

**MINUTES
TOWN OF BELMONT
MUNICIPAL LIGHT BOARD
IN JOINT WITH MUNICIPAL LIGHT ADVISORY BOARD
TOWN HALL AUDITORIUM, BELMONT
Thursday, September 18, 2014
7:00 PM**

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I. CALL TO ORDER

Chair Rojas called a meeting of the Belmont Municipal Light Board (BMLB) to order at 7:04 PM.

Present:

BMLB- Chair Rojas, Vice Chair Baghdady, Member Paolillo

BMLAB- Chair Brown, Vice Chair Forrester, Members DiOrio, Jones, Klionsky, McClain

Belmont Light- General Manager Palmer, Staff Keane

Sustainable Belmont- Alix Van Geel

Interested citizens (50+)

Absent:

BMLAB Member McVay

II. PRESENTATIONS ON SOLAR DISTRIBUTED GENERATION AND POLICY

Rojas stated that BMLAB's proposed Phase 3 has been a lightning rod for attention over the past few months, triggering a lot of response from Belmont residents interested in solar. BMLB wanted to make it clear that Phase 3 has been taken off the table for consideration and is not currently being considered for implementation.

a. Presentation by BMLAB

Diorio began BMLAB's presentation by thanking Belmont residents for all their written comments on the topic; they were all read by BMLAB. She then gave history of Belmont Light's net metering tariff, which was approved in 2011, highlighting that the tariff has always had two pricing phases. Under Phase 1, Belmont Light compensates solar DG customers the full retail

rate for any excess electricity produced by the customer and sent back to the grid. Under Phase 2, Belmont Light would pay the wholesale rate for excess electric generation. A facility production limit (FPL) was supposed to carry over into Phase 2, but BMLAB and Belmont Light agreed to eliminate the FPL after discussions with Sustainable Belmont. Diorio explained that there are many other municipal electric utilities in Massachusetts that have policies similar to Phase 2. She also summarized some inherent problems that BMLAB sees with retail net metering, including that solar DG is expensive compared to other renewable energy sources, and that net metering causes cross-subsidies between solar customers and other customers.

BMLAB Chair Brown then reviewed an environmental and economic analysis that BMLAB had done on solar DG. This analysis indicates that:

- solar rooftop solar is the most expensive form of electric generation in the U.S.; retail net metering makes it so that solar DG customers do not pay a full share of distribution costs;
- retail net metering may not have any meaningful effect in saving capacity costs;
- retail net metering may have a positive or negative impact in saving on congestion costs, but this is irrelevant since these costs are internalized in the locational marginal price (LMP);
- solar DG has no capacity or hedge value; and
- because of the nature of peak demand in Belmont, solar DG cannot be relied on to offset the most inefficient, dirty types of electrical generation.

A comparison between Phase 1 and Phase 2 pricing demonstrates to BMLAB that Phase 2 better incentivizes efficient electric production. Brown then further described the cross-subsidy associated with solar DG and that a consensus of studies shows solar DG does not efficiently reduce carbon emissions when compared to other forms of renewable generation like large-scale wind.

b. Presentation by Sustainable Belmont

Sustainable Belmont member Van Geel presented four recommendations to the Light Board: 1) abandon Phase 3; 2) Belmont Light should develop a comprehensive integrated resource plan (IRP) including renewable energy targets and dates; 3) modify phase 2 as per the written comments submitted by Sustainable Belmont's Energy Working Group; and 4) keep Phase 1 until a mutually agreed upon solution is found. She noted that the first recommendation had already been decided upon and that Sustainable Belmont would be willing to work with Belmont Light on the third point.

Next, Van Geel explained why Sustainable Belmont cares about solar DG and the net metering issue. Sustainable Belmont sees solar as a way for Belmont to combat global warming and to reduce the need for buying expensive peak-priced power. It is also a complement to wind generation and has minimal negative impacts on land and wildlife habitat.

To Sustainable Belmont, the cross-subsidies as described by BMLAB might not be accurate. The issue needs further study because it may be that the many benefits of solar outweigh any cross-subsidies. Van Geel also stated that the upfront installation of costs of solar can be offset for customers through financial incentives like state and federal tax breaks, income from solar renewable energy credits (SRECs), and electric bill savings. However, under Phases 2 and 3, electric savings bill for solar DG customers are minimized, rendering solar in Belmont less financially appealing to residents. Furthermore, compensating customers for usage based on hourly calculations would be overly complicated for customers and for solar installers. Regarding the FPL, Van Geel believes this still exists in the proposed Phase 2. Van Geel also said that in looking at the net metering policies of other Massachusetts municipal utilities, Sustainable Belmont found that a majority pays retail for up to 100% of customer consumption and something less than retail for surplus electricity. She said that adopting Phases 2 or 3 would put Belmont out of step with other local municipal electric utilities and might even bring solar in Belmont to a virtual halt.

c. Comments and questions from board members

Jones stated that BMLAB can effectively engage with Sustainable Belmont on their recommendations, and in fact, has already moved forward with most of them by abandoning Phase 3, removing the FPL, and continuing with the current Phase 1 until an agreeable solution is settled upon. Paolillo made the point that BMLB would like to engage more meaningfully with Sustainable Belmont and will work on gaining a better understanding of the group's history and how it functions in relation to town committees in order to do so. Paolillo then asked Van Geel about the estimated electric savings that an example solar DG customer might experience under Phase 2, and they determined that a solar customer could save 50% on his or her electric bill annually versus not having solar. This, of course, would come after a financial investment for a solar installation.

III. PUBLIC INPUT AND DISCUSSION ON SOLAR DISTRIBUTED GENERATION PRICING AND POLICY

Many audience members offered their thoughts and questions about the solar DG issue. Topics raised include:

- That solar is socially regressive and the cross-subsidy might disproportionately affect low-income customers is untrue. No one suffers from climate change more than lower-income populations.
- A customer that has had solar since 2006 felt he was promised net metering when he first installed solar that is now being yanked away. Also, it is not fair for him to pay the town for power he generated without considering seasonal price differences. (Rojas responded

that the energy markets and solar technology are evolving quickly, so it is not fully reasonable to expect that conditions from 2006 would be relevant today.)

- A reminder that tax credits only last 4 years.
- We need a policy that abides by Belmont's Climate Action Plan.
- We should want to subsidize wind and solar over more irresponsible forms of energy.
- Solar has a tremendous amount of support in Belmont, as reflected in the written comments submitted by residents.
- Residential solar might not be the most efficient way toward carbon reduction because not enough Belmont residents can afford solar to make a real difference in emissions.
- Thankfulness that the boards are being so open and receptive to public comment on this issue.
- Belmont is lucky to have a community-owned electric company. It is important to have leadership from the company that allows Belmont to move forward.
- An estimate that the cross-subsidy would be 18 cents a month per customer.
- Several residents wondering why we are spending so much time on the cross-subsidy issue if the subsidy will be so small.
- Phase 2, perhaps with some modifications, is the best option because Belmont Light should pay the same rate it does for residential solar power that it does for power from the grid. A decision to pay a premium for green power should go through Town Meeting.
- Discussion of Germany's experiences with renewable energy.
- Those who do not choose to install solar should not be made to subsidize those that do.
- Questions regarding leasing to reduce the payback period for solar installations.
- Suggestions about community-shared solar and to put a solar installation on the former incinerator site.
- We better make sure through further research residential solar actually reduces Belmont's carbon footprint.
- Solar installations may increase the amount buyers are willing to pay for homes.
- Belmont Light's Green Choice program seems to reduce carbon more effectively than solar DG. This program should be promoted more.
- It should be noted that Belmont Light stands out as a leader among Massachusetts municipal electric utilities in the area of green energy.
- Solar DG might offer an opportunity to diversify and lessen dependence on increasingly expensive fuels like natural gas.
- Questions about the timeline going forward. (Rojas responded that there is not yet a set timeline for deciding on what will happen with the solar DG policy. The Light Board wants to be careful about this decision.)
- Discussion about the confidentiality of power supply contracts.
- Belmont Light has a strong record of supporting environmental activities in the community.

After public input, Rojas stated that Belmont is committed to making green choices in a reasonable, fair way. He also stated that although the cross-subsidy issue may seem small, there is a lot of interest in solar DG in Belmont, so it is important to have these types of conversations.

IV. ADJOURNMENT

Chair Rojas adjourned the meeting of BMLB at 8:58 PM.