

**MINUTES
Of The
LIGHT BOARD ADVISORY COMMITTEE
Remote Meeting
Wednesday, December 16, 2020
7:30 A.M.**

**RECEIVED
TOWN CLERK
BELMONT, MA**

DATE: August 18, 2021
TIME: 3:05 PM

I. CALL TO ORDER

Mr. Klionsky called the meeting to order at 7:30am. Present were Light Board Advisory Committee (LBAC) Chair Steve Klionsky, Vice Chair Travis Franck, and Members Jonathan Abe, David Beavers, Bob Forrester, Ralph Jones, and Michael Macrae.

Also present were Belmont Light General Manager Craig Spinale, Energy Resources Manager Becca Keane, Energy Specialist Ben Thivierge, Finance Manager Mara Makar-Limanov, 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 recapped previous discussions, including a review of the six goals for Time of Use (TOU) design previously established by LBAC and agreed to by the MLB. Lessons learned about implementing a TOU rate from other municipal light plants (MLPs) were: keep it simple; conduct a pilot; and communication is extremely important.

Updated Rate Scenarios: Spinale presented updated versions of two rate design concepts discussed at previous meetings: 1) the "UFS 9-Hour" that has a year-round, on-peak period from 12-9 PM and 2) the "Summer Peaker" wherein the on-peak period would be 1-7 PM in the months of June through September only. LBAC had seen an earlier version of the "UFS 9-Hour" with a \$15.00 Customer Charge and requested to see a version of the rate with a \$10.60 Customer Charge to mirror Belmont Light's current Customer Charge for Residential Rate A customers.

The concept of the Summer Peaker scenario was initially created by Member Beavers during his modeling of customer impacts. Belmont Light had asked UFS to formally review the rate concept and provide their own version of the scenario.

Mr. Spinale mentioned that Belmont Light's interactions with UFS have not been very satisfying. UFS's initial involvement in the TOU project was good, but lately they do not seem to be responding as well.

Mr. Spinale feels the updated on-to-off peak differential in the 9-Hour proposal is too low and might not change customer behaviors. They learned from other MLPs that a differential of about 3.0 should be the goal, but the updated rate is even lower than the earlier proposal.

Mr. Klionsky expressed his ongoing disappointment in UFS. He also thinks that the peak/off-peak differential will not be large enough and referenced a Brattle Group study of TOU pilots in Maryland, where the differential ranged from 4.2-6.0 in summer and 4.0-5.8 in winter. He pointed out that he hasn't seen any TOU studies that include weekends & holidays on-peak and off-peak.

Mr. Spinale presented the proposal for a Summer Peaker design from UFS. Spinale and Keane plan to ask UFS for a year-round version of the scenario because they strongly prefer a rate that targets all of Belmont Light's transmission costs rather than just those that occur in the summer. Mr. Franck cautioned that any update to the rate needs to retain simplicity per the group's TOU goals.

Mr. Klionsky still wonders about the weekends and holidays. Mr. Spinale said Belmont Light looked at the last 8-10 years and found that weekend transmission peaks did happen, although not often. Mr. Beavers expressed concern about a capacity peak on the weekend (off-peak).

Mr. Spinale said that UFS had suggested a gradual rate change that would slowly move customers toward a larger differential over several years. He thought this might be worth looking at. Mr. Macrae is not convinced that a phased in approach would be helpful especially regarding customer action/inaction.

Mr. Macrae asked what would happen with the buyback rate with these scenarios. Spinale said that UFS's modeling has not reflected any changes in buyback, and that will need to be done. Mr. Macrae asked LBAC if the buyback rates should be adjusted to match peak and off-peak time periods.

Mr. Klionsky suggest they provide numbers with and without weekends & holidays and with and without holidays, just to see what changes.

Regarding expanding the scenario to include a winter peak, Ms. Keane pointed out that based on the 2021 budget, \$2 million of Belmont Light's expected \$3 million+ transmission costs would not be captured by a scenario with a summer-only peak. About \$1 million would be targeted, leaving 2/3 unaddressed. The capacity peak adds about another \$3 million in costs, which the rate scenario would adequately target.

Mr. Klionsky pointed out that the rate can always be changed and will need to be over time. He's comfortable with the weekends not being included for the pilot. Ms. Keane suggested they write into the tariff a clause saying that if Belmont Light sees a weekend peak coming, they will ask people to change their behavior and decide which pricing to use. Mr. Klionsky expressed hope that there would be community input on these issues before any decisions were made.

Mr. Dash prefers the summer peaker with the weekends & holidays included to make it easier for customers, and that running a pilot during the pandemic is difficult since the data will be skewed. He feels 9:00 p.m. is too late for a peak and suggests a target for when people come home from work (6:00-7:00 p.m.).

Mr. Klionsky asked if it made sense to roll the program out during the COVID pandemic or whether it wait until the fall. Mr. Spinale said that it was his hope to start rolling things out late spring or early summer. He asked whether it made sense to put out a pilot program and then start educating the public or vice versa. Mr. Dash said his thought was to present it to the Light Board and then have a public forum, as it didn't make sense to roll out something this major without getting public input.

III. RECAP OF LIGHT BOARD GOVERNANCE PUBLIC FORUM

Mr. Klionsky reviewed the MLB public forum, and the possible options for governance. He felt that the great majority of comments favored a 5-member elected board.

Mr. Spinale sent a survey to all the General Managers of the Municipal Light Association of Massachusetts (MEAM) to see if their governance had changed in the last several years. There have been changes in North Attleboro, which had a whole Town Charter change in 2019 that increased the Light Board from 3 to 5 elected members. Also, South Hadley in 2015 increased from 3 elected to 5 elected members of their Light Board.

Mr. Dash and the Committee members discussed their impressions and thoughts about what they heard at the forum.

IV. VIRTUAL PEAKER UPDATE

Mr. Spinale explained that Belmont Light had previously contracted with Virtual Peaker for a demand response program. The Massachusetts Municipal Wholesale Electric Corporation (MMWEC) had also recently contracted with Virtual Peaker to runs its Connected Homes Program. Belmont Light had decided to join

MMWEC's HELPS Program to take advantage of the Connected Homes Program and drop its individual contract with Virtual Peaker, with the result being a greatly reduced cost for the demand response program.

Mr. Franck asked if this change would add capabilities to the programs, for example to cover appliances. He also asked if there is anything about behind-the-meter battery rollout. Mr. Thivierge said yes to both. He explained that they can now implement thermostats (currently Honeywell and Nest customers). They are implementing batteries (currently only Sonnen) but they do want to expand this, and Virtual Peaker is aware of this and working on it with the manufacturers.

Mr. Klionsky asked if there is any potential interaction between Virtual Peaker and TOU rates. Mr. Thivierge said yes, because of the alerts that will be sent out, and he will work with Mr. Leary on a Demand Response Alert campaign for customers who might be willing to modify their behavior but don't want to tie their devices into Virtual Peaker. Mr. Keane added that they always considered Virtual Peaker as a complement to TOU and to be used as a tool to make TOU a better experience.

MR. Thivierge explained that they also want to encourage usage of SmartHub because customers can monitor their usage down to the hour. He hopes to include information on this in their customer outreach for the pilot and TOU program.

Mr. Macrae talked about managed charging versus TOU rates and asked about what the best strategy for Belmont might be. Rebates for managed charging infrastructure, or get everyone on a virtual "pseudo" TOU rate, etc. Mr. Thivierge suggested that the design of the incentives and rebates should be tied into programs in which they want increased participation. For example, offering a rebate for a device, but including the condition that the customer must join a specific program to get the rebate. Mr. Thivierge discussed some of the pluses and minuses of this approach.

V. REVIEW OF PRELIMINARY YEAR END BELMONT LIGHT FINANCIALS

Mr. Spinale provided an overview, explaining that the December numbers were still being compiled but that overall Belmont Light is almost exactly where they were last year. The Residential Rate made up for the Commercial & Industrial Rate drop-offs. The warm summer helped, too.

Ms. Makar-Limanov explained that for the Estimated Year-End Results she used 10 months actual data and a combination of actuals and budgeted numbers for November and December. It happens that the May budget revision is right on target. She said that there is also opportunity for some rate stabilization.

For revenue, Belmont Light is right on budget and close to what they had in 2019. From the expense perspective Belmont Light is again close to what was budgeted (about \$5,000 higher), and slightly higher than 2019, which is explained by things like additional labor expense which can not be capitalized and must be expensed. She said she will do a deeper analysis for the Monday MLB meeting, but she believes they will be on target to have about \$2.4 million in operating income which will cover everything they need.

Ms. Makar-Limanov discussed the Pilot Transfer Memo, explaining that the Pilot for the year is \$1,150,000. She also mentioned the Power Cost Adjustment (PCA). In December of 2019, a new PCA tariff was enacted which reconciles actual purchase power cost and revenues based on the base cost for power supply. Using *that* approach, it happens that Belmont Light's revenues are higher. Using this calculation Belmont Light will "over-collect" about \$800,000, and this provides an opportunity to transfer money to the Rate Stabilization Fund. Doing this transfer would automatically increase the Purchase Power Cost (which is how it must be handled on the books). As a result, when she does another true-up of the PCA factor, there is no over-collection. After much discussion with the auditors, she suggests a transfer of \$800,000 to the Rate Stabilization Fund to help start replenishing it. Also, the amount calculated through the PCA factor would have to be recognized on the financial statements as a liability but it will not be very high (estimated at \$35,000).

Mr. Spinale pointed out that this will go in front of the MLB but he highlighted the language change that was made to the PCA language a year ago which inserted a specific dollar value per kWh. Because of that, they must recognize this as a cost on the books as a line item. He specifically would like LBAC to consider changing the language of the PCA. The auditors were surprised that the kWh cost had been specified, because the industry-wide the trend is the other way (to more vague language as Belmont previously had). He emphasized that there is nothing wrong with either approach, but the vaguer language requires an MLB vote and submission to the DPU.

Mr. Franck asked what the previously agreed goal is for the Rate Stabilization Fund. Ms. Makar-Limanov responded that the goal is 3 months of power supply (industry standard). For Belmont Light that means \$3.5-3.7 million. Right now they have a little over \$2 million, and the transfer of the \$800,000 is a big step to achieving the goal.

Mr. Forrester asked if the PILOT Transfer Memo is a formal agreement signed by Belmont Light and the Town of Belmont. Mr. Spinale said yes it was an agreement for the next 3 years and then the rate would go back to its previous level.

Mr. Klionsky pointed out that this is not a PILOT payment, but rather a voluntary gift to the Town that may be given by the MLB as they wish, and he did not think there could be a binding agreement for this gift. After some discussion Ms. Makar-Limanov asked if the language on the memo should be changed, and Mr. Klionsky advised yes – change it from PILOT to Voluntary Payment. Mr. Dash pointed out that PILOTs are by nature voluntary. The group discussed this issue, language, and timing of the payments.

Mr. Spinale returned to the topic of the PCA language and Belmont Light's hope to bring a language change for the PCA tariff to the MLB. He will make sure that the pandemic did not affect the unusual collection (although the numbers are almost identical to 2019).

Mr. Klionsky expressed gratitude that Belmont Light has performed so well during the pandemic and congratulated the team for their efforts.

VI. FUTURE MEETINGS

January 6, 2021
February 3, 2021

VI. ADJOURNMENT

Mr. Klionsky moved to adjourn the meeting, Mr. Franck seconded, and the motion passed unanimously. The meeting was adjourned at 9:30am.

Respectfully submitted by,
Susan Peghiny