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Minutes

Town of Belmont

Belmont Municipal Light Board

Town Hall Auditorium

Monday, November 19, 2018

6:00pm

I-CALL TO ORDER

A meeting of the Light Board was called to order at 6:14pm by Chair Tom Caputo. Board Member Adam Dash was present. General Manger Chris Roy was present.

II-GENERAL MANAGER UPDATE

- The Department of Energy Resources (DOER) released a municipal version of its solar incentive program two weeks ago, and had provided a two week window for response. Belmont Light applied to the program and would commit ~\$100k, which would be matched by DOER. The program provides a \$1.20/W rebate for up to 25kWh arrays. RECs from the program are turned over to Belmont Light to become part of its portfolio. Belmont Light chose to use ENE as the program administrator. Notification of acceptance to the program should be coming soon; the program is expected to launch in early December and run through June 2020.

[Board Member Mark Paolillo arrived to the meeting.]

- The credit rating process by S&P has finished and results will be sent to the Board and made public next week.
- The Green Communities Report is complete and will be submitted to the Board of Selectmen for approval at tonight's meeting.
- Florida crews assisting with Hurricane Michael recovery have returned safely. They performed admirably and provided great representation from Belmont Light. Mayor of Tallahassee Andrew Gillum sent a thank you letter to Belmont Light for providing assistance.

III-DISUCSSION AND VOTE ON POWER SUPPLY HEDGE STRATEGY FOR 2019 & 2020

C. Roy explained that the request was for authorization to enter into short-term grid power contracts to meet the target of 80% hedge. The request was similar to one from July which brought the hedge from 60% level to 70%; the current request was to add the remaining 10% to get to the 80% goal for 2019, as well as move towards the 2020 hedge targets.

A. Dash asked if the hedging would affect the green energy mix of Belmont Light's portfolio. C. Roy said that it would not affect the mix in the short-term. However, in the long-term grid-power would need to be offset by RECs in order to continue to hit green energy targets. He added that the ultimate goal would be to find renewable energy projects to replace grid power.

M. Paolillo asked why there are not contracts already in place that cover peak periods. C. Roy explained that some contracts expired and had not been replaced, hence why new contracts were needed.

M. Paolillo asked why we are going to a lower hedge (60%) in 2020. C. Roy said that hedging too early could result in a surplus, and that the lower target allows for flexibility to take advantage of market opportunities. As the year 2020 progresses Belmont Light would again increase the hedge level to 80%

T. Caputo asked about the timing of the hedges. C. Roy explained that the end goal was to have a portfolio showing all the expiring/upcoming contracts so that the hedge level remains stable going forward.

Motion: To authorize the Belmont Light General Manager to execute new power supply contracts for 2019 and 2020 up to a total hedge percentage of 80% and 60%, respectively, not to exceed a price of \$58 per mega Watt hour. (Vote passed 3-0)

IV-FOLLOW-UP TO COST OF SERVICE STUDY: RATE ADJUSTMENT APPROACH

C. Roy explained that the cost of service study had established key financial targets for Belmont Light to meet. Originally, an incremental rate increase of 1% per year over several years was discussed, as a way to meet these targets. However, he was now advocating for consideration of an alternative approach, where a larger 3% rate increase would be implemented right away. This alternative approach would allow Belmont Light to hit the financial metrics in year one, allowing for time to engage in a thorough strategic planning discussion, including addressing issues such as time-of-use and fixed charges. C. Roy considered this to be a more traditional rate increase. Another benefit of such an approach was that it would allow Belmont Light to reach 50% renewable energy portfolio by 2020, in alignment with the climate road map.

T. Caputo noted that in discussing the need for a strategic plan with C. Roy, it was initially thought that a review of the rate plan could wait until after the strategic planning process was complete; after further consideration it was evident that the strategic planning process would require a longer period to be conducted properly.

C. Roy further elaborated on the 3 proposed scenarios for implementing the rate increase: 1) affecting all rate classes equally 2) affecting all rate classes except for low-income and municipal, and 3) affecting all rate classes, but utilizing stabilization funds to mitigate the increase. A. Dash noted that scenarios 1 and 3, where municipal rates were impacted, could be accompanied by a revisited discussion of the PILOT from Belmont Light.

T. Caputo asked about the process for communicating a rate increase to rate-payers. C. Roy explained that a public rate hearing would be held and the increase would be in effect 30 days following.

M. Paolillo requested to see a revised version of scenario 2 where stabilization funds are also used, as in scenario 3. A. Dash further requested an analysis showing the impact of the different scenarios on the stabilization fund (where applicable), as well as a recommendation for the minimum level of the stabilization fund.

C. Roy would revisit the scenarios as discussed, including the modified scenario 2 proposed by M. Paolillo, and discuss the options again with the Light Board at the next meeting. Conditional on a decision at the December meeting, a rate hearing could be scheduled for January, which would then push back a potential rate increase to March 1.

V-DISCUSSION AND VOTE ON UPDATES TO POWER SUPPLY POLICY

C. Roy highlighted the key changes to the policy. First, the direct reference to DEP regulation 310 was replaced by a table showing goals for the State and Town of Belmont, with respect to renewable energy targets. The targets for Belmont were based on the current climate action plan, but could be revised in the future if more aggressive targets are adopted. Second, a clarification of how to treat REC purchases was added, which would help Belmont Light to budget by pinning down the costs of power supply.

The Light Board Advisory Committee had unanimously voted to adopt the changes to the Power Supply Policy.

*Motion: To approve the updated Belmont Light Power Supply Policy effective November 2018.
(Vote passed 3-0)*

VI-UPDATE ON SOLAR FEASIBILITY AT THE INCINERATOR SITE

C. Roy relayed that because the capping process would take 2-3 years, and because this was a turbulent time for solar energy, developers would not weigh-in to give an estimate of the potential cost. He recommended looking at a storage only option which would provide more flexibility, and said that Belmont Light was now looking at potential revenue/costs for such an option. A. Dash asked when these estimates would be ready; C. Roy would try to provide an update at the December 17 meeting.

VII-APPROVAL OF MINUTES

- *September 26, 2018: T. Caputo noted 4 minor typos.
Motion: To approve the September, 26 2018 minutes, as amended. (Vote passed 3-0)*
- *October 15, 2018:
Motion: To approve the October 15, 2018 minutes. (Vote passed 3-0)*

VIII-ADJOURNMENT

Motion: To adjourn. (Vote passed 3-0)