

**CITY COUNCIL WORK SESSION
CITY OF WATERTOWN
December 12, 2022
7:00 p.m.**

Mayor Jeffrey M. Smith Presiding

Present: Council Member Patrick J. Hickey
Council Member Clifford G. Olney III
Council Member Sarah V.C. Pierce
Council Member Lisa A. Ruggiero
Mayor Jeffrey M. Smith

Also Present: Kenneth A. Mix, City Manager

DISCUSSION

Hydro Committee Presentation

Former Mayor Joseph M. Butler Jr. began the presentation by thanking Council for the opportunity to present the committee's executive summary (on file in the City Clerk's office) to Council this evening. He informed Council that although this is a draft version of the document, it is probably not going to change before it is finalized. He noted the entire document is flexible and should be revisited frequently in the future. He stated the committee's investigation into this process had been the most complicated thing he had ever done with questions leading to answers that, in turn, led to more questions. He added that the draft should be considered a beginning and not an end, since energy production is an evolving industry.

Mr. Butler noted that the current hydro contract is extremely lucrative and will make the City a lot of money in the next eight years. He commented that there is no way to replace that revenue when the contract is up and so the City will have to look at alternate streams of revenue including selling capacity, renewable energy credits and synchronized spinning reserve. He noted that hydro is not getting the same level of energy credits as wind and solar are.

Mr. Butler's executive summary contained six detailed options and the committee's recommendations on each.

Mayor Smith inquired about the reasons hydro does not get the same level of energy credits as other renewable energy sources.

Mr. Butler said all of the subsidies are going to solar, largely because it is much cheaper to build wind farms than hydro plants. He indicated hydro only provides 6% of energy nationwide and although it currently produces 34% of renewable energy, that number is expected to drop to 15% as the number of solar farms continues to increase.

Mayor Smith stressed the importance of the City maintaining the City's hydro facility.

Mr. Butler commented that the City's facility is a great asset, adding that hydro is the best renewable resource because wind and solar are intermittent.

In response to Council Member Olney's question of whether the City is a qualified facility, Mr. Butler said it is.

Council Member Olney asked what prevented the City of Watertown from selling electricity to City residents. He mentioned that he had researched this topic himself and discussed the possible option of a sidebox to increase capacity.

Mr. Butler pointed out that there would be a lot of administrative costs involved in the City running its own utility and that the City should consider distributing the electricity with a discount to City residents. He added that the City could not increase capacity without applying to FERC. He instructed Council that, if they read only one part of this document, they read the part about FERC jurisdiction.

There was discussion about when the FERC contract was up and how long negotiations took to get a new one.

Mr. Butler advised Council that step one of replacing the hydro contract is to determine FERC jurisdiction and second get an RFP for an Energy Service Company that will then tell the City what they need to do.

Jeffrey Fallon, committee chair, pointed out that the City should enter into a dialogue with National Grid regarding the lines and service, noting most of the people who negotiated the last contract are long gone.

Mayor Smith clarified that what the City needs to do is find out what they can do now and then figure out the costs involved and potential revenue. He admitted that there are just some things the City can not do now.

Mr. Butler indicated the City could do the residential component now but they were not going to be able to increase capacity or get information on renewable energy credits at this point. He added that the City's facility is a great plant that is always going to be profitable.

Mayor Smith directed the City Manager to get more information on the aspects that can be completed now.

Mr. Butler noted that their complete reports would be added to the hydro binder created by the Mayor and that their work on the hydro committee was now complete.

All Members of Council thanked Mr. Butler and Mr. Fallon for their hard work to complete this research.

Work session ended at 9:30 p.m.

Lisa M. Carr
Deputy City Clerk