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**MINUTES
TOWN OF BELMONT
MUNICIPAL LIGHT BOARD
TOWN HALL
AUDITORIUM
Monday, June 18, 2018
5:30 P.M.**

I. CALL TO ORDER

Chair Dash called to order a regular meeting of the Municipal Light Board (MLB) at 5:35 P.M.

Present:

MLB – Chair Adam Dash, Vice Chair Mark Paolillo, Member Tom Caputo

Belmont Light (BMLD) – General Manager Chris Roy, Staff Maria Makar-Limanov, Becca Keane and Aidan Leary

Chair Dash began the meeting by announcing that Belmont Light would be at the Belmont Farmers' Market on Thursday, June 21, 2018 and that the next Ride & Drive event for Belmont Drives Electric would take place on Sunday, June 24, 2018 from 1:00 P.M. to 4:00 P.M. at the Chenery Middle School.

II. PRESENTATION ON Q1 2018 FINANCIALS

Makar-Limanov presented a memorandum, balance sheet, and profit and loss statement for the first quarter of 2018. (See below). She stated that Belmont Light is stable in its financials and reviewed her memorandum.

Revenue increased by \$78,000 compared to Q1 2017. Sales revenue increased by \$88,000, but other revenue decreased by \$10,000 due to Belmont Light not recycling wire during Q1 2018.

Purchased power expenses increased by \$699,000 due to an increase in Forward Capacity Market (FCM) charges of \$839,000 (37%). Transmission charges, however, decreased \$140,000 (16%) due to the termination of the transmission agreement with Eversource. Roy explained that FCM charges are the payments required by ISO-NE to ensure the New England grid has enough capacity to serve all of its participants. He said that Forward Capacity Auction (FCA) #8 was controversial in that it caused a large price spike for every utility in the region and that there was litigation in the works to attempt to reconcile the problems associated with it.

Roy and Makar-Limanov presented a graph demonstrating that the spike in capacity charges affected 2017-2018 but that charges are expected to go down in 2018-2019 and beyond.

Roy said that he was hoping to leverage the downward turn of the capacity charges to retroactively pay down the spike in costs by collecting through the proposed Purchased Power and Transmission Adjustment (PPTA) rate of \$0.002/kWh.

Dash asked whether the increased capacity charges of 30% would impact each quarter. Roy confirmed that there would be a \$692,000 increase to be recovered for the year through a small increase in the PPTA rate and that the 37% increase in capacity charges would be for the entire year, not each quarter.

Caputo asked if the spike in capacity charges was affecting every utility. Roy answered yes.

Paolillo asked about using the rate stabilization fund for this problem. Makar-Limanov said they would use that fund as well. She said the idea was to keep the PPTA rate the same going forward and transferring overcollections and undercollections to and from the rate stabilization fund, respectively, as needed.

Dash asked what the projected amount taken out of the rate stabilization fund would be. Makar-Limanov said the amount currently would be about \$300,000 but she would discuss with Belmont Light's auditors the amount recovered with the PPTA rate. She said there could be another withdrawal of \$500,000 based on those discussions.

Paolillo asked whether the charge increases can be predicted. Roy said that FCAs are held three years in advance, so if another price spike happened, Belmont Light could ramp up its rate stabilization fund ahead of time to avoid problems.

The Board discussed whether a vote was necessary for Belmont Light to withdraw from the rate stabilization fund. It was decided that the Board would vote on the PPTA rate at the current meeting and would vote on withdrawal from the rate stabilization fund at a later date when it was necessary.

Caputo asked if there was anything else that could be done to protect against spikes in future auctions. Roy said that Belmont Light can look closely at how rates are structured, but the power supply component was the piece that there is the least control over.

The Board discussed the effect of setting the PPTA rate to \$0.002. Roy said this would create an additional \$127,000 in additional revenue over the next six months.

Paolillo moved to set the Purchased Power and Transmission Adjustment (PPTA) to a rate of \$0.002 effective July 1, 2018 and to keep the rate flat in the foreseeable future. Caputo seconded the motion and the motion was approved with a vote of all in favor (3-0).

III. DISCUSSION ON CURRENT NO CHARGE LED BULB DISTRIBUTION

Roy said a current Belmont Light program is to give away a free LED bulb every time a customer pays a bill in person. He said while it seems trivial, it is quite expensive and has an administrative burden on customer service. For 2017, the program cost was \$16,000. For 2018, the program was on track to surpass that number. He said, as Belmont Light looks to increase and improve its energy programming to help meet the Town's Climate Action Plan (CAP) goals, it is difficult to determine whether handing out a bulb has any positive impact on energy. He said while he proposed eliminating the bulb giveaway at the customer service window, this did not include bulb giveaways at community events and during home energy assessments.

Dash said that eliminating this giveaway would encourage customers to pay their bill online and stop people from driving to Belmont Light's office just to get a bulb. Caputo added that it would save on administrative costs as well.

Dash said that LBAC agreed that stopping the program was worthwhile and noted that Roy's idea was to put the money saved toward a program that would better meet the CAP goals, such as heat pump or solar panel rebates.

Paolillo moved to eliminate the LED bulb distribution program currently in place and to fund another energy efficiency program in its place. Caputo seconded the motion and the motion was approved with a vote of all in favor (3-0).

IV. DISCUSSION ON POSSIBLE MEMBERSHIP IN ENE STRATEGIES

Roy presented to the Board the idea of joining ENE Strategies, a lobbying service from Energy New England (ENE), Belmont Light's energy wholesaler and trading representative. He said ENE Strategies would provide materials for public education, attend two Board meetings per year to discuss current events, and most importantly, provide a presence on Beacon Hill, which would give Belmont a voice on how programming should be structured.

Caputo advised Roy to make sure Belmont Light is taking advantage of the service's benefits, not just paying for the service. He also suggested reviewing the service after a year to determine whether it was valuable.

Paolillo moved to join ENE Strategies. Caputo seconded the motion and the motion was approved with a vote of all in favor (3-0).

V. PRELIMINARY DISCUSSION – MOVING FROM COSS TO RATE DESIGN

Dash reviewed the process for Belmont Light's Cost of Service Study (COSS). The study was ongoing to determine where Belmont Light's rates come from and whether there need to be a shift in them. Once the study was in, the process would shift to rate design.

Roy said that the vendor, Utility Financial Services (UFS), had presented on the current results of the study recently and had asked for more information. He said that the most important thing UFS is doing is looking at the bucket of expenses that Belmont Light incurs and evaluating how those expenses are incurred by each rate class. The proposal takes the climate of the industry and compares that against how Belmont Light is set up today.

There were two follow ups that Roy said warranted further discussion, the rate design component and the internal effort to put together a budget book that looks at the bigger picture expenses. The COSS would also provide a model for internal review.

Paolillo asked when the last time a COSS was done. Makar-Limanov said the last detailed study was in 2013 and a smaller study was done in 2015, when power costs went up significantly. She said the industry standard is to perform the study every few years because the industry is changing rapidly.

Dash asked Roy and Makar-Limanov to keep the Board informed when the COSS comes in. Roy said that a realistic estimate to receive the completed study would be in August.

VI. DISCUSSION ON FUTURE PLANNING MEETING WITH LBAC

Dash had spoken with Steve Klionsky (not present), Chair of the Light Board Advisory Committee (LBAC) about a joint meeting to discuss LBAC's role. Dash's thought was to bring in LBAC and the Energy Committee to give them guidance.

Paolillo suggested meeting on a quarterly basis with LBAC. Dash said the joint meeting could happen in July or August.

VII. DISCUSSION ON LIGHT BOARD MEETING SCHEDULE

The Board reviewed a list of potential dates for Light Board meetings based on the Board of Selectmen schedule, and decided on the following:

- July 30, 2018
- August 27, 2018 – Joint meeting with LBAC
- September 17, 2018
- October 15, 2018
- November 19, 2018
- December 17, 2018

The Board discussed scheduling each meeting for 6:00 P.M., unless a longer meeting was warranted, in which case the meeting would begin at 5:30 P.M.

VIII. APPROVAL OF MINUTES

Paolillo moved to approve the minutes for meetings on May 22, 2018 and June 4, 2018. Caputo seconded the motion and the motion was approved with a vote of all in favor (3-0).

IX. UPDATE ON SOLAR PLANS/FEASIBILITY AT PROPOSED BHS/INCINERATOR SITE

Roy stated that, in terms of infrastructure, Belmont Light could support anything that the Town decides to do at the incinerator site. Dash said that the question had been whether any of the proposals were financial or technical no-gos and since Roy was saying that any proposal could be supported, that was all the Board needed to make a decision.

Paolillo viewed a previous proposal to install a solar array at the incinerator and asked how to look at the proposal anew to determine whether it would still be financially viable. Roy said that with changing tax credit structure, a solar installation plus energy storage was the way to make a project viable. Caputo asked about the rationale for adding storage. Roy responded that storing energy to use later allows Belmont Light to shave its demand peak, which occurs in the evening, after solar production is tailing off. He added that it allows for participation in frequency markets, which provide payments for being available to stabilize the grid in times of need.

Paolillo discussed the means to realize the solar installation and energy storage. He said it would be a Purchase Power Agreement with a developer and that it would have to be financially viable for that developer. He said it would have to be a situation where the purchasing of the power would be a financially acceptable proposal for the community but also enhances the Town's CAP goals. Roy said there were environmental considerations associated with each renewable energy credit (REC) type that a project at the incinerator site could sustain.

From the audience, Jacob Knowles, Precinct 4, said that Paolillo made a good point about the financial aspects of these topics. He said there was an important timeline and an important investment that could be detrimentally affected if the Town did not act quickly. He asked the Board to set up a short-term working group between LBAC, Belmont Light, and the Energy Committee to look at the question of solar in Belmont on Town sites.

The Board discussed the potential for a working group. Dash said that Roy had the ability to call together individuals as he saw fit to work on these issues, to bring in the expertise of LBAC, and to gather recommendations from residents. Paolillo said the Board could direct Roy to pursue the issue expeditiously. Caputo added that if Roy thought a more formal committee was necessary, he could come back to the Board to request one.

X. ADJOURNMENT

Board moved to adjourn at 6:31 P.M.