

## Belmont Net Metering Working Group Meeting Minutes

11 August 2015

Town Hall Conference Room 2

2015 AUG 25 AM 9:01

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

The meeting was called to order at 7:30 p.m.

### Review of Spreadsheet Model Features and Experiments

Chair Epstein opened with several comments about the spreadsheet model:

He had reconsidered the difference between the two estimates of the contribution of non-solar customers to fixed cost (\$580 vs. \$814 per year: see the 10 August minutes). He found the BS accounting mystifying and was unable to sort out the difference. He concluded that the Committee should continue to use a number based on BL's 0.0669 charge for distribution. Bob Gallant pointed out that, for a solar host, some of the 7,289 kWh/yr used in that calculation was behind the meter.

He added a 7% haircut to the SRES value to account for the transactions cost.

He had not added a SRES deduction for the income tax, on the arguments that

- (a) Few were paying it, and he found no IRS action on the issue,
- (b) There is ambiguity as to whether the SRES is income or a return of capital, and
- (c) If viewed as income, then solar is a business, and the host could claim depreciation.

### Discussion of the Basis for a Tariff Recommendation

Member Klionsky said he felt there was too much ambiguity in these numbers, and too many assumptions, so he lacked confidence in the model. He suggested that the Committee work with the Solar Belmont's number in the Term Sheet. At this point Member Gallant called attention to the comparison of plans in the table he had handed out at the August 10 meeting.

Epstein recommended that the Committee go with the Grid I/O tariff concept and use the spreadsheet representation of it, arguing

It shows the IRR,

It is consistent with the Term Sheet, and

The contribution to fixed cost is not known, but it is greater than under pure net metering (Belmont Phase I).

He suggested that the Committee can agree that there is some transfer to solar hosts under this tariff, but that we are prepared to live with it.

Member Jacoby then offered a summary of the four alternatives on the table—pure net metering (Belmont Phase I), Net Metering in the spreadsheet (closest to the Concord plan), Grid I/O (closest to the Groton Plan), and Austin—and suggested that the Committee had not fully explored the Concord approach. There followed a discussion of Net Metering (Concord style) vs. Grid I/O. Attention then returned to

the Grid I/O option, with Jacoby observing that the Committee was, in fact, removing the other plans from further consideration.

Epstein returned the conversation to the Grid I/O option, and its focus on the buyback rate, and observed that it is essentially the same as the Term Sheet proposal. Klionsky agreed that one proposal was the flip side of the other (one building up from variable cost and the other starting with fixed cost), and that the Committee had agreed on this conceptual approach. But Klionsky sees the ultimate buyback rate as a negotiated number, not a model result.

Jacoby suggested that, given the ambiguity in the model inputs and lack of shared trust in its results, the Committee might develop a range of numbers based on sensitivity tests of the model, leaving to the Light Board the final judgment of a rate within the range. The other members rejected this idea, and the Committee will proceed to come up with both a conceptual approach and a specific solar tariff rate.

Discussion returned to the advantages of an operational basis in the spreadsheet model vs. the lack of a basis for this approach in the accounting numbers. In response to a question from Jacoby about how he would approach the task, Klionsky said he would start with the \$0.067/kWh BL distribution number, to get into the ballpark, and then admit that the final choice is a judgmental number—not claiming any analytical basis.

The Committee then essentially agreed that the debate over the buyback rate as over a range of  $\pm 2\text{¢}/\text{kWh}$ , and that the issue not yet resolved is what to offer as the basis for a final recommendation.

Epstein again suggested the advantage of a tariff plan fixed for a period of time, containing the basis for updating (e.g., based on changes in input numbers from BL and the cost per Watt of solar installations). And Klionsky again expressed a lack of confidence in the model that would be used for this purpose.

There was discussion of the assumed \$3.65/W installation cost, and agreement that it was sufficient to attract installers.

Jacoby raised two final issues:

The Committee still needs to consider how any proposed tariff will work under PPA or lease contracts.

A citizen had raised concern over the Facility Production Limit (limiting buyback energy to some fraction of consumer use). Committee members stated that the Light Board had already agreed to remove this provision.

### **Public Contributions**

Chair Epstein opened the meeting for public comment.

Phil Thayer reported conversations with suppliers who told him they were happy with the Concord plan, but could not sell in Belmont with the overhang of Phase II. (He had no information on Groton.) They also were OK with conditions in the Term Sheet. He encouraged the Committee to keep its recommended

system simple, not only for BL but to make it easy for customers to compute the solar economics.

Doug Koplou commented on the handling of debt service, and where to include it in the tariff calculation.

Phil Thayer emphasized the need for the Committee to recommend a complete policy (no range of numbers), and recommended that it accept the Term Sheet. He also urged a quick resolution as further delays might cause some of the available subsidies to be missed.

Doug Koplou, speaking about the possibility of automatic adjustment, argued for fixing the rate for two years. He also urged a simple solution to the grandfathering issue as BL may have difficulty handling different tariff groups.

Michael Mitchell raised concern about the solar host paying twice for the cost of distribution, and members of the public attendees volunteered to take up the issue with him off line.

Mark Davis showed that even at a zero buyback rate the IRR under Grid I/O was still substantial, in which case the solar host would have an incentive to dump the solar generated energy rather than supply back to BL.

**Adjournment**

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