

Belmont Net Metering Working Group Meeting Minutes
16 July 2015

2015 AUG -4 AM 10: 27

Town Hall Conference Room 2

Present: Tony Barnes, Roy Epstein, Robert Gallant, Steve Klionsky & Henry Jacoby

The meeting was called to order at 7:40 p.m.

Chair Epstein opened with an administrative note. The Committee will not meet next week. In the following two weeks Member Jacoby will be out of town. The goal for a Committee report remains the middle of August, and therefore it is likely one of the alternates will become a member; the Chair will check with the Selectmen the procedure for the change. Also, someone else will need to take the Clerk's duties.

Discussion of Alternative Solar Tariffs for Belmont

Chair Epstein distributed two documents that relate to the use of bidirectional charges in a solar tariff.

How Should Poles and Wires Be Covered? (chart drawn from the web)

Pages from Linvill, C., J. Shenot and J. Lazar, Designing Distributed Generation Tariffs Well, RAP Energy solutions for a changing world

In this system the solar customer pays the full cost when drawing from the grid, but pays only the distribution portion of system cost when reverse metering to the grid. The first handout makes the point that all customers must contribute to distribution cost, and that the bidirectional charge is a appropriate way to achieve this result.

Linvill, Shenot and Lazar compare three tariff designs, and the discussion focused on the bidirectional charge. The Committee experience some difficulty in interpreting the text and tables, and Member Klionsky said he would need more time to study this option, to understand what the solar customers actually pay.

Member Barnes inquired if special infrastructure was needed to support this tariff, and it was agreed the answer is "yes" (it requires meters that can measure power flows in both directions). Member Klionsky added that we would need to check with BMLD to see if they could manage such a billing system.

Chair Epstein led the Committee through the advantages and disadvantages of this approach, as stated in the Linville et al. paper, and Member Klionsky again expressed concern about the capacity of BLMD to manage it.

Chair Epstein closed this part of the discussion with clarification of the Groton model. The description used earlier was unclear, and in discussion with Groton personnel he determined that the Groton solar tariff is essentially Belmont Phase II.

Chair Epstein distributed two documents related to a specific proposal for Belmont:

Residents' 5/25/15 Proposal Term Sheet as of 25 May 2015 10:30pm

Memorandum from Thomas Vitolo (Synapse Energy Economics, Inc.) to Claus Becker on behalf of Belmont Clean Energy, Review of Belmont Citizens' Proposed May 25 Distributed Generation Policy

The discussion began with a reading through the Term Sheet of the proposal put forth by Belmont Clean Energy (an internal Belmont group), reviewing its components and the reasons for each.

There was a side-bar discussion of the meaning of the term "decoupling" in utility rate design—which applies to rates structured to avoid giving the firm a profit incentive to increase demand, but in the current context can refer to rate systems that keep the utility whole in the context of a reduction in demand.

Member Barnes said that if solar hosts lead to a reduction in revenue he would expect an increase in rate, but has not seen it. And he asked, what would Eversource do? Both Chair Epstein and Member Klionsky questioned whether the revenue effect would be evident given the volatility of other factors.

Discussion turned to item #4 in the Term Sheet, which opposes any fees or charges for solar produced on site, which Chair Epstein observed makes this proposal different from the Concord solar tariff. Member Klionsky's interpretation was that, since the solar investor gets less for their output than under pure net metering, they don't want another charge to be added.

Item 5 of the Term Sheet concerns fixing any tariff faced by a solar investor for 10 years. Member Jacoby argued that grandfathering of the tariff should be applied to any solar investment, and Member Barnes added that a primary objective is not to discourage solar, and what discourages it is rate uncertainty—turning off developers.

Member Klionsky observed that no one can give a guarantee, but we should give it our best shot. Member Gallant said if we believe 5-year payoff is sufficient incentive then the tariff should be kept for at least five years.

Chair Epstein observed the hearsay that solar is not economic in Belmont, but he sees contradictory evidence.

The discussion turned to the Vitolo memorandum, and Chair Epstein's reaction was that the analysis was not factual, more of a lawyer's plea. It lacked discussion of a two-tier system, and did not discuss issues raised by paragraphs #1 and #5 of the Term Sheet, so it did not help him in understanding the proposal. Member Barnes pointed out that the goal of the memorandum was only to address the question whether the proposal was fair to non-solar BMLD customers.

Member Jacoby then argued for the development of simple, perhaps graphic, descriptions of the alternative plans, to facilitate discussion among the Committee members. Chair Epstein said he is working on a spreadsheet model of the different tariff structures, drawing on a worksheet developed by Jim Williams. He is nearly finished and will distribute it in the next day or two. He is focused on two models—Concord and Groton—and may add the Austin plan. Member Barnes indicated

support for the idea and that he wanted to see the original of the spreadsheet, stating that it should address two issues: will the tariff support solar, and is it fair.

Member Barnes then went to the white board and summarized the different systems in term of two equations:

Net metering: $(\text{use} - \text{gen}) * \text{value}$

Concord: $\text{use} * \text{value} - \text{gen} * \text{value} + \text{factor}$

Member Jacoby argued for more descriptions of this kind, elaborating more system detail, and Member Klionsky added that he would like to see different scenarios.

Member Gallant called attention to the June 19, 2014 Belmont Light memorandum that presents simulations of the type Chair Epstein is preparing.

Member Jacoby again suggested that these analyses need to consider the effect of third-party sales on issues of solar attractiveness and equity issues.

Approval of Minutes

The minutes of the 13 July 2015 meeting were reviewed with small corrections made, and they were approved by vote of the Committee.

Public Contributions

Chair Epstein opened the meeting for public comment.

Tommy Vitolo, stating that he was attending on behalf of Belmont Clean Energy, criticized the RAP Energy Solutions paper, arguing that there was no lost revenue to capture. Also, he added that these studies fail to consider the additional cost to a small utility, like BMLD, of changing their billing structure. Finally, he further clarified that in his memorandum to Belmont Clean Energy he was asked to address only one question: was the Term Sheet fair to Belmont's non-solar customers. He found that these customers were as well or better off under the proposed tariff, and further added that a full cost study would be very expensive.

Member Klionsky asked how the 6.7¢/kWh was chosen, and this question led to an explanation by Claus Becker of the history of the negotiation of this proposal in the weeks following the May Town Meeting. Mr. Becker first suggested that the negotiations were with MLAB, but subsequent questioning revealed that only Patti diOrio of MLAB was involved. He further said that the Belmont Clean Energy Group had hoped the proposal would be considered by the full MLAB in a meeting on June 16. But that meeting did not take place, and before other action could take place Selectman Baghdady called this Net Metering Working Group to consider the issue.

Member Klionsky asked Mr. Vitolo how the value of a solar sale was determined in Concord, and this led to a discussion of the terms of this tariff with Mark Robbins providing further interpretation,

Chair Epstein asked Mr. Vitolo about Item #4 in the Term Sheet, forbidding the imposition of any further solar fees beyond the price-by-volume terms

proposed: why should these be excluded ex ante? This question led to a discussion—involving Mr. Vitolo, Chair Epstein, Claus Becker and Mark Robbins—of the characteristics of these different tariff terms and their appropriateness.

Member Klionsky closed with the observation that there is a tradeoff among the use of these measures given any estimate of the total revenue to be collected.

Adjournment

The meeting was adjourned at 9:30 p.m.