

DATE: September 17, 2020
TIME: 9:19 AM

Light Board Advisory Committee Meeting Minutes

Minutes of Meeting held on Wednesday, August 19th, 2020
7:30am

Attending LBAC members: Chair Stephen Klionsky, Vice Chair Travis Franck, David Beavers, Robert Forrester, Ralph Jones, and Michael Macrae.

Belmont Light (BL) attending: General Manager Craig Spinale, Becca Keane, Aidan Leary

Municipal Light Board (MLB) Chair Roy Epstein

I. CALL TO ORDER

Convened at 7:33am.

II. GENERAL MANAGER'S UPDATE

GM Transition

- Spinale reported the transition was going well thus far. He said BL was still trying to fill a procurement position, a customer service position, and an assistant general manager role and that he hoped that the senior customer service opening would be filled by an internal candidate. Spinale said other than those hiring processes, it was business as usual from a work standpoint.

Strategic Plan

- Spinale said there was a draft Strategic Plan, which was constantly being amended. He hoped to present the following Monday at the Light Board meeting and would send it to the LBAC members.
 - o Spinale said the draft was about BL's strengths, weaknesses, and plans as a business.
 - o Keane noted that the Ventana Model would help set and prioritize the energy- and rate-related initiatives identified during the strategic planning process.

III. DISCUSSION ON TOU RATE DESIGN

Time of Use (TOU) Among Massachusetts Municipal Light Plants (MLPs)

- Keane shared a slideshow as an introduction to the research. She explained that she was rounding out staff research and compiling TOU rates of other municipalities. BL staff had looked at 38 out of 41 other light departments in the state and planned to circle back to the missing municipalities. 11 of 38 light departments had TOU available to an entire rate class, with four offering residential TOU.
 - o Keane spoke about the Concord Municipal Light Plant, as they had a similar rate structure so what Belmont Light was considering. Concord MLP offered an opt-in TOU program to the residential base with a 10 hour on/off peak. Klionsky and Franck asked about Concord MLP's goals for TOU, and Keane said she had asked similar questions in the survey to other MLPs with a residential TOU offering and she would share the answers. Spinale added that he hoped to have one on one meetings with similar MLPs to get in-depth answers to those questions.
 - o Keane spoke about Groton Electric Light, which had been using TOU for a decade. Groton's current rate has a three-tiered peak structure and they were piloting another TOU rate, with some customers doing "shadow" billing for a new rate. Groton also had different pricing based on the monthly usage of the customer. Keane said Groton prioritized TOU and was considering switching to an opt-out TOU program. Klionsky asked if BL had the same capacity to do similar shadow billing and Keane said yes, but it would require more administrative and up-front work.
 - o Keane spoke about Reading Municipal Light Department, who she had not received survey answers from yet. Reading changed their energy rates monthly, and residents were expected

- to keep themselves updated on rate changes. Reading had a 7-hour peak window. Epstein asked Keane to ask Reading utilities why they each picked their specific peak window.
 - Finally, Keane spoke about the Sterling Municipal Light Department, which was more rural and had a smaller residential base. Sterling used a bundled rate, long on-peak hours, and block pricing.
- Spinale stressed the importance of customer education around TOU, as customer understanding would be crucial to the success of TOU in Belmont.
- Keane went through the next steps for the TOU process, which included more in-depth research with local MLPs, determining rate scenarios for Utility Financial Services (UFS), a presentation by UFS, and the presentation of TOU within the context of the Strategic Plan and BL recommendations on TOU to the Municipal Light Board (MLB).
- LBAC members asked questions and added comments:
 - Klionsky asked if there was anyone else doing similar research on TOU at Massachusetts MLPs that Keane could work or compile information with. Keane said she had not found much information, but she and Klionsky agreed that they would look into that further.
 - Macrae asked how other MLPs had implemented their TOU billing programs. Keane responded that the BL's billing system already had the capability to handle TOU pricing. Spinale added that BL had the correct billing system and smart meters, so BL was in good shape to set up TOU.
 - The group thanked Keane and other staff for their work.

Overview of TOU Customer Impact Exercise

- Beavers presented a slideshow to help compare potential rate scenarios and look at their impacts on particular BL customer groups. If LBAC agreed on a TOU model that they would like to see formally analyzed, they would send the chosen rate scenario to UFS and move forward from there.
 - The TOU Customer Impact Exercise helped to analyze and compare options as part of the proposed process with UFS.
 - The TOU Compare Model examined impacts of different TOU proposals for different customer groups, like the average residential user, high- and low-end users, and customers with solar, heat pumps, and EVs.
 - Beavers discussed updates to the model, including addressed errors to typos and formulas, added ability for Critical Peak assignment, and a closer match to 2019 rate. Future plans for the model were to create an individual version that customers could use, and to implement better tracking of payback for solar use.
 - Beavers listed the current rate scenarios:
 - Baseline: Rate structure for power supply, BL distribution, and other costs in place in calendar year 2019.
 - Virtual Peaker: Rate structure based on a Concord resident Brian Fould's TOU proposal with Virtual Peaker Element. Critical peak serves as Virtual Peaker call hours. Peak takes place from 5-9pm including weekends. Very detailed scenario that includes three peaks. Assumes that motivated customers could reduce load by 75% during a Virtual Peaker call a few times a year to reduce the total load during the peak produce customer savings.
 - Some discussion ensued between members about how the savings produced by VP would be split between customers and BL, as well as if there would be penalties for those who did not decrease or increased their usage. Macrae also brought up that the hours of calls would probably be much smaller than the proposed 31 hours, and that he thought that perhaps customers who reduce usage during called events should be awarded a larger portion of induced savings.
 - UFS 9-hour proposal: All year, excluding weekend. The critical peak would be from 2pm-7pm with 2/3 of capacity cost included, and peak between 12pm-2pm and 7pm-9pm with 1/3 of capacity cost included.

- Summer Peaker: peak defined as 1pm-7pm for June through September, including weekends and holidays. Off-peak would be all other hours throughout the year.
 - Beavers went through a chart of the rates for the current rate scenarios:
 - For UFS, the peak rate would be 27% higher than the current Baseline rate of \$.191, the critical peak rate would be about 90% higher than the baseline rate, and the off-peak rate would be about 26% lower.
 - For Virtual Peaker, the peak rate would be 26% higher, the critical peak would be \$4.078 \$/kWh, and the off-peak rate would be 18% lower.
 - For Summer Peaker, the peak rate would be 158% higher and the off-peak rate would be 19% lower.
 - Discussion ensued around the high Virtual Peaker rates for critical peaks.
 - Next, Beaver discussed the results around consumption patterns. For those who made no change in their consumption, would pay around the same annual costs no matter the chosen TOU scenario. For more motivated customers, every 10% of change in rate, kWh would decrease by 2%.
 - Beavers presented example monthly bill impacts, which mostly saw decreases in monthly charges, except for some customers who did not change their behavior. A lengthy discussion ensued about the specifics of the provided example.
 - Next, Beavers showed a slide about alternate distribution, which would include a \$30 fixed monthly customer fee and \$0.041/kWh. As a result, customers who used more than average kWh would save money and those who used less would pay more money.
 - Beavers presented final observations:
 - UFS – 9hrs was the most conservative.
 - Virtual Peaker would require motivated users.
 - Solar Peaker may be the best rate for EV, PV, HP, and solar customers.
 - For all scenarios the total kWh does not change substantially unless the load was shifted.
 - Distribution revenues are not impacted substantially with the current distribution rate
 - Alternative distribution rate would reduce revenue from those customers.
 - Some discussion ensued amongst the group around capturing transmission and capacity with different scenarios.
- Spinale went through next steps around the TOU process asked what the group was hoping to gain from a prospective September presentation with UFS. There was consensus amongst the LBAC members to hold off on the next UFS meeting. Keane brought up that LBAC and BL needed to evaluate if TOU was the best move, and if so, they would need to make a concise and compelling case to MLB and the public.
- LBAC members further discussed usage, how to present the idea to the public, and how to pare down the current ideas. Epstein emphasized that continuing to talk to other MLPs seemed crucial to further understand how behavior changed with TOU. Keane said she could get more information from the MLPs for the next meeting. Beavers suggested that the group go over their goals and ideas around paring down the scenarios at the next meeting.

IV. APPROVAL OF MEETING MINUTES

- None.

V. FUTURE MEETINGS

- September 16th at 7:30am.

VI. ADJOURNMENT

- The meeting was adjourned at 9:47am.