Authorization to Enter a Power Purchase Agreement (PPA) with Coronal Municipal Energy Services to Provide Electricity to NBC From Up to Two 5MW Solar Energy Projects.

Mr. Marshall further advised the Committee that yesterday afternoon he received a letter from WED (wind energy project) stating that some of their pricing may be able to be modified.

The Committee had a discussion and was in favor of amending Resolution 2015:24 to allow the Chairman and Executive Director in addition to the Coronal projects to continue negotiations with the Wind Energy Development Team for possible additional energy projects.

Therefore, Commissioner Andrade made a motion to amend and approve Resolution 2015:24, Authorization to Enter a Power Purchase Agreement (PPA) with Coronal Municipal Energy Services to Provide Electricity to NBC For Up to Two 5MW Solar Energy Projects Commissioners Farnum and Montanari seconded the motion and the vote taken by the CEO Committee was unanimous. The motion carried.

#### **4. Other Business**

None.

#### **5. Adjournment**

A motion to adjourn was made by Commissioner Montanari seconded by Commissioner Farnum and the CEO Committee meeting adjourned at 10:35 a.m.

Respectfully submitted,



Raymond J. Marshall, P.E.  
*Executive Director/Secretary*