

Minutes
Town of Belmont
Municipal Light Advisory Board
Selectmen's Meeting Room, Town Hall
Monday, February 24, 2014
7:15 P.M.

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I. CALL TO ORDER:

A regular meeting of the Board was called to order at 7:22 PM by MLAB Chair Brown.

Present: BMLAB Chair Brown, Vice Chair Forrester; BMLAB Members DiOrion, McClain, McVay; BMLD General Manager Palmer, BMLD Staff Mancinelli and Keane; Belmont Light Customers.

II. APPROVAL OF MINUTES DATED 1/28/14

The Board moved: To approve the minutes dated 1/28/14 pending two small wording changes.

The motion passed unanimously (5-0).

III. DISTRIBUTED GENERATION

Brown opened the discussion by explaining that one of the Board's ongoing initiatives is determining how best to move into the next phase of the distributed generation ("DG") policy. He described the complexities that the Board and Belmont Light staff will face before moving to Phase II of the Tariff for Emission-Free Renewable Distributed Generation, including effectively analyzing the economics surrounding rate tariffs; incentivizing emission-free renewable distributed generation host customers to use energy more efficiently; and addressing environmental concerns. Brown stated that simply subsidizing distributed solar would be inefficient.

Brown next stated that during a February 3, 2014 meeting between MLAB members, Belmont Light staff, and members of Sustainable Belmont, it was agreed that Belmont Light staff would research alternative options for Phase II of the tariff. Specifically, Belmont Light staff would investigate options that could eliminate the use of a Facility Production Limit ("FPL") and/or the Aggregate Production Limit while sufficiently recovering non-generation costs and achieving the goals of the Energy Resources Policy. Mancinelli presented the findings of this research. She explained that Belmont Light staff investigated two alternative approaches that would help recover revenues without creating subsidies from other ratepayers and avoiding fixed charges.

The two alternatives investigated were: 1) a surcharge on delivered energy for distributed generation host customers and 2) wholesale net metering.

The surcharge alternative, Mancinelli said, would most likely be large and costly for DG host customers because it would be applied to a larger portion of the host customer's consumption than the portion supplied by the DG facility. The surcharge would also be quite difficult to calculate accurately and efficiently since solar installations vary in size and production capabilities. The investigation by Belmont Light staff suggests this surcharge alternative is not the most efficient and should not be adopted for Phase II.

Mancinelli then explained that the second alternative is much more streamlined and simple. Charges and credits would basically be calculated as they are under the current tariff after the FPL has been exceeded, except that charges and credits would be applied this way from day one. Host customers would be charged at the applicable retail rate for all energy consumed, whether generated by their DG facility or delivered by Belmont Light. Belmont Light would then credit the host customer at the wholesale rate for all energy generated, whether consumed by the host or fed back into the grid. This concept could be thought of as *wholesale net metering* rather than *retail net metering*. Under this second alternative, the different sizes of PV installations in Belmont would not cause inefficiencies or cross subsidies. Additionally, other metering charges could be charged as fixed costs to DG customers and would not have to be large or costly. Belmont Light staff agreed that this option seems doable and likely to meet all of the Board's goals.

Forrester asked if under the second alternative, customers would be charged at Belmont Light's standard 17-cents-a-kilowatt-hour retail rate. Brown and Mancinelli confirmed that this was correct. Belmont Light customers in attendance who introduced themselves as McNeill and Davis had many concerns about the proposed wholesale net metering option. Points they raised include that it would be difficult to convince potential DG host customers that they have to pay for their behind-the-meter consumption, and that it seems like distributed solar would reduce transmission and distribution costs for Belmont Light, so customers should be compensated for these avoided costs. Brown and Mancinelli responded to these concerns by first clarifying that distribution costs to the system are identical for solar and non-solar customers. They then explained that it is difficult to incorporate distributed solar generation into utility planning and thereby also difficult to calculate other potential avoided costs. Brown did speculate that there may be congestion cost savings for Belmont Light and DG host customers. If these avoided costs occur, they would be automatically internalized and the customer compensated via the LMP. McNeill maintained that she was still worried that the wholesale net metering proposal would be far worse for DG host customers economically than Phase II of the current tariff.

Davis stated privacy concerns related to Belmont Light's ability to access data from customers' smart meters. Palmer responded that as per the company's terms and conditions, Belmont Light has a right to access metering information and in fact, the company needs information from PV units to understand the load characteristics of DG customer locations and to protect utility workers and the public against safety hazards.

After McNeill and Davis's points were addressed, McClain said that the wholesale metering alternative is very clean and would benefit Belmont's solar customers. Palmer stated that a third party consultant, PLM, had also concurred this option would be the best way for the Board and Belmont Light to go.

A customer in attendance asked what the numbers on his smart meter mean. Palmer asked the customer to contact Ed Crisafi for an accurate answer to this question. Mancinelli then referred the customers in attendance to ISO-NE's website to get up-to-date LMP information.

Next, Forrester stated that the Board would like an analysis of tariff scenarios. Brown suggested that Belmont Light staff take the proposed wholesale net metering alternative and analyze it along with interconnection rules. Then, he said, the group needs to look at how these policies would affect different subsets of customers. Pertinent subsets would be existing or potential solar customers; non-solar ratepayers; and non-solar customers who take energy efficiency measures, buys RECs, or adopt environmentally benign activities other than DG. Mancinelli and Palmer offered that Belmont Light staff would complete an analysis for a May Board meeting.

IV. ENERGY EFFICIENCY

Mancinelli went over the schedule for the rest of 2014 regarding energy efficiency analysis and new program development. During the first and second quarters of 2014, Belmont Light will estimate avoided costs and benefit-to-cost ratios for all three existing Belmont Light energy efficiency programs, which are the appliance rebate program, CFL giveaways, and home energy assessments. In the second quarter of the year, Belmont Light will look at four new programs the Board might implement, including the secondary refrigerator retirement program, a ductless mini-split heat pump incentive program, residential lighting program options, and commercial lighting retrofits. Quarters three and four will see the implementation of approved programs. In the last half of the year, Belmont Light staff will also explore whether they should issue an RFP for an energy efficiency program administrator, and will create a demand side management plan and program budget for 2015.

Palmer then introduced Becca Keane, a new Belmont Light employee, and Chris Kochem, who might take over minutes-taking duties for the Board.

V. ADJOURNMENT

The Board moved: into Executive Session at 9:01 PM.

Executive Session: to discuss trade secrets or confidential, competitively-sensitive or other propriety information provided in the course of activities conducted by a governmental body as an energy supplier under a license granted by the department of public utilities pursuant to section 1F of chapter 164.

Respectfully submitted by 
Gretchen McClain, Advisory Board Secretary