MINUTES
TOWN OF BELMONT
MUNICIPAL LIGHT BOARD
CONFERENCE ROOM, BEECH STREET CENTER
266 BEECH STREET, BELMONT
Tuesday, November 25, 2014
8:00 A.M.

I. CALL TO ORDER

Chair Rojas called a regular meeting of the Municipal Light Board (MLB or Light Board) to order at 8:11 A.M.

Present:

MLB- Chair Rojas, Vice Chair Baghdady, Member Paolillo

Belmont Municipal Light Advisory Board (MLAB)- Chair Brown (no quorum)

Belmont Light- General Manager Palmer, Staff Keane

II. APPROVAL OF MINUTES DATED 9/18/14

Baghdady made a motion to approve minutes from September 18, 2014. Paolillo seconded the motion and it was approved unanimously (3-0).

III. DISCUSSION AND VOTE ON SOLAR DISTRIBUTED GENERATION

Rojas stated that the discussion from the previous day's joint Light Board-MLB meeting was helpful in bringing the group closer to a decision on Belmont Light's policy and pricing structure for solar distributed generation (solar DG). He also stated, as he had in other public meetings, that the Light Board is in favor of reducing Belmont's carbon footprint, adhering to the town's Climate Action Plan, and incentivizing solar power. However, since the town's funds are limited, the Board needs to find the most effective ways to achieve these goals.

Before discussing the details of the latest proposal for the solar DG policy, the Board gave some of their more general thoughts on the topic. To Rojas, incentivizing residential solar DG is one piece of a master plan, not Belmont's only plan for addressing climate change. Paolillo stated that he would not find it appropriate for the Board to reach a policy that personally benefits only 18 homeowners. The decided-upon policy needs to both broadly benefit the community and continue to incentivize solar power. Baghdady explained that the policy may need to distinguish between existing and new solar customers, for the price of solar installations have come down considerably since many of the existing customers purchased their systems. Baghdady and Paolillo agreed that setting a policy locally can speak loudly to surrounding communities about Belmont's priorities. Paolillo added that tapping into Belmont Light's revenue might not be the best way to send this message.

Palmer next summarized the most recent iteration of MLAB's proposal. He explained that the current proposal is not much different than the always-planned-for Phase 2, but that the Facility Production Limit (FPL) has been removed and replaced with a fixed distributed generator charge that is easier to understand and that would allow Belmont Light to recover the distribution and system costs that solar customers were not paying under standard net metering. Part of the deliberations during the previous day concerned how to handle this fixed cost. The proposal also recommends exempting existing solar customers from the fixed charge for a number of years.

The Board further discussed the policy, raising a variety of topics, including:

- the clarity of the tariff;
- how to appropriately account for the carbon reduction merits of residential solar;
- the logistics involved in sending excess energy back to the Belmont Light system;
- why Belmont Light would need to use a monthly average when crediting for excess energy;
- that it makes sense to pay a wholesale price for a wholesale product, but that it also makes sense to strongly encourage a continued growth of residential solar
- the fairness of and justifications for offering existing solar customers a monthly green credit;
- how to determine the amount of and the qualifications for the proposed monthly credit; and
- the payback periods for solar systems under the new proposal versus net metering.

Baghdady then proposed some suggested changes to the policy for the Light Board to consider. He proposed: 1) the amount of the fixed DG fee for new solar hosts be reduced by 50 percent so that Belmont Light could recover some fixed DG costs while still incentivizing solar; 2) a DG exemption period for existing solar customers of six years so that these customers could recoup more of their investments; and 3) Belmont Light provide existing customers with bill credits of $25 per month for three years to help ease them into the new pricing structure. His proposal also included the recommendations from MLAB that excess solar DG energy be compensated at a monthly average of the Locational Marginal Price and that Belmont Light commit to researching rebates or other incentives for new solar customers.

From the audience, MLAB members Jones and DiOrio pointed out that along with subsidies from utilities, solar customers are privy to federal and state tax breaks, a steady stream of income from SRECs, and savings on their electric bills. Brown pointed out that over-subsidizing solar might cause Belmont Light to have to reach into the energy conservation fund or to raise rates in order to meet its transmission, capacity, and distribution cost obligations.

Following the discussion, the Board decided that MLAB would update their recommendations on the policy and that MLAB and the Light Board would approve an updated tariff at their next meetings. For the time being, the Light Board would vote on the policy in principle.

Baghdady made a motions to: amend Belmont Light's solar DG policy and structure to remove the Facility Production Limit; implement a solar DG fee for customers who contracted for solar on or after January 1, 2015 that will allow Belmont Light to recover 50% of the fixed costs associated with interconnected solar PV units; exempt existing solar customers from the solar DG fee for a period of 6 years starting January 1, 2015; provide a credit of $5 per installed kW and up to $25 per month (based on system size, and subject to performance criteria and an application process) to existing solar customers for a period of 3 years; and direct MLAB and Belmont Light to look into incentives for future solar customers. Paolillo seconded the motions and they were approved unanimously (3-0).

IV. EXECUTIVE SESSION

The Board moved: into Executive Session at 8:58 A.M.:

> To protect trade secrets, confidential, competitively sensitive or other proprietary information provided in the course of proceedings when a municipal lighting plant board determines that such disclosure will adversely affect its ability to conduct business in relation to other entities making, selling, or distributing electric power and energy pursuant to section 47D of chapter 164.