

**BELMONT LIGHT**  
**POWER SUPPLY POLICY**  
**November 2018**

**I. GOAL**

Belmont Light will strive to develop a managed power supply portfolio that provides Belmont customers with reliable electric service at the lowest possible cost consistent with the Town's Climate Action Plan (CAP) that obligates all sectors, in the aggregate, including the electricity sector, to reduce its CO2 emissions by 80 percent by 2050; recognizing, however, that reductions in CO2 emissions through non-power supply portfolio measures (for example, through enhanced energy efficiency measures and/or rate design) can contribute to the said goal. New technologies, such as energy storage, will also be investigated as means to achieve the CAP goals and to reduce Belmont Light's capacity charges.

**II. PORTFOLIO SUPPLY**

Belmont Light, in collaboration with its outside power supply consultants, will strive to enter into portfolio purchases to minimize risks through layered and staggered purchases with credit worthy power suppliers. Power supply should be flexible enough to meet an evolving energy marketplace. The term "power supply" shall consist of three distinct portfolios: energy, capacity and renewable energy credits (RECs).

For our energy requirements, a target of no more than 20 percent of Belmont Light's total energy needs should be supplied via any single contract while the total energy portfolio hedge should not exceed approximately 80 percent. This approach would result in a minimum of four active contracts and leave about 20 percent of Belmont's energy needs subject to the spot market to act as a cushion to load variability.

For Belmont Light's capacity requirements, based on the operation of the Forward Capacity Market ("FCM") by the Independent System Operator – New England, Belmont Light will hedge to a maximum of approximately 50 percent of its capacity needs in any year when doing so will provide significantly more cost certainty than would otherwise be expected from the Forward Capacity Auction ("FCA") process. This capacity hedge can be met with individual contracts, as available, with no one contract exceeding approximately 25 percent of Belmont Light's requirements.

Belmont Light will pursue resource and counterparty diversification by establishing Master Agreements with multiple suppliers that conform to the standards set forth by the Edison Electric Institute. Such purchases shall include, but not be limited to: energy strips; heat rate swaps; load following for energy and ancillary services; spot market purchases; unit entitlements; forward fuel hedges for unit entitlements and heat rate/fuel index contracts; and, verifiable load management and/or energy conservation services.

Regarding particular power sources and RECs, Belmont Light should seek out competitively priced renewable and non-carbon emitting energy sources in New England and surrounding regions to add to its supply portfolio consistent with the layered and staggered approach indicated above. Consistent with a modest rate impact, Belmont Light shall meet, though it is not otherwise legally obligated to do so, a minimum percentage of electrical energy sales with clean generation attributes as set forth in column two of the following table:

Year	Percent of total Belmont Light power supply portfolio to be non-emitting per this policy	Percent of total Massachusetts power supply portfolio to be non-emitting per Massachusetts Department of Environmental Protection 310 CMR 7.75(4)
2018	16	16
2019	18	18
2020	20	20
2021	22	22
2022	24	24
2023	26	26
2024	28	28
2025	30	30
2026	32	32
2027	34	34
2028	36	36
2029	38	38
2030	40	40
2031	42	42
2032	44	44
2033	46	46
2034	48	48
2035	50	50
2036	52	52
2037	54	54
2038	56	56
2039	58	58
2040	60	60
2041	62	62
2042	64	64
2043	66	66

2044	68	68
2045	70	70
2046	72	72
2047	74	74
2048	76	76
2049	78	78
2050 and each year thereafter	80	80

Belmont Light will buy and retire all RECs available in its power supply contracts. To the extent additional RECs are needed to meet the minimum requirements of 310 CMR 7.75(4) shown in column three, Belmont Light will buy and retire Class I Massachusetts RECs. Any additional REC purchases necessary to meet the difference between the 310 CMR 7.75(4) requirements and the Belmont Light power supply targets listed in column two may include Massachusetts Class II resources or Class I resources from New England states.

**III. PUBLIC POLICY**

Belmont Light will keep abreast of market developments, availability of power products and market conditions. Policy positions by Belmont Light pertaining to power supply shall be discussed in advance with the Light Board Advisory Committee and with the Light Board.

**IV. PORTFOLIO PLANNING**

Belmont Light’s power supply portfolio will be designed to meet an annual energy budget, and, to the extent possible, a five-year energy budget. Long term supply plan goals beyond five years, along with a plan to achieve those, will be set periodically.

**V. PARTICIPATION OF LIGHT BOARD ADVISORY COMMITTEE AND LIGHT BOARD**

The General Manager of Belmont Light will, on an on-going basis, discuss the status of the power supply portfolios, including percentages from renewable or carbon free resources, with the Light Board Advisory Committee (LBAC) and with the Light Board. Individual contractual power supply opportunities will be discussed in advance with LBAC and with the Light Board. Terms of the arrangement and its benefits should be specified.

**VI. TRANSACTION AUTHORIZATION POLICY**

Subject to the discussions that will take place pursuant to Section V, above, the General Manager, or in his/her absence the Assistant Manager/Director of Operations, may enter into power supply contractual arrangements without an affirmative vote of the Light Board; provided, however, that this authority extends only to contractual arrangements that are of five years or less in duration and that pertain to 50,000

megawatt hours of power or less. Any contractual arrangement in excess of five years or eight megawatts requires the approval of the Light Board.

If, due to exigent circumstances, it is not practicable to discuss an individual contractual supply opportunity with LBAC and with the Light Board in advance of the need to enter into a contractual arrangement, the General Manager of Belmont Light or his/her designee will make a diligent effort to contact the Chair of LBAC and the Light Board's Chair to discuss said proposed arrangement.

**VII. EVALUATION**

All supply portfolio arrangements shall be evaluated for their efficacy and cost-effectiveness in meeting the goals set forth in Section 1.

**VIII. TRANSPARENCY**

It will be the policy of Belmont Light to make public all documents pertaining to power supply other than documents (or portions thereof) that are defined by contract as confidential or commercially proprietary. It is recognized, however, that there may be good cause and a legal basis to protect certain other sensitive documents in certain instances. Belmont Light will seek to avoid unnecessary contractual restrictions on the public release of documents. Belmont Light will endeavor to make as much information public as possible.

**IX. EQUIVALENCE OF SUPPLY-SIDE AND DEMAND-SIDE MEASURES**

Nothing in this Power Supply Policy should be construed as indicating that demand-side measures that reliably and cost-effectively reduce Belmont Light energy and/or capacity requirements are any less important to pursue for ratepayers than supply-side strategies. It is recognized that increased electricity use through strategic electrification use may be effective in reducing carbon emissions in other sectors.

**X. PERIODIC REVIEW**

Periodically, but no less frequently than once each year, this power supply policy should be reviewed. How to meet future year clean generation attributes percentages, as well as whether to pursue a more aggressive percentage of clean generation attributes shall be included in this assessment.

**XI. RESPONSIBILITY**

Belmont Light's General Manager in consultation with the Light Board shall be responsible for implementing all necessary procedures, guidelines and controls to ensure compliance with this policy.

MLB Approval Date: 11/19/18