

Minutes

2019 FEB 20 PM 2:07

Town of Belmont

Belmont Municipal Light Board

Selectmen's Meeting Room

Monday, December 17, 2018

6:00pm

I-CALL TO ORDER

A meeting of the Light Board was called to order at 6:00 pm by Chair Tom Caputo. Vice Chair Mark Paolillo was present. Board Member Adam Dash was present. General Manger Chris Roy was present.

Community announcements:

- The Belmont Light team is hosting its annual winter solstice celebration, Thursday December 20th from 3-7pm at the headquarters, 40 Prince St.
- Belmont Light is collecting new/gently used bed spreads, sheets, comforters, quilts, etc. for its annual bedding drive in support of *Mission of Deeds*, a non-profit serving Middlesex and Essex counties.

II-EXECUTIVE SESSION

To discuss trade secrets or confidential, competitively-sensitive or other proprietary information.

Motion: To enter executive session. (Vote passed 3-0)

Motion: To leave executive session. (Vote passed 3-0)

T. Caputo relayed that the Board had a discussion in Executive Session regarding an upcoming power purchase agreement. He asked C. Roy to summarize the agreement. C. Roy stated that the intended contract was with a hydro plant in Connecticut, and would boost Belmont Light's non-emitting portfolio from 17% to 20%. The pricing was competitive and the bulk of the power supplied (83%) would contribute to on-peak demand. T. Caputo praised the contract as a step towards meeting the Town's Climate Action Plan goals.

III-REVIEW OF BMLD FINANCIALS

Maria Makar-Limanov provided an overview of the 2018Q3 Belmont Light financials, stating that they were relatively stable overall compared with 2017Q3. Revenue was slightly higher; expenses were around \$1 million higher year-over-year, due mostly to increased power purchase expenses. The power purchase cost increases were a result of increased forward capacity market charges (previously discussed in June), as well as increased spot market charges due to an Eversource meter reading issue that was discovered in the spring. There was a reduction in transmission costs as a result of the new substation, however this was offset by increased ISO transmission costs.

Overall M. Makar-Limanov projected \$1-1.2 million net income for the year, with the assumption that the Rate Stabilization Fund (RSF) would be used to offset the under-collection of purchase power costs.

T. Caputo asked whether comparisons could be made to projected revenue/expenses versus making year-over-year comparisons. C. Roy stated that the plan moving forward was to produce a draft 2019 budget using 5 year averages, and incorporating other relevant adjustment assumptions, and then to compare actual revenue/expenses to the projected amounts.

A. Dash asked why maintenance expenses went down so much; M. Makar-Limanov explained that some of the expenses had been reclassified to other line items. C. Roy added that as the budget projection is developed going forward, these numbers would stabilize.

A. Dash asked what the appropriate balance is for the RSF. M. Makar-Limanov said that the target is to have 3 months' worth of power purchases, or roughly \$4 million. Due to setbacks related to the Eversource meter reading issue, the proposal was to utilize the RSF this year and then begin to replenish it going forward next year. It could take several years to recover the RSF to the desired level.

M. Makar-Limanov concluded by seeking support for the Board to transfer \$1 million from the RSF to operating cash and to approve a PILOT of \$650k to the Town.

M. Paolillo raised the issue of revisiting the amount of the PILOT payment. T. Caputo explained there is active discussions regarding changing the amount of the PILOT as well as looking at other ways to charge Belmont Light for the cost of the Town providing services, which was related to the work and recommendations of the Collins Center.

Motion: To transfer \$1 million from the Rate Stabilization Fund to operating cash. (Vote passed 3-0)

Motion: To transfer \$650,000 from operating cash to the Town of Belmont as Payment In Lieu of Taxes. (Vote passed 3-0)

IV-UPDATE ON RATE DESIGN SCENARIOS

T. Caputo provided the background that the Board had reviewed three rate design scenarios at the previous meeting, and had asked C. Roy and team to make some adjustments.

C. Roy had prepared four additional scenarios for a potential rate increase. The key issues were whether to implement an increase to all rate classes or exclude municipal and/or low incomes classes, and whether or not to utilize the RSF to mediate the increase. Originally the scenarios had called for a 3% increase, however subsequent analysis had shown that a 2% increase would be sufficient for meeting the desired financial targets. The final proposed scenario (Scenario 7) evolved out of discussion with LBAC, and included a 2% increase across the board, with the exception of a 1% increase for low income residents.

Steve Klionsky (Chair, LBAC) confirmed that LBAC felt it was appropriate for all rate classes to contribute towards the increase and noted that Belmont has generous low income rates relative to other Towns/Cities. However, he would also be supportive if the Board decided to exclude low income from the rate increase and said that it was ultimately a policy decision.

M. Paolillo stated that he preferred to not increase the low income rate class and that the proposed low income increase did not bring much benefit anyway. A. Dash expressed a preference to not use the RSF and instead implement a straight forward rate increase. T. Caputo confirmed there was consensus to move forward with Scenario 6, where the low income rate class was excluded from the increase and the RSF was not used. C. Roy would plan to hold a rate hearing in January, and no action was required at this time.

V-UPDATE ON SOLAR/STORAGE FEASIBILITY AT INCINERATOR SITE

C. Roy reviewed the efforts thus far to investigate the solar option for the site. Due to the timeline of the capping process and rapidly changing solar markets, no developers would provide projections for a solar project on the site; however, storage was still a viable option, even without having solar on-site.

Storage could be viewed as a type of generation device, in that it allowed flexibility to charge the battery at convenient (i.e., off-peak) times, and then discharge during on-peak hours. This could help replace demand for fossil fuel-based power sources. Other savings could be realized through increased reliability of transmission, and savings would be passed on directly in the form of reduced rates for Belmont Light customers. Finally, building storage on the site would give Belmont Light valuable experience with this technology, and if successful it could be implemented in other locations.

C. Roy explained that in order to proceed with the storage option an RFP would need to be issued, similar to the process for power generation contracts. Belmont Light would work with a vendor to negotiate a revenue sharing arrangement.

Town Administrator Patrice Garvin asked whether DEP would need to sign off on storage at the incinerator site - this issue would need to be investigated further and clarified before making a decision.

M. Paolillo expressed support for the idea due to the potential for revenue sharing and contributions towards the Climate Action Plan. A. Dash noted the potential benefit if a developer could contribute towards the funds required to cap the site. T. Caputo suggested that further details, including the DEP signoff, be investigated in advance of the Board of Selectmen meeting on January 7.

VI-UPDATE ON STRATEGIC PLAN

C. Roy stated that work had begun internally to prepare materials and data necessary to put together the strategic plan. After further work throughout January, he envisioned a preliminary presentation to the Board in February, for discussion and input. Following this, public forms could be held in anticipation of a potential presentation at Spring Town Meeting.

T. Caputo asked if the work on the strategic plan could inform next year's budget; C. Roy said this was likely not possible since the budget process was already underway, though certainly the plan would inform the 2020 budget.

M. Paolillo asked if consulting support was required. C. Roy stated that once the strategic plan is developed, consulting would be useful in determining how best to implement the priorities that are established.

A. Dash suggested that the Energy Committee be involved in the process for developing the strategic plan.

VII-DISCUSSION OF 2019 MEETING DATES

The general rule would be that the Light Board would convene prior to the second monthly meeting of the Board of Selectmen. The next meeting would be January 28, 2019.

VIII-APPROVAL OF MINUTES

Motion: To approve the November 19, 2018 minutes. (Vote passed 3-0)

IX-ADJOURNMENT

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