

**MINUTES  
TOWN OF BELMONT  
MUNICIPAL LIGHT BOARD  
SELECTMEN'S MEETING ROOM  
TOWN HALL  
Thursday, November 19, 2015  
8:00 A.M.**

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**I. CALL TO ORDER**

*Chair Baghdady called a regular meeting of the Municipal Light Board (MLB) to order at 8:10 A.M.*

Present:

MLB- Chair Sami Baghdady, Vice Chair Mark Paolillo, Member Jim Williams

Temporary Net Metering Working Advisory Group (NMWAG)- Chair Epstein, Member Kliensky

Belmont Light- General Manager Jim Palmer, Legal Counsel Walter Foskett, Legal Counsel Deidre Lawrence, Staff Becca Keane

**II. SOLAR DG PRICING & POLICY**

**a. Power Purchase Agreements**

Baghdady explained that a power purchase agreements (PPA) is a mechanism customers can use to finance solar panels. He pointed out that an important characteristic of PPAs that distinguish them from buying panels outright and from leasing is that PPAs essentially allow customers to buy electricity from distributors other than Belmont Light.

At an MLB meeting in October, the Board and Palmer discussed whether Belmont Light's solar DG tariff should allow for PPAs or not. The Board had since heard concern from residents that prohibiting PPAs might limit creative financing options for interested solar customers and impact future installations like that proposed for Wellington School. Also since the last MLB meeting, Baghdady, Belmont Light, and members of NMWAG discussed the issue so that they could all get a fuller understanding of the implications of allowing or disallowing retail PPAs in Belmont.

Foskett was asked to review the solar tariff document that was approved by MLB on September 30, 2015 (and effective on November 1, 2015) and to propose updated language pertaining to PPAs. The previous tariff, in place since 2011, allowed for retail PPAs in town, meaning that generators other than Belmont Light could sell power directly to Belmont Light ratepayers. Under law, Foskett explained, Belmont Light has the right to prohibit this. Foskett stated that, to his knowledge, no other municipal utilities in Massachusetts allow for competitive supply within their borders.

Williams asked why the previous tariff allowed for PPAs in the first place. Foskett was unsure since it was previous to his involvement with Belmont Light. Williams and Foskett then discussed whether Foskett changed anything else in the updated tariff draft he was presenting.

Foskett said that he had addressed no other language during his review. The group then discussed whether the solar unit at Belmont Hill School would have been allowed under the November 1, 2015 tariff.

The group next discussed the risks of allowing other entities to sell power to Belmont's ratepayers. Foskett reiterated his strong concern about allowing this. He advised that if MLB wants to permit PPAs, they should prohibit long-term, permanent arrangements where developers are selling power directly to Belmont Light customers without an agreement that customers own the arrays after a certain time period. Lawrence concurred that enabling customers to eventually own PV units at the end of a PPA would minimize the risk of third party entities operating as generators within Belmont Light's borders. Foskett said that this is uncharted territory that could endanger Belmont Light's exclusive franchise in town. Baghdady raised the point that MLB could allow for specific types of PPAs limited to just solar power. He presented some proposed tariff language that he thinks offers flexibility.

The Board, Foskett, Palmer, and Lawrence discussed this issue in more detail, including what specific language would work best in the tariff. Williams stated that the Board should have been alerted before the PPA language was removed from the tariff version that the Board approved in September. The Board also questioned the seriousness of the risks presented by Foskett and Lawrence. Palmer added that he thought Foskett's proposed language allows for a growth of solar in town, while also protecting Belmont Light's franchise. Klionsky and Epstein did not view allowing PPAs as too worrisome a risk. Baghdady and Epstein also wanted to get on record that the PPA issue was not addressed in NMWAG's work.

The Board decided that they would allow for more flexibility around PPAs than Foskett's revisions provided. They would introduce the word "provided" in several locations throughout the tariff.

Resident Phil Thayer suggested that despite Foskett's statement that no other tariff language was changed in the tariff version Foskett worked on, other language in the document had indeed been altered. Baghdady and Foskett disagreed with this claim. Thayer then questioned the Board on the rationale for use of the word "arrangement" in regard to PPAs and other specific wording in the tariff. He also offered some alternative proposed language.

Resident Mark Robbins noted that only one of Belmont's schools has solar. He wanted to make sure that developers will work toward putting solar on these facilities.

Resident Jennifer Page said that she hopes that the changes to the tariff will allow for solar to be installed on town properties, like a new library or skating rink.

*Williams moved that instances where the word "financed" was used in the tariff dated November 1, 2015 in the context of power purchase agreements be changed to the word "provided". Paolillo seconded and the motion was approved with a vote of all in favor (3-0).*

*Williams moved to adopt the tariff and policy as proposed and amended, to be effective December 1, 2015. Paolillo seconded and the motion was approved with a vote of all in favor (3-0).*

Baghdady stated for the record that the Board's decision is a loud policy message in favor of solar DG on municipally owned and other properties in town.

**b. Existing net metering customers**

Baghdady stated that compensating existing solar customers for the transition to a new tariff was the one issue for which NMWAG members provided differing recommendations. The majority NMWAG recommendation was to offer certain, qualifying customers with a one-time rebate of up to \$3,000. The minority recommendation proposed to continue all current solar customers on full, retail net metering for a period of three years.

Williams said that whatever option the Board goes with should treat the existing customers with due consideration. He presented on this topic (presentation language attached) and showed pricing and payback examples for 15 solar customers in town according to different tariff scenarios. In his opinion, the Board should attempt to preserve a reasonable payback period of 10 years for customers who installed solar under the previous tariff. This would ensure that the current solar customers are being treated equally with new solar customers. Williams offered that continuing the existing customers on net metering for 3 more years is a reasonable compromise.

The Board discussed the different options further, ultimately agreeing that NMWAG's minority recommendation was best. Continuing existing solar customers on net metering for three more years would help the Board move forward with other business, would be easiest administratively, and would help acknowledge the existing solar customers as pioneers. Baghdady wanted NMWAG to know that although the Board is going with the minority recommendation, they very much appreciate all the hard work the committee put into coming up with the different options.

Resident Nelson Hartunian, one of the first adopters of solar in town, said he is in favor of the grandfathering method. He believes the three-year continuation of net metering is fair and will encourage others in the town to invest in solar.

*Paolillo moved to approve the minority recommendation of the Temporary Net Metering Working Group, as proposed in the report dated August 31, 2015, that residential solar hosts with signed interconnection agreements before the effective date of the new tariff will continue to receive retail net metering for all electricity delivered to the Belmont Light distribution system for 3 years from December 1, 2015. Williams seconded and the motion was approved with a vote of all in favor (3-0).*

Resident Darrell King stated that people in town who lease panels are not adequately considered in the current tariff. He suggested lessees should be treated separately and be given full net metering for 10 years since they do not get the benefits of tax breaks or SRECs.

### **III. EXECUTIVE SESSION**

*The Board moved into Executive Session at 9:24 A.M.:*

- a. To discuss strategy with respect to collective bargaining or litigation if an open meeting may have a detrimental effect on the bargaining or litigating position of the public body and the chair so declares- IBEW MOA.
- b. To conduction contract negotiations with non-union personnel.
- c. 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.

*The Board moved to return to Open Session at 10:32 A.M.*

### **IV. APPROVAL OF MINUTES DATED 9/30/15**

*Paolillo moved to approve the minutes from September 30, 2015. Williams seconded and the motion was approved with a vote of all in favor (3-0).*

### **V. FUTURE MEETINGS**

The next meeting of the Municipal Light Board was scheduled for December 4, 2015 at 3:00 PM in the Selectmen's Meeting Room.

### **VI. GENERAL MANAGER'S REPORT**

Baghdady said that the substation building looks to be progressing along nicely and should be ready for winter within the next few weeks. Williams mentioned that the building is being built above the 100-year flood line.

### **VII. ADJOURNMENT**

The Board would address the agenda items on IBEW Memorandum of Agreement and General Manager's Contract at the next meeting.

*The Board moved to adjourn at 10:35 AM.*

# Existing Solar Provider Presentation

Prepared by James R. Williams  
Selectman

Belmont Municipal Light Board Meeting  
November 19, 2015

# Resolution

- Resolved that the payback period for distributed solar generation installed before November 1, 2015 be preserved as originally estimated when systems were installed.

# Background

- Pre 11/1/2015 solar distributed generators were installed under a full retail net metering policy.
- In 2011, a Phase 2 policy was approved, but not implemented.
- In 2014, a so called Phase 3 policy was announced, but not approved or implemented.
- In 2015, the BOS appointed citizen's working group recommended a policy that was subsequently approved by the BMLB and implemented effective 11/1/2015

# Issue at Hand

- The majority working group recommendation is for a capital buy back program for those systems installed before the 2011 policy was announced.
- The minority working group recommendation extends full retail net metering to all of the the systems installed before 11/1/2015 for a period of three years.



# What's at Stake?

- Under the 11/1/2015 policy, the production buyback price is reduced from 19.8 cents per kW to 11.0 cents per kW.
- This is a 40% reduction in the buyback price which is a key determinant in the payback period for the cost of a distributed solar generation system.

# Who is Affected by This 40% Reduction?

- See Attachment 1

# How Does Working Group Majority Recommendation Cure 40% Reduction?

- Ok , here is a theoretical 20 panel system for your roof, generally assuming you current site conditions, and using the average installed cost as published by the Mass CEC Commonwealth Solar II rebate data for the last quarter we have data (Q42014) which comes in at is \$4.86 per watt statewide average.
- Williams\_Est\_BMLP\_PHII\_2011\_Version assumes phase II 2011 original policy and so average solar kWh electric value at 0.10/kWh. Payback hits in years 9-13, depending on SREC values.
- Williams\_Est\_BMLP\_PHII\_2015\_Version assumes phase II modified 2015 version and so average solar kWh electric value at 0.14/kWh. Payback hits in years 8-9, depending on SREC values.

## And Your Point is?

- It's reasonable to expect your system to pay back within 8-9 years depending on SREC valuations as the 14 cent version in the previous slide essentially excludes distribution costs as does the current policy.
- Since 11 cents is less than 14 cents let's assume 10 years.
- OK?

# What else could be done?

- Treat all pre2015 tariff installations equally in terms of expected payback in years.
- This translates into a 10 year payback period

# So Where Are We?

- We can calculate that only two of the existing systems will pay back within the next three years if we continue retail net metering for those accounts for the next three years.
- All except the two low capacity installations will still be inside a 10 year payback.
- SREC variability will affect this outcome and SRECs expire 10 years after installation.

# So What Should We Do?

- First , it's our decision which can't be delegated to others.
- Second, it's subjective because we have to consider the common good.
- However, we know a 40% reduction in buyback for the post 2011 systems is a Draconian cutback.
- Also, we know solar benefits exceed any estimate of cross subsidy (i.e. 22 cents per kW).

## So What Should We Do (Cont.) ?

- I initially preferred permanent grandfathering which means you keep the policy you signed up with, however, it seems reasonable this it could be stepped back to a 10 year payback.
- And that's where I'm at ... and I think it can be reviewed every three years to see where every installation stands in term of pay back with a 10 year target being fair and in the interests of the common good.