

2019 FEB -6 PM 2:29

FINAL

Light Board Advisory Committee Meeting Minutes

Minutes of Meeting held on December 5, 2018

Belmont Light Conference Room

7:30 am

Attending LBAC members: Chair Steve Klionsky, Roy Epstein, Ralph Jones, David Beavers, Travis Franck, Bob Forrester, Mark McVay

Belmont Light (BL) attending: General Manager Christopher Roy, Maria Makar-Limanov

I. CALL TO ORDER

- Convened at 7:40 am

II. PRESENTATION OF 3RD QUARTER FINANCIAL

- Makar-Limanov provided a review of the Q3 financials. Revenues were relatively stable compared with Q3 of last year. An increase in expenses of ~\$1M was driven by increased forward capacity market charges, and increased spot market charges resulting from an Eversource meter reading failure discovered in the spring.
- Request to use \$1M from the Rate Stabilization Fund (RSF) towards the unexpected power purchase costs.
- There was discussion to clarify why transmission costs were higher than was expected, given the savings realized from cutting ties with Eversource.
- Roy explained that the team was working on a draft budget that would project costs at the start of the fiscal year, in order to be able make comparisons with projected costs versus year-over-year comparisons. The goal was to have this process in place for 2019.

III. DISCUSSION OF ADDITIONAL RATE ADJUSTMENT SCENARIOS

- Roy summarized the previous discussions regarding rate design stemming from the Cost of Service Study.
 - Previously, a 3% average increase was discussed as necessary to put Belmont Light on solid financial footing, allowing for adequate time to do a full-scale rate design in conjunction with the strategic plan.
- After further evaluation, it was determined that a 2% increase would be sufficient for meeting the desired financial targets. Further, this adjustment would also avoid using the RSF for givebacks, thereby simplifying the rate increase.
- Roy reviewed Scenarios 4-6, covering different approaches for implementing the rate increase.
- There was broad agreement that an increase should impact all rate classes.

- *Action:* Roy would calculate an additional scenario that incorporated a small increase on low income residents. He would present these new scenarios (4-7) to the Light Board for feedback.

IV. DISCUSSION ON INCINERATOR SITE OPTIONS FOR SOLAR AND/OR STORAGE

- Previously, Roy had looked into the viability of a solar farm at the site. Due to the 3 year horizon required to cap the site, no developer was willing to engage in a proposal to pin down costs - too much uncertainty with respect to ITC going away, REC markets, import tariffs, etc.
- Over the last couple weeks Roy had also reached out to storage developers. A storage project would take the space of 2-3 shipping containers and could be implemented by end of 2019 / early 2020. Based on his preliminary discussions, the idea was that Belmont Light would negotiate an agreement with a developer; terms would cover performance guarantees, revenue sharing, power supply back to Belmont Light, etc.
- Beavers proposed the idea of bonding out the project with Belmont Light as the owner. Forrester said this is not often done. Roy would look further into the costs and benefits of an ownership model.
- Roy stated part of the value of a storage project would be to gain experience with the process and battery technology; Epstein noted similar projects could be placed in other locations due to the small size.

V. DISCUSSION OF GENERAL STORAGE DEPLOYMENT INCLUDING EFFORTS IN PUERTO RICO

- McVay shared recent efforts of his company to provide battery storage solutions in Puerto Rico, as the island continued efforts to rebuild its power infrastructure. Currently the company had plans to install three battery storage sites.
- He highlighted some lessons learned from this experience:
 - The storage sites were not geared towards peak shaving, but rather to replace diesel sourced peak production.
 - The key issue was deciding how to ‘set-up’ the storage sites with respect to issues of size, maintenance, replacement, PPAs, etc. There was a lot of uncertainty over best practices.
 - Noted a massive shift away from coal at the ground level in Puerto Rico.
- McVay suggested that, from a long-term perspective, Belmont should think about establishing a micro-grid, of which storage would be a component. It would be interesting to calculate the ROI of storage with a view towards lowering capacity charges. Franck noted that some recent State level grants have focused on resiliency as an important factor.

VI. DISCUSSION OF CAPACITY AND TRANSMISSION CHARGES

- Beavers presented a draft document classifying the different types of peaks and their associated factors, e.g. timing, contribution to Belmont Light customer bill, ways to reduce peak, etc. The Committee agreed that this was a useful document for understanding costs and the potential saving from peak reduction. Beavers advocated that similar documents be created to provide background on other aspects of Belmont Light's operation, e.g., RECs.
- *Action:* Beavers and Roy would verify the numbers contained in the document and provide a finalized version. Roy would ensure the document is updated going forward.

[A brief recess was held.]

Roy informed the Committee that he was planning to move forward with expression of interest in a hydro power purchase opportunity, originating from ENE. The pricing details looked favorable and the project would provide on-peak hydro power. There were associated Class 2 RECs and the initial term was for 2023/2024. If things progressed further he would hold an Executive Session in the near future to discuss with the Light Board.

VII. FUTURE MEETINGS

- February 7, 2019: *Note:* This was rescheduled to February 6, 2019 @7:30am.
- March 6, 2019 @ 7:30am.

VIII. APPROVAL OF MINUTES

- November 8, 2018 minutes were approved unanimously.

IX. ADJOURNMENT

- Adjourned at 9:31am.