

**MINUTES
Of The
LIGHT BOARD ADVISORY COMMITTEE
Remote Meeting
WEDNESDAY, OCTOBER 21, 2020
7:30 A.M.**

**RECEIVED
TOWN CLERK
BELMONT, MA**

DATE: April 7, 2021

TIME: 2:54 PM

I. CALL TO ORDER

Mr. Klionsky called the meeting to order at 7:33am. Present were LBAC Chair Steve Klionsky, Vice Chair Travis Franck, and Board Members Jonathan Abe, David Beavers, Bob Forrester, Ralph Jones, and Michael Macrae. Also present was Belmont Light General Manager Craig Spinale, Assistant General Manager Sam Osmancevic, Energy Resources Manager Becca Keane, Energy Specialist Ben Thivierge, and Communications Coordinator Aidan Leary. Also present was Municipal Light Board (MLB) Liaison Adam Dash.

II. DISCUSSION ON TIME OF USE RATE DESIGN

Mr. Spinale presented on the research Belmont Light has been doing on time of use (TOU) rates (see slides below), including talking to utilities in Massachusetts and other states about why they use TOU. They found that some were very dedicated to the idea and some had it just to offer something.

The aim of the research was to ask why Belmont should bother with TOU: what's in it for Belmont Light and the customer. They interviewed staff from Reading, Concord, and Groton, Massachusetts as well as Glasgow, Kentucky. Generally, Belmont Light staff worked to talk to utilities who "look" like Belmont.

Takeaways:

- Belmont is on the right path.
- Data analysis is challenging, even with smart meters.
- Piloting is crucial – In literature that the team consulted, SMUD and Fort Collins emphasized this. It allows fine-tuning the data and understanding the results and gives time to tweak the process.
- Savings potential & rate design are utility-specific. It depends on what the department wants (who should benefit, etc.).
- Communication with customers is everything! Every utility felt they had not done a good enough job on communication.
 - Voluntary rates: little meaningful uptake where there was poor communication.
 - Lackluster outreach will lead to disinterest, confusion, skepticism and even controversy.

Ms. Spinale felt having the pilot was important to address these issues – it begins the process and helps educate customers. Mr. Spinale then summarized the discussions from the individual utilities:

Reading:

- Industrial TOU is the priority rather than residential. This makes them the least like Belmont.
- TOU goals should include more than cost savings (e.g. Carbon reduction, electrification).
- Keep the rate simple. Two or less peak periods seemed to work well (3 seemed to tip the scales to confusion).
- More marketing to help voluntary uptake.

Concord: Concord's rate base is more like Belmont's rate base and they have had TOU for many years. It's voluntary, but they have a less than 1% participation (about 60 customers). They are thinking of going mandatory, mostly to improve participation. Residential TOU is a newer priority, and they are considering mandatory model

- Reduced customer bills & electrification are the main objectives
- Results: EV's are the biggest winners so far (30-50% savings during off-peak).
- Dynamic rate design is okay. CMLP is not too concerned with over-complicating rate structures.
- "You get from the rate what invest in it" – this is the communication aspect.

After talking to these two utilities, Mr. Spinale was not fully convinced of the merit of residential TOU– it didn't seem like it was worth the effort – but this view changed as they talked to Groton and Glasgow, KY.

Mr. Franck feels it's important to do the pilot and not make it mandatory, but eventually Belmont should have an 'opt out' model so TOU is the standard rate. Mr. Franck explained that he supports a mandatory or opt-out model as a way to support the six goals, and particularly the Strategic Electrification Goal, and that this might lower the barrier to achieving those goals.

Mr. Dash asked what the reticence is on having a mandatory model right away. Mr. Spinale said he was concerned about the communication portion of the program. Belmont Light has a great deal of work to do to adequately explain why this is a good idea, and to provide the tools for customers to use to fully understand why this is the right way to go. They could do a pilot program as a "soft start" for customer service to learn how to communicate the program, have the time to develop the needed tools, and gain data..

Mr. Klionsky thinks the progression should be from a pilot to mandatory with an opt-out option but make it as attractive as possible. Ms. Keane advised that Belmont Light had to be very careful about introducing mandatory TOU rates. They must be very mindful about where they're going, what data they're collecting, communications, etc.

Groton: Groton is all in with TOU but, they are much smaller than Belmont in terms of staffing, so it is the GM's job is to talk to the individuals enrolled in or thinking about TOU. He spends a lot of hands-on time with these customers concerning how they can reduce their consumption. They are very focused on keeping it simple. They found that having a third peak window confused their customers. Groton is moving to a mandatory TOU model in the next few years. All-in-one residential TOU

- Cost equity and reduced peak costs are main objective.
- Results: 3% peak reductions, sees 4% as possible with continued education
- Simplicity, marketing, and customer support are key.

Mr. Klionsky asked if there was any discussion about energy use reduction, saying it would be good to be able to market energy reduction as a benefit of TOU. Groton did not report on overall reductions, but the group can consider literature to see what to expect. Mr. Macrae thought that people using pre-cooling and pre-heating processes will pay less money with TOU but would actually use more energy.

Glasgow, KY: The GM & Light Board were all in on mandatory TOU. 80-90% of the customers like it, but the people who did not like it had a very strong voice and the MLP has dealt with controversy as a result.

- Path to a mandatory, pure pass-through has not been quick or easy. Results are worth it.
- Results: 80-90% of customers like TOU, other 20% strongly skeptical and have opted-out (which was just recently available). Big win was their load factor improving (which has relevant to Belmont Light).
- During the pandemic they have seen:
 - kWh consumption has gone down but revenue went up.
 - Significant annual peak savings
 - Residential customers on TOU at ~\$8/month savings
- If they could rewind, they would have handled marketing differently. Would take more time upfront to educate and explain more intently than they did.

Ms. Keane mentioned that Glasgow has a residential demand charge, which is what caused a lot of the controversy and which speaks to rate design and how to handle it. Mr. Thivierge added that there wasn't a marketing shortage, the issue was the message itself. Ms. Keane asked the GM of Glasgow if he thought going to mandatory residential TOU was worth it given all the problems and he said yes, because it's the right thing to do.

Mr. Macrae asked if the 20% were unhappy because they were paying more money or was their issue with the concept of TOU. Mr. Spinale said he felt it was a combination of those things, but they didn't discuss the reasons in depth. He assumes it was financial – that they didn't change their habits, so they ended up paying more.

Mr. Abe asked if there was any data about whether having 20% of people opt out has any impact on the program. Mr. Spinale said they had not asked this question but could reach out to the other utilities to find out. Mr. Abe pointed out that Glasgow paid \$500,000 less to the TVA and that money could be used for other purposes included reducing customer costs.

Ms. Keane suggested developing a shadow billing program like Groton would be beneficial for Belmont Light.

APPA Papers & Webinars

- Fort Collins: pilot 1.9% overall kWh reductions, 7.5% peak reductions, \$1/month customer savings.
- SMUD: default TOU- 8% peak reductions, 2% opt-out rate, \$3/month customer savings during the summer.

Mr. Spinale reminded the committee that both these utilities are MUCH larger than Belmont. He explained that while saving \$1 or \$3 a month might cause customers to question whether it's worth the effort, they need to educate people that they might have ended up spending much more if they hadn't changed their habits.

Review of Rate Proposals

Mr. Spinale said Belmont Light staff have looked at many rates and options and they believe it's important to keep it simple. Suggest they roll it out as a pilot or soft start as an opt-in program with an off peak, on peak rate design. Whether it's a seasonal rate needs to be discussed. But the presented rates seem to be the best to concentrate on.

UFS-Simplified 9 Hour:	Peak 12-9pm All year, weekends & Holidays Excluded Investigate seasonal Adjustment	Peak \$0.32031 rate Off Peak: \$0.13398 rate On/Off Differential 2.39 \$15.00 Customer Charge
Summer Peaker	Peak: June – Sept (1-7pm). Weekends & Investigate seasonal Adjustment	Peak: \$0.494 rate Off Peak \$0.137 rate Customer Charge TBD

Belmont Light recommends a soft start possibly at the beginning of the year with a simple peak/off-peak rate. This would allow them to hold public hearings, gauge reaction, collect data, and then perhaps a year from now potentially go to a mandatory rate depending on how the pilot goes. Mr. Spinale feels that this is definitely a rate that they should offer customers, and these rates have been vetted to work with Belmont's system. The question of whether to have a Seasonal Rate could be decided after there is some data available.

Mr. Spinale pointed out it is important to increase the Customer Charge in the Simplified Rate to make it a net zero gain for Belmont Light. This is not indicated in the Summer Peaker Rate, but this is open for discussion. The multiplier is about 4 from peak to off peak. UFS recommended \$0.03 - \$0.14 cents spread.

Mr. Macrae asked what was being proposed for solar buyback. Mr. Spinale said they are not proposing any change to the solar buyback at this time. Mr. Beavers replied that his modeling shows that Belmont Light can buy from the grid or locally but it should pay the same price either way. So, the numbers presented by Mr. Spinale could be the ones shown for on peak and off peak.

Mr. Franck would like future program considerations to include a clear holistic view of the costs and rebates from Belmont Light just to see how rates and rebates all fit together.

Mr. Jones asked if it was productive to start the pilot during the pandemic when residential use is unusually high because so many people are at home. Mr. Spinale agreed that this is an issue, but feels there will be several meetings to nail down the right rate, answer questions, and get MLB's buy in. This will take time and once they're done they can decide whether or not to introduce the program or wait until people are back at work, etc.

Mr. Beavers expressed concern about the weekend & holiday exclusion. He wonders if, with lifestyle changes, going forward peaks will happen on the weekend, which could cost Belmont Light a lot of money. He suggests keeping it through the weekend to avoid this financial uncertainty. Also, the 12-9pm peak is very broad, and doesn't really match summer capacity or transmission (which usually happens about 7pm). Mr. Kliensky thought that the pilot could illuminate whether peaks were approaching on the weekends.

Mr. Franck thought having every day the same is actually much more simple (although perhaps have a narrower peak window).

Mr. Spinale explained that all the utilities they had spoken with excluded weekends & holidays, but it's all up for discussion.

Mr. Beavers likes the simple model and thinks the other details can be worked out.

Ms. Keane reported that both Reading and Groton are considering a smaller peak span because that will catch the peaks but also be more beneficial to the customer.

Mr. Thivierge spoke about the Demand Response (DR) program, and how Belmont Light is able to match the program with rates and have the ability to call a peak event on the weekend, and that there is consideration to modify the DR program to include both the transmission and the capacity piece. Hopefully some savings will be had there. Mr. Thivierge fielded some questions about the DR program.

Mr. Franck asked if Mr. Thivierge had any thoughts about how the DR program would line up with any of the TOU plans. Mr. Thivierge felt that it does line up, that even with a standard TOU rate, there will still be the need to call peak events and ask customers for a reduction in usage. Ms. Keane said one of the main reasons to launch Virtual Peaker (the DR tool) was to help people acclimate and adjust to a TOU.

Mr. Kliensky thought the solar buyback would be different for on peak and off-peak and that there are a few things to consider before deciding to go forward. He asked Mr. Spinale if this lined up with the six goals. Mr. Spinale said he thought it did and that keeping it simple and having a soft start was important because there is still work to do on where rates can go.

Mr. Spinale reviewed his changing thought process around TOU and how it should complement other programs, but if it replaces other programs that might be the right time to move to mandatory. Right now, he would like to approach TOU as just another rate option so they can collect data on the program and educate the customer base.

Mr. Spinale suggested giving some rates to UFS to process and then have UFS present at the next meeting.

Mr. Beavers likes the two scenarios and thinks that sending them to UFS makes sense so those results can be folded into other issues like the solar buyback.

Mr. Abe suggested they always talk about how this interacts with solar, EV, heat pumps, etc. He also questioned if heat pump customers might feel this is a bait & switch, and suggests that education highlights how this is being balanced with electrification efforts.

Mr. Klionsky does not feel 12-9pm is the right number of hours.

Ms. Keane said they have looked deeply at how TOU would impact a variety of customers, for example those with one EV, those with an EV and a heat pump, and other variables and have data to share on this.

Mr. Franck expressed concerns about UFS's past results and said this should be discussed before sending UFS more materials. Mr. Beavers said he feels it's on LBAC to let UFS know what they want and felt it would be worth getting more polished data and then have them recalculate if they don't provide what LBAC needs.

Mr. Spinale explained that there would be additional charges to look at these scenarios, but it's not a lot of money so he is comfortable doing it. He suggested LBAC solidify what they want to give UFS and avoid extra back and forth.

The group discussed possible scenarios to send to UFS and it was generally agreed to send the proposed scenarios plus variations of the peak window times, include a pilot program, and include and exclude weekends.

Mr. Spinale proposed that the next meeting be dedicated to reviewing UFS's numbers, and the committee agreed with this.

Mr. Spinale presented a separate proposal to incentivize electrification without a TOU by updating Belmont Light's existing residential rate. He wanted the committee to know about this so they would know there are other options if TOU does not achieve their goals.

Mr. Dash and Mr. Spinale discussed the possible schedule for the future discussions and meetings and a potential date to vote on a recommendation.

III. APPROVAL OF MEETING MINUTES

There were no minutes to approve.

IV. FUTURE MEETINGS

November 18, 2020

VII. ADJOURNMENT

Mr. Beavers moved to adjourn the meeting. Mr. Franck seconded the motion and it passed unanimously. The meeting was adjourned at 9:13am.

Respectfully submitted by,
Susan Peghiny