

BELMONT LIGHT
POWER SUPPLY POLICY
March 2018

I. GOAL

Belmont Light will strive to develop a managed power supply portfolio that provides Belmont customers with reliable electric service at the lowest possible cost consistent with the Town's Climate Action Plan (CAP) that obligates all sectors, in the aggregate, including the electricity sector, to reduce its CO2 emissions by 80 percent by 2050; recognizing, however, that reductions in CO2 emissions through non-power supply portfolio measures (for example, through enhanced energy efficiency measures and/or rate design) can contribute to the said goal. New technologies, such as energy storage, will also be investigated as means to achieve the CAP goals and to reduce Belmont Light's capacity charges.

II. PORTFOLIO SUPPLY

Belmont Light, in collaboration with its outside energy supply consultants, will strive to enter into portfolio purchases to minimize risks through layered and staggered purchases with credit worthy power suppliers. Power supply should be flexible enough to meet an evolving energy marketplace. A target of no more than 20 percent of Belmont Light's capacity needs should be supplied via any single contract. Based on the operation of the Forward Capacity Market ("FCM") by the Independent System Operator – New England, Belmont Light will hedge to a maximum of approximately 50 percent of its capacity needs in any year when doing so will provide significantly more cost certainty than would otherwise be expected from the Forward Capacity Auction ("FCA") process.

Belmont Light will pursue resource and counterparty diversification by establishing Master Agreements with multiple suppliers that conform to the standards set forth by the Edison Electric Institute. Such purchases shall include, but not be limited to: energy strips; heat rate swaps; load following for energy and ancillary services; spot market purchases; unit entitlements; forward fuel hedges for unit entitlements and heat rate/fuel index contracts; and, verifiable load management and/or energy conservation services.

Regarding particular power sources, Belmont Light should seek out both least cost renewable and non-carbon emitting energy sources in New England and surrounding regions to add to its supply portfolio consistent with the layered and staggered purchases policy indicated above. Consistent with a modest rate impact, Belmont Light shall meet, though it is not otherwise legally obligated to do so, a minimum percentage of electrical energy sales with clean generation attributes as set forth by the Department of Environmental Protection at 310 CMR 7.75(4). This will include buying and retiring Class 1 Massachusetts Renewable Energy Certificates (RECs). How to meet future year clean generation attributes percentages, as well as whether to

pursue a more aggressive percentage of clean generation attributes than that set in in 310 CMR 7.75(4), should be evaluated annually.

III. PUBLIC POLICY

Belmont Light will keep abreast of market developments, availability of power products and market conditions. Policy positions by Belmont Light pertaining to power supply policy shall be discussed in advance with the Light Board Advisory Committee and with the Light Board.

IV. PORTFOLIO PLANNING

Belmont Light's power supply portfolio will be designed to meet an annual energy budget, and, to the extent possible, a five-year energy budget. Long term supply plan goals beyond five years, along with a plan to achieve those, will be set periodically.

V. PARTICIPATION OF LIGHT BOARD ADVISORY COMMITTEE AND LIGHT BOARD

The General Manager of Belmont Light will, on an on-going basis, discuss the status of the power supply opportunities, including purchases from renewable or carbon free resources, with the Light Board Advisory Committee (LBAC) and with the Light Board. Individual contractual supply opportunities will be discussed in advance with LBAC and with the Light Board. Terms of the arrangement and its benefits should be specified. If, due to exigent circumstances, it is not practicable to discuss an individual contractual supply opportunity with LBAC and with the Light Board in advance of the need to enter into a contractual arrangement, the General Manager of Belmont Light or his/her designee will make a diligent effort to contact the Chair of LBAC and the Light Board's Chair to discuss said proposed arrangement.

VI. TRANSACTION AUTHORIZATION POLICY

Subject to the discussions that will take place pursuant to Section V, above, the General Manager, or in his/her absence the Assistant Manager/Director of Operations, may enter into power supply contractual arrangements without an affirmative vote of the Light Board; provided, however, that this authority extends only to contractual arrangements that are of five years or less in duration and that pertain to eight megawatts of power or less. Any contractual arrangement in excess of five years or eight megawatts requires the approval of the Light Board.

VII. EVALUATION

All supply portfolio arrangements shall be evaluated for their efficacy and cost-effectiveness.

VIII. TRANSPARENCY

It will be the policy of Belmont Light to make public all documents pertaining to power supply other than documents (or portions thereof) that are defined by contract as confidential as commercially proprietary. It is recognized, however, that there may be good cause and a legal basis to protect certain other sensitive documents in certain

instances. Belmont Light will seek to avoid unnecessary contractual restrictions on the public release of documents. Belmont Light will endeavor to make as much information public as possible.

IX. EQUIVALENCE OF SUPPLY-SIDE AND DEMAND-SIDE MEASURES

Nothing in this Power Supply Policy should be construed as indicating that demand-side measures that reliably and cost-effectively reduce Belmont Light energy and/or capacity requirements are any less important to pursue for ratepayers than supply-side strategies. It is recognized that increased electricity use may be effective in reducing carbon emissions in other sectors

X. PERIODIC REVIEW

Periodically, but no less frequently than once each year, this power supply policy should be reviewed by the Light Board in consultation with the Light Board Advisory Committee and the Energy Committee.

XI. RESPONSIBILITY

Belmont Light's General Manager in consultation with the Light Board shall be responsible for implementing all necessary procedures, guidelines and controls to ensure compliance with this policy.

MLB Approval Date: 3/12/18