

Light Board Advisory Committee Meeting Minutes

Minutes of Meeting held on November 16, 2017
Belmont Light Conference Room
7:15 pm

2018 FEB -7 AM 9:16

Attending members: Chair Steve Klionsky, Bob Forrester, Sarah Jackson, Mark McVay, Ralph Jones, Roy Epstein, Travis Franck

Belmont Light (BL) attending: Acting General Manager Craig Spinale, Aidan Leary, Maria Makar-Limanov

I. CALL TO ORDER

Convened 7:23PM

II. APPROVAL OF MINUTES

- Approval of May 30, 2017 Minutes, with changes.
- Approval of June 26, 2017 Minutes, with changes.
- Approval of September 14, 2017 Minutes, with changes.
- Approval of October 19, 2017 minutes, with changes.

III. ACTING GENERAL MANAGER'S REPORT

Spinale provided the following update:

- October storms and outages: The large rain storms in October knocked out power in Belmont, but the two problems were quickly fixed (~20 minutes), as compared to other communities in the state that lost power for hours.
- Update on ISO-NE Transmission Charges: Eversource has responded to two rounds of ISO questions regarding the application for 100% PTF for the new transmission line. Eversource now feels that will not be another round of questions, and is waiting for a response from ISO-NE. There is no timeframe for the response. BL is no longer being billed for prior transmission contract — the prior contract was terminated.
- Energy supply contract for 2018: Energy New England (ENE) recommended that BL make one additional purchase to bring the hedged amount of energy purchases up to 85% for 2018. BL purchased the lowest bid from NextEra. Hedging purchases for 2018 are completed (85%). BL and ENE will need guidance for 2019 purchases, such as energy mix targets.
- Chair Klionsky stated that electricity purchases should be reviewed by the LBAC in the future to ensure that the price and the energy mix is good for the goals of the Town.

IV. ADJUSTMENT TO PURCHASED POWER AND TRANSMISSION CHARGE

- Topic: Updating the PPT Adjustment from a \$0.0079 charge to \$0.0111 credit on BL bills.
- BL has over collected the PPTA the first 10 months of 2017. For November and December, the excess funds will be credited back to the customers through a PPTA credit. This change will only be for the remaining two months of 2017, and then the charge will revert (amount TBD?).
- Chair Kliensky suggested trying to find a means to make the “truing up” smoother so that the rate does not fluctuate as much. Jones suggested that the Light Board be notified by LBACs guidance on adjusting the PPTA.

V. BL POWER SUPPLY POLICY DOCUMENT

- Topic: Review and discuss a 2008 “Power Supply Policy” document
- Spinale suggested that the Power Supply Policy be updated and on file for BL. It is ~10 years old and needs to be updated.
- LBAC agreed an updated Power Supply Policy document should provide clear guidance about the flexibility provided to the General Manager to make energy mix decisions.
- Chair Kliensky suggested that the policy be revised and updated with the current priorities of the Town, possibly involving the Energy Committee.
- McVay suggested that BL has multiple priorities including affordable energy; the document needs to include these considerations.
- Jones proposed that the Energy Committee define what is “renewable” (i.e., the type(s) of energy the town would prefer). LBAC would then help BL execute a portfolio according to that definition.
- Spinale also agrees with the sentiment of the discussion: That Town-wide input on the document is appropriate given the current discussions in the Town.
- Epstein comments that LBAC should retain responsibility for this type of document, but a joint meeting with the Energy Committee would be useful.
- Franck questioned the need for a document like this to be “confidential” (as indicated on the 2008 document). LBAC and BL attendees generally agreed this is a Town policy and doesn’t need to be confidential.

VI. FOLLOW UP DISCUSSION TO ENERGY NEW ENGLAND OCT. PRESENTATION ON ENERGY PORTFOLIO/MEETING TOWN CARBON REDUCTION GOALS

- Topic: What is ‘green’ energy and what are the Town goals?
- Epstein wondered about the shadow price of a REC (a financial transaction) and how it linked with actual generation of the power. How do we get new renewable energy projects developed in New England?

- Jackson explained MLPs don't have an obligation to comply with RPS. If we have a compliance target it would be set by the Town. BL doesn't have obligation to retire RECs.
- Spinale provided an update stating that BL did retire RECs for Wind and some hydro for the past quarter. The financial impact was minimal because of the current low REC price. \$16k (~2000 class 1 RECs)
- Epstein asked if there BL should focus on direct energy investments? Are there projects that BL could invest in like the existing wind contracts.
- Jones stated Concord MLP appears to be working together with Concord's energy committee, and feels that could be a good model for Belmont to come to an agree direction for BL energy portfolio.
- Chair Klionsky stated he had received an email from a local energy consultant that suggested that in order for BL to reach a 15% RPS standard the cost would be, very roughly, 0.5cent/kWh.

VII. POWER SUPPLY PROPOSAL FROM ENE FOR 2020

- Topic: Review the proposal by ENE for contracting with NextEra's Seabrook nuclear plant for emission-free power.
- McVay: Is 10 years the standard for a contract like this? The sentiment was that NextEra was floating this proposal to see if they could book enough purchases with the contractual form.
- Spinale: Planning on presenting this proposal at the Dec. 4th Light Board meeting.
- Chair Klionsky listed pros and cons of the Seabrook contract. Advantages include a low contract price, long-term price security, an emissions-free energy source, and it would support one of the last nuclear power plants in New England. Disadvantages include: bound to 10yr contract period, the contract doesn't start for two years (not help 2019 or 2020 energy purchases), it is nuclear power with corresponding waste concerns, and not unsure if "emission-free REC" would help the Town meet its portfolio goals.
- McVay noted that if the Seabrook plant goes down, NextEra will provide energy from any other source, which may or may not be emission-free.
- Jackson: Concerned what the portfolio mix would look like if nuclear became a big fraction of BL's portfolio. Renewables would be quite small with our current REC situation.
- Spinale: Hingham recently went 100% carbon-free, and they did so with ~30% nuclear.
- Epstein: If this contract fills 20% of BL's demand, then that leaves only 80% for adjustment, which might not provide the flexibility the Town needs as it is identifying its priorities.
- McVay: Suggests that BL see if Seabrook would provide a price for a 5-year contract instead of the full 10 years as outlined in the current proposal. He also would like to

know what an equivalent 'grid mix' contract would cost, for comparison. (The Seabrook contract states it is competitive with '10-year emitting sources' contracts.)

- McVay: Requested that Spinale get a 5-year option on the current and 10-year grid mix comparison.
- Resident Phil Thayer: Proposed buying Texas wind RECs as an option. The group discussed that this option might not meet Mass RPS/CES requirement, and there was general uncertainty about how these RECs could fit into the Town's portfolio.
- Spinale summarized that, based on the discussion, we may need to pass on the Seabrook opportunity.
- Thayer: Would like to make sure that BL's 2013 Energy Resource Policy should be part of the discussion when revising the 2008 Power Supply Policy document. LBAC will try to bring come to single vision of future energy supply guidance.

VIII. RATE COMPARISONS WITH OTHER MLPS

- Topic: Are BL's rates higher than other MLPs and, if so, why?
- Epstein has started collecting annual reports from BL and several other MLPs. He created a spreadsheet to analyze and compare costs.
- Epstein reports his initial observations:
 - BL's "Expense for power" pricing is similar to other MLPs, though it was the highest by a small amount
 - BL's outside service line cost was much higher, but this is the \$400k charge now avoided because of the termination of the previous Eversource transmission contract.
 - Administrative costs are 4cents/kWh instead of the average 2.5cents/kWh.
 - The salary median for all MLPs is 85k and BL is 94k; rising at 5%/yr. from 2010 to 2016.
 - As a measure of operations efficiency, Epstein calculated "electricity meters per employee": the MLP median is 300 meters/staff-person, with BL being 403 meters/staff-person.

IX. FUTURE MEETINGS

- Future LBAC meetings will be held on:
 - December 14, 2017
 - January 18, 2018
 - February 15, 2018

X. ADJOURNMENT

Adjourned at 10:02pm.