

**Cape & Vineyard Electric Cooperative, Inc.  
Executive Committee and Finance Committee  
Open Session Meeting Minutes - Wednesday, July 18, 2018**

The Cape & Vineyard Electric Cooperative, Inc. Executive Committee and Finance Committee met in open session on Wednesday, July 18, 2018 at 11:30 a.m. in the CVEC Offices, 23H2 Whites Path, Suite 2, South Yarmouth, MA 02664

**PRESENT WERE:**

1. Leo Cakounes, President, Finance and Executive Committee Member/Director, Barnstable County
2. Steve Gavin, Finance Committee/Director, Yarmouth
3. Austin Brandt, Executive Committee Member/Director, Cape Light Compact (CLC)
4. Charles McLaughlin, Executive Committee Member/ Finance Committee/Director, Barnstable (on the phone)
5. Joseph Bayne, Finance Committee Member/Treasurer/Director, Eastham

**ABSENT WERE:**

1. Jennifer Rand, V. President/Executive Committee Member/Director, West Tisbury
2. Charles Hanson, Executive Committee Member/Clerk/Director, Brewster

**STAFF PRESENT**

Liz Argo, Manager  
Tatsiana Nickinello, Assistant Office Manager

**PUBLIC PRESENT**

Michael Lorenzo, Eastham Assistant Administrator

**1. CALL TO ORDER**

Pres. Cakounes called the meeting to order at 11.35 a.m. and announced the Meeting Notice/Agenda was duly posted on the CVEC, Inc. website in accordance with the Open Meeting Law July 16, 2018 at 11.10 a.m. Pres. Cakounes verified that there was a physical quorum of the Finance Committee present but not the Executive Committee. Pres. Cakounes introduced a member of the public, Michael Lorenzo. People present made their introductions.

**2. PUBLIC COMMENT**

There were no public comments.

**3. REVIEW AND APPROVAL OF APRIL 19, 2018 EXECUTIVE COMMITTEE AND FINANCE COMMITTEE MEETING MINUTES**

Finance Committee members briefly reviewed the April 19, 2018 Meeting Minutes. J. Bayne pointed out that his name should be added to “Absent Were” section. There was a grammatical error in Section 3. No other comments were made.

*J. Bayne moved Finance Committee to approve April 19, 2018 Meeting Minutes as corrected, seconded by S. Gavin. The roll call vote carried as follows:*

- |   |     |
|---|-----|
| 1. S. Gavin, Yarmouth                       | Yes |
| 2. J. Bayne, Brewster                       | Yes |
| 3. L. Cakounes, Barnstable County           | Yes |
| 4. C. McLaughlin, Barnstable (on the phone) | Yes |

*Motion carried in the affirmative (4-0-0)*

C. McLaughlin stepped away from the phone at 11.46 a.m.

**4. TREASURER’S REPORT**

J. Bayne informed the members that CVEC is currently low on cash, but, he noted, he is hopeful that it will get higher when the adjustment comes in. There was a brief discussion on an outstanding balance for the Town of Tisbury that has since been sent. It was also pointed out that some other towns have an outstanding balance. L. Argo noted that getting the due adders paid to CVEC is affecting income. L. Cakounes inquired if the final unrestricted balance would be back to \$300,000. L. Argo stated that the number should come close to it once all adders are paid in. She also added that the bottom line would likely improve, but possibly not by August.

**5. DISCUSSION AND POSSIBLE VOTE ON ROUND 1 ADDER EXTENSION REQUEST**

L. Argo informed the committee members that the Town of Sandwich administrative services revenue has been added to CVEC’s FY20 income section, and reminded committee members that the ISO NE energy capacity market income could not be included until the FY21 budget calculations. There were several questions on when it would be clear as to how many projects would be allowed into the forward capacity market. L. Argo clarified that currently all the projects that have been discussed at the previous meetings are pending qualification approval in September. L. Cakounes asked about an amount for estimated income from this venture. L. Argo noted that, as discussed before, the projected payoff may be about \$60,000. L. Cakounes suggested using a conservative estimation of \$50,000 in order to formulate FY21. L. Argo noted that it is best to assume worst case scenarios for budgeting. J. Bayne pointed out that there are some expenses that could be cut down to minimize deficit. L. Cakounes expressed his opinion, noting that the “Rate Case” defense was very expensive and made a significant impact on CVEC’s bottom line. A discussion took place about solutions to remedy FY20 possibly being in a budget deficit of approximately \$34,000. L. Argo suggested a request for a FY20 adder with a reduction. L. Argo presented a table of possible benefits to CVEC commensurate with reducing the adder for hosts and off-takers by a quarter of a penny and by an eighth of a penny respectively. The calculations indicated a revenue to CVEC in the amount of \$36, 339. L. Cakounes was pleased with the idea of a reduced FY20 adder. S. Gavin mentioned that Yarmouth was the only town that voted against removing the Round 1 project adder in the first place. L. Cakounes noted that, as C. McLaughlin had stated earlier, the contracts were negotiated and executed that way and the provisions in the contracts were agreed upon and if there are additions to be made, it should be done in a form of an amendment or a side letter without changing the whole contracts. A discussion followed on negotiating an agreement with towns to extend the adder at a reduced rate. There was a brief discussion about the lack of contribution from the Town of Edgartown.

C. McLaughlin resumed the discussion on the phone at 11.58 a.m.

L. Argo briefed C. McLaughlin on the discussion taking place regarding a probable FY20 budget deficit without an adder and to the need to appeal to the towns for an adder at a lower amount. She also questioned whether it is important to address non-contributing towns at the full Board meeting to come. J. Bayne mentioned that in the event of dissolution of CVEC, all the benefits go back evenly to the towns. L. Argo wondered if there should be an adjustment in the by-laws to distribute percentages of CVEC's excess cash based on contributing parties' contributions. C. McLaughlin deemed it fair. L. Argo informed the members that Edgartown is under new management, which is encouraging since new manager may be more willing to cooperate. L. Cakounes asked L. Argo to schedule opportunities to go before the Board of Selectmen. L. Cakounes requested the topic of weighted distributions be put on the agenda, and, he noted, he would like to have the full Board of Directors present. J. Bayne noted that selectmen in Eastham value CVEC's contribution and would cooperate. L. Cakounes addressed C. McLaughlin about his thoughts on Round 1 adder. C. McLaughlin inquired on the schedule of ISO-NE benefits to be distributed. L. Cakounes informed the members that CVEC will not get any certain answer until February of 2019 and, in the best-case scenario, the first pay-off is scheduled to be in Fall of 2020 (FY21) in the amount of about \$65,000. However, L. Cakounes noted, he would rather consider a more conservative amount of \$50,000 for the calculations. L. Cakounes added that in the case of a proposed reduced adder coupled with ISO-NE pay-off, CVEC could realize a profit of \$20,000. The members agreed that a request for a reduced FY20 adder is a reasonable course of actions. C. McLaughlin added that reducing the adder to a quarter of a penny is a reasonable amount to ask.

*C. McLaughlin made a motion to recommend to the Board that a \$0.0025 adder be added to Round 1 projects in FY20. S. Gavin moved the Finance Committee to vote, seconded by J. Bayne. The vote carried in roll call as follows:*

- |   |     |
|---|-----|
| 1. S. Gavin, Yarmouth                       | Yes |
| 2. J. Bayne, Brewster                       | Yes |
| 3. L. Cakounes, Barnstable County           | Yes |
| 4. C. McLaughlin, Barnstable (on the phone) | Yes |

*Motion carried in the affirmative (4-0-0)*

## **6. DISCUSSION AND POSSIBLE VOTE ON NOMINATION COMMITTEE FORMATION**

L. Argo asked the committee members if a nomination committee formation is necessary. L. Cakounes said that it is not clear in the by-laws how to proceed with nominations. L. Cakounes noted that, from his experience, the President can appoint a person or persons to seek candidates for nomination. C. McLaughlin suggested adding an amendment to the by-laws instructing that the the President could nominate if so desired. S. Gavin suggested a more informal approach of selecting several individuals to make inquires without forming formal committees. J. Bayne agreed with a less formal approach. L. Cakounes mentioned that if the Board appoints such a committee, however, then the committee should follow Open Meeting Law. The President appointed committee would be relieved of Open Meeting Law. L. Cakounes suggested adding the topic of Bylaw adjustments to the Annual Meeting agenda and putting the nomination committee on the next week's meeting agenda to appoint a person to make inquires as to desires for nominations. The members were in consensus with this course of actions.

## **7. DISCUSSION AND POSSIBLE BY-LAW REVISIONS AT ANNUAL MEETING**

L. Cakounes suggested two revisions of the by-laws: first, the process of distribution of ISO-NE dividends in excess of CVEC needs and the process of distribution in case of dissolution of CVEC; and second, an amendment to the by-laws to allow for election processes. There was general consensus on the matter.

## **8. DISCUSSION AND POSSIBLE CVEC COMMUNITY SOLAR OFFERING TO TOWNS**

L. Argo rebriefed the committee members on BCK's report as to possible options for CVEC to be a part of a Community Solar project. L. Argo brought members' attention to a hand out that explores different scenarios of community solar ventures. L. Argo reminded the committee members about a recent proposition from a private developer from Brewster to join in on a community solar project. The option discussed was "Community Solar owned by third party". L. Argo suggested a scenario of buying Net Metering Credits (NMC) from the solar developer and, in turn, selling them to towns, so the towns can sell them to low income individuals. L. Argo suggested that CVEC's role would be managing that accounting. A. Brandt was concerned about credit worthiness of the off-takers. L. Argo agreed that there should be a mechanism to protect towns from poor performers. J. Bayne wondered about the money distribution model. L. Argo clarified that the distribution of funds would happen according to the Schedule Z.A. Brandt was concerned that the NMC value is not determined. L. Argo agreed that the numbers are still raw. There was a brief discussion about other optional off-takers. J. Bayne mentioned that Community Development Partnership got investments from banks to put solar on lower income housing for mutual benefit, both of a developer and community. L. Argo noted that she can look into learning more about it. L. Cakounes inquired as to propositions to CVEC to build larger units. L. Argo informed committee members that at the moment, CVEC does not have any propositions of that kind and that distribution of NMC to governmental entity clients are maxed out. M. Lorenzo suggested an accounting model where the collections would be towns' roles, and towns could put leans on property as a collateral. The members decided to look into that option more closely. L. Cakounes noted that if the model can be worked out, the project can possibly be executed. C. McLaughlin stepped away from the phone at 12.35 p.m.

## **9. UPDATE AND DISCUSSION ON NOISE MITIGATION PLAN FOR NUNNEPOG**

L. Argo updated the committee members that both Greenskies and the town's engineers performed site testing using similar equipment and came up with almost same preliminary result of about 9.9 db over ambient sound. L. Argo informed the committee members that the state requires noise should not exceed 10db above ambient. She also added that both parties are working on their final analyses that would reveal more accurate data. There was a brief discussion on the possible solutions by way of either shutting down the inverter for the summer, relocating it, or improving the existing sound absorbing shelter. The members agreed to wait on the results of the analyses.

Tatsiana Nickinello, Austin Brandt and Charlie McLaughlin left the meeting at 12:46 pm. A quorum of the Finance Committee remained.

## **10. UPDATES ON:**

- a. Entering CVEC stand-alone PV projects into the Independent System Operators (ISO-NE) Forward Capacity Market auction via CLEAResult

L. Argo updated the committee members reiterating the schedule of September 2018 for project qualification and February 2019 for bid results. She announced that all CVEC projects are now visible to CLEAResult indicating they are viable for ISO-NE qualification.

- b. Oak Bluffs submission for a META grant

L. Argo announced to the committee members that CVEC, with support from Dave Billo of Sovereign Consulting, has submitted a grant application to the DOER in hopes of securing a Municipal Energy Technical Assistance grant to help fund CVEC in preparing an RFP for a combination solar installation on the Oak Bluffs landfill, a battery, and a microgrid to share the power with the adjacent Transfer Station, Wastewater Treatment Plant and DPW barn.

- c. Request for Proposal for DY Battery Energy Storage System

The DOER continues to hold up the needed decision on the procurement process it wishes to see for the CVEC RFP for the battery system at DYRSD High School.

- d. Round 3 PV Initiative

The developer, Alliance Clean Energy, provided an email chain to verify its activities related to pushing for the release of the new SMART program. As noted previously, without the integration of the SMART program, financing of new solar projects is impossible to obtain.

- e. Nexamp Dartmouth 2

The Town of Barnstable and the Dennis Yarmouth Regional School District will join in participating in the purchase of net metering credits from the current Nexamp Dartmouth 2 opportunity. Others already contracted are Sandwich Water District, Upper Cape Regional Water Cooperative, Harwich Water Department, Brewster and Provincetown.

**THE FINANCE COMMITTEE MEMBERS VOTED UNANIMOUSLY TO ADJOURN AT 1:00 PM.**

#### **LIST OF DOCUMENTS & EXHIBITS**

- April 19, 2018 Meeting Minutes
- FY19 Voted Budget and FY20 Budget Projections
- Calculations for Round 1 Adder
- CVEC June Financials Prepared July 17<sup>th</sup>
- Community Solar Review