

BELMONT LIGHT ENERGY RESOURCES POLICY

I. Purpose: The purpose of the Belmont Light Energy Resources Policy is to establish a framework for the selection and evaluation of the supply and demand side energy resources used to serve customer load.

II. Goals: The mission of Belmont Light is to deliver safe, reliable electric power service to the community of Belmont by embracing new technology and providing superior customer service. Consistent with this mission, Belmont Light will consider supply and demand side resources to meet system needs on the basis of pursuing the following overall goals:

- (a) system reliability
- (b) economic efficiency
- (c) customer equity
- (d) stewardship of the environment and natural resources
- (e) reasonableness of costs and prices

III. Definitions

For the purposes of the Belmont Light Energy Resources Policy, the terms (a)-(e) below will be defined as follows, unless the context otherwise requires:

- (a) *Demand side management (DSM)* means management of demand side resources, i.e., a program that reduces or curtails customer use and/or encourages customers to change the level or pattern of their electricity use.
- (b) *Best practice* is a program, program element, or program process that has been implemented, measured, and shown to be effective under circumstances similar to those under consideration by Belmont Light.
- (c) *Cost-effectiveness* of any demand side management program or measure will be determined based on a total system benefit to total system cost ratio equal to or greater than one (1.0).
- (d) *Total system costs and benefits* are the costs and benefits that accrue to all Belmont Light ratepayers, including participants and non-participants of demand side management programs.

IV. Objectives: The following specific objectives are adopted to support goals II(a)-II(e):

A. Demand Side Resources



1. Belmont Light will consider all available demand side resources that are cost-effective relative to available supply resources when evaluating the future energy needs of the system. Belmont Light will utilize cost-effective demand side resources to reduce peak demand, to slow the rate of load growth, and to reduce overall consumption while maintaining or improving system reliability and overall quality of service.
2. By December 1, 2014 and on an annual and ongoing basis thereafter, Belmont Light will publish a demand side management (DSM) plan that will identify the portfolio of programs and initiatives to be continued, developed, implemented, measured, evaluated, and/or modified during the immediately ensuing fiscal year, as well as to report the currently known outcomes of the previous year's DSM plan.
3. Belmont Light's portfolio of demand side resources may include, but not be limited to, implementation of the following strategies:
 - (a) energy efficiency incentive and rebate programs
 - (b) electric energy audits
 - (c) facilitation of direct installation of energy efficient technologies and demand management devices at customer locations
 - (d) emission-free, renewable distributed generation interconnection and buyback programs
 - (e) efficient and meaningful price signals
 - (f) deployment of cost-effective smart grid technology
 - (g) customer use feedback mechanisms
 - (h) demand response programs
 - (i) customer driven renewable energy certificates (RECs) purchasing programs
 - (j) outreach, information, and education initiatives
4. All Belmont Light demand side management programs will be developed, implemented, measured, and evaluated according to industry best practices.
5. All Belmont Light demand side management programs and measures under consideration for inclusion in the DSM portfolio will be considered for implementation if the expected discounted benefit to cost ratio is greater than or equal to one (1.0). Where multiple program or measure options are considered, the option with the highest expected discounted benefit to cost ratio will be chosen.
6. The performance of existing demand side management programs and measures will be evaluated on the basis of cost-effectiveness. The cost-effectiveness of any demand side management program



or measure will be determined based on a total system benefit to total system cost ratio equal to or greater than one (1.0).

Total system costs and benefits are the costs and benefits that accrue to all Belmont Light ratepayers, including participants and non-participants of demand side management programs. System benefits will be quantified as avoided costs from the energy and/or demand savings attributable to the program or measure, including avoided environmental externalities. Where appropriate and cost-effective to do so, non-resource costs and benefits, such as those associated with other social impacts, utility operations and maintenance, or the value of equipment, will also be considered in the evaluation of DSM programs.

7. Belmont Light will provide customers with the tools and information necessary to best manage their energy use. Belmont Light will utilize a diverse portfolio of outreach mechanisms, reflecting the diversity of its customer base.

B. Power Supply Resources

1. All power supply procurement will be conducted in accordance with the 2008 Belmont Light Power Supply Policy, subject to the following amendments:

- (a) Section II of the 2008 approved Power Supply Policy will be amended such that the phrase “financially viable” is replaced with “economically justifiable,” and the phrase “‘green’ resources” is replaced with “environmentally benign and renewable generation resources,” so as to read

...Belmont Light will also strive to optimize the efficiency of energy use to both conserve energy and reduce peak demand. Where economically justifiable, it will seek to optimize the use of environmentally benign and renewable generation resources.

- (b) Section III, Paragraph 5 of the 2008 approved Power Supply Policy, in reference to evaluation of demand side resources, will be amended such that the phrase “financially viable” is replaced with “cost-effective,” so as to read

[Belmont Light will] Evaluate the cost-benefits provided by demand-side management, distributed generation, and energy conservation programs, implement individual programs that are deemed to be cost-effective.

- (c) Section III, Paragraph 6 of the 2008 approved Power Supply Policy will be amended such that the phrase “clean, renewable” is replaced with “environmentally benign and renewable,” the phrase “the costs are comparable to the costs for” is replaced to “cost-effective relative to,” and the phrase “conventional power sources” is replaced with “other power sources,” so as to read



Belmont Light will investigate possibilities for investing in renewable energy facilities and for contracting for environmentally benign and renewable energy. Belmont Light will attempt to contract for such power whenever cost-effective relative to other power sources.

IV. Business Conduct: All members of Belmont Light staff, BMLAB, and MLB, will be held to the highest standards of ethical business conduct and are required to fully comply with all laws, regulations, and Belmont Light policies; these same demands apply to trading partners, consultants, and/or other entities conducting business with or on behalf of Belmont Light.

The General Manager/CEO, in consultation with BMLAB, shall be responsible for implementing all necessary procedures, guidelines, and controls to ensure compliance with this policy.

MLB Approval Date: September 30, 2013