

**MINUTES
TOWN OF BELMONT
MUNICIPAL LIGHT BOARD
OPEN MEETING**

**Hybrid Meeting via Zoom & BMLD Conference Room
August 21, 2024**

**RECEIVED
TOWN CLERK
BELMONT, MA**

DATE: September 18, 2024
TIME: 2:26 PM

CALL TO ORDER. Chair Michael Macrae called the Municipal Light Board meeting to order at 7:31am.

- **Present for the Municipal Light Board (MLB, Board)** were Chair Macrae, Vice Chair Andrew Machado, and Members David Beavers, Travis Franck, and Steve Klionsky. No member was absent.
- **Present for Belmont Municipal Light Department (BMLD)** were General Manager Craig Spinale, Assistant General Manager Sam Osmanecic, Finance Manager Maria Makar-Limanov, Energy Specialist Kevin Bleau, and Executive Assistant Erin Lenzing.
- **Documents/exhibits used:** Past minutes as outlined below, Q2 2024 Preliminary Financial Package, REC proposal slides, draft of the Power Supply Policy with edits dated 08/08/24, 225CMR document on Renewable Energy Portfolio Standard, and proposed amendment to MGL c.164 §137.

APPROVAL OF MINUTES

- Regular Session for July 17, 2024

Mr. Macrae moved to approve the Regular Session minutes from the July 17th 2024 Municipal Light Board meeting. Mr. Machado seconded, and the motion passed 5-0 by roll call vote. Mr. Machado, Mr. Beavers, Mr. Klionsky, Mr. Franck, and Mr. Macrae all voted aye.

PUBLIC COMMENT - There was no public comment.

SECOND QUARTER (Q2) 2024 FINANCIALS

Financials

Ms. Makar-Limanov presented the preliminary financial results for the first six months of 2024, stating that there were no surprises—the results were as expected, in line with the budget, and comparable to prior years. Electricity sales were comparable to the first six months in 2023. There was a negligible decrease in the budget (less than 1%) and power purchases decreased compared to both the budget and 2023 numbers. She briefly touched on the impact to the budget of increasing the depreciation (capital) allowance from 3% to 5%, which she expected will be approved by the Department of Public Utilities (DPU).

Overall, total preliminary revenue for Q2 was roughly \$14.5M, which is 0.4% lower than the budget and 2.5% higher than the same period of 2023. Preliminary expenses for Q2 were about \$12.6M, or 5.8% lower than budgeted and 5.2% higher than second quarter of 2023. For expenses, she called out that any changes to the Power Supply Policy, and how it handles Renewable Energy Certificates (RECs), could change the numbers. In the meantime, she is accruing expenses associated with RECs based on the continuation of existing policy.

Ms. Makar-Limanov then touched on the Power Cost Adjustment (PCA), which she now estimates at \$1.7M overcollection for the year. As of now, BMLD projects \$3.5M-\$4.5M in operating income for 2024, depending on changes to power supply policy and other decisions. The expected DPU approval of increased depreciation rate would reduce operating income to \$2.3M-\$3.3M.

Discussion

In response to a question from Mr. Klionsky, Ms. Makar-Limanov said that the letter to move to a 5% depreciation fund had not been filed with the DPU yet as BMLD wanted to raise it to the Board first. There was a brief discussion about capital expenditures vs maintenance expenses for things like the planned upkeep on Station One, the status of transformers for Belmont center (on order), and the main drivers for upcoming capital needs.

Ms. Makar-Limanov also confirmed that the industry best practice for the rate stabilization fund is to keep three months of purchased power expenses; Mr. Spinale pointed out BMLD could put more in the fund if they wanted. There was a short conversation about the PCA overcollection.

POWER SUPPLY DISCUSSION (RECS)

Proposal

This was continuation of previous discussions, this time with a focus on a strawman proposal by Mr. Beavers about the Renewable Energy Certificates (RECs) portion of the policy. Mr. Beavers presented slides on the topic, with the main recommendations being:

- **For 2024:** To continue the current policy for the remainder of the year.
- **For 2025:** To update the policy by eliminating references to the MA Clean Energy Standard (CES), raise funds for electrification via a \$0.01/kWh generation charge, and using those funds for:
 - Voluntarily compliance with the Class 1 portion of the MA Renewable Portfolio Standard (RPS).
 - Compliance with Greenhouse Gas Emissions Standard (GGES), starting in 2030, if required.
 - Other electrification priorities TBD by BMLD staff in consultation with and approved by the Board no later than June 30th of each year.

He also walked through a hypothetical scenario of what would have happened if his proposed changes were in place for 2024, the benefit of which would be a \$500K fund for electrification efforts.

Discussion

There was a brief discussion on rates process, DPU timing, and a call for any questions on 2024 policy.

Mr. Franck moved to continue with the Power Purchase Policy (Power Supply Policy) through the end of 2024 following the percentage of RECs required by CES. Mr. Beavers seconded, and the motion passed 5-0 by roll call vote. Mr. Machado, Mr. Beavers, Mr. Klionsky, Mr. Franck, and Mr. Macrae all voted aye.

The conversation then moved to 2025 policy. The conversation was far-ranging, with the main topics being how electrification could be defined; the cost of Class I vs Class II RECs; having a default spend built into the policy (e.g., language allowing BMLD to buy RECs if the Board doesn't allocate funds by a certain date); using a generation charge for transparency; current practices with the demand-side management (DSM) budget; the rationale of a June 30th deadline for allocation; and the impact of service upgrades.

Mr. Franck voiced concerns about the potential for a new fund to be used towards the DSM budget rather than for new programs. There was a discussion using heat pumps as an example. Mr. Machado pointed out it may depend on the definition of electrification and the original fuel source the heat pump was displacing. The conversation then moved on to cost recovery for DSM, moving off the RPS standard (which both Mr. Klionsky and Mr. Macrae expressed support for), and the anticipated future costs of RECs.

As a next step, Mr. Spinale will loop in Daymark Energy Advisors so that they can include the suggested 2025 policy in their ongoing cost-of-service study and give the Board some insight on the points raised.

DISCUSSION ON MGL C.164, § 137

Mr. Spinale explained that a group called PowerOptions is proposing two amendments to Massachusetts General Law (MGL) Chapter 167, Section 137. Initially PowerOptions was also trying to remove language from Section 137 that excluded municipal light plants (MLPs) such as BMLD. But after pushback from various MLPs, PowerOptions dropped that request, so the current proposed amendments would not apply to BMLD. There was a brief discussion about possible impacts to project costs, public vs private construction, and wholesale vs retail energy. Mr. Spinale expressed that he was raising the issue primarily because of the opposition from the MLPs, which he wanted the Board to be aware of.

GENERAL MANAGER'S REPORT

Mr. Spinale updated the Board on the following:

- **New England Power Pool (NEPOOL) vote from August 1:** This vote changed members' reporting of greenhouse gas programs/reductions to the state from optional to mandatory. BMLD already does this reporting. He also mentioned that the GIS vote to move from monthly to hourly Renewable Energy Certificates (RECs) was expected to take place in early September.
- **Mystic generating plant legal settlement:** Mr. Spinale stated that there was a settlement that BMLD was part of. He recommended the Board move to or schedule an Executive Session if they wanted to discuss it in more detail. The meeting stayed in Regular Session.
- **Audit scheduled for September 11:** This is the year-end audit of the 2023 financials. The results are expected to be presented to the Board at the October meeting.
- **Public Power Week Open House on October 7:** Mr. Spinale announced that BMLD would be hosting an Open House event for Public Power Week, which is the first week in October.
- **Belmont Light work schedule:** He reported on the response to BMLD's summer schedule of 4 days a week, 10-hour days. There were no complaints from the public, and benefits were gained to staff satisfaction and completing projects, so the plan is to continue with the schedule to the end of year as a pilot to see how it works in colder months.
- **Ice rink grant:** Mr. Beavers outlined the steps he had taken with the rink committee, Department of Energy Resources (DOER), and the Town to get a grant application submitted within 10 days. If awarded, the grant would be for \$40K to answer questions on a possible solar array, energy storage, etc. Mr. Spinale and the Board thanked Mr. Beavers for his efforts.

FUTURE MEETINGS - The next meetings are scheduled for:

- September 18, 2024 | 7:30 a.m.
- October 16, 2024 | 7:30 a.m.
- November 20, 2024 | 7:30 a.m. - tentative
- December 18, 2024 | 7:30 a.m.

ADJOURNMENT

Mr. Macrae moved to adjourn the meeting of the Municipal Light Board. Mr. Machado seconded, and the motion passed 5-0 by roll call vote. Mr. Machado, Mr. Beavers, Mr. Klionsky, Mr. Franck, and Mr. Macrae all voted aye. The meeting was adjourned at 9:45am.

Respectfully submitted by,

Erin Lenzing
Executive Assistant