

**BELMONT LIGHT**  
**POWER SUPPLY POLICY**

**August 2024**

**I. GOAL**

Belmont Light will strive to develop a managed power supply portfolio that provides Belmont customers with reliable electric service at the lowest possible cost consistent with the Town's Climate Action Plan (CAP) (reinforced by Town Meeting's 2019 approval of the Climate Action Roadmap) that obligates all sectors, in the aggregate, including the electricity sector, to reduce its CO<sub>2</sub> emissions by 80 percent by 2050; recognizing, however, that reductions in CO<sub>2</sub> emissions through non-power supply portfolio measures (for example, through enhanced energy efficiency measures and/or rate design) can contribute to the said goal. New technologies, such as energy storage, will also be investigated as means to achieve the CAP goals and to reduce Belmont Light's capacity charges.

**II. PORTFOLIO SUPPLY**

Belmont Light, in collaboration with its outside power supply consultants, will strive to enter into portfolio purchases to minimize risks through layered and staggered purchases with credit worthy power suppliers. Power supply should be flexible enough to meet an evolving energy marketplace. The term "power supply" shall consist of three distinct portfolios: energy, capacity and renewable energy credits (RECs).

For its energy requirements, a target of no more than 20 percent of Belmont Light's total energy needs should be supplied via any single contract while the total energy portfolio hedge may vary depending on market conditions and seasonal considerations but should have a target of approximately 80 percent. This approach would result in a minimum of four active contracts and leave about 20 percent of Belmont's energy needs subject to the spot market to act as a cushion to load variability.

For Belmont Light's capacity requirements, based on the operation of the Forward Capacity Market ("FCM") by the Independent System Operator – New England, Belmont Light will hedge to a maximum of approximately 50 percent of its capacity needs in any year when doing so will provide significantly more cost certainty than would otherwise be expected from the Forward Capacity Auction ("FCA") process. This capacity hedge can be met with individual contracts, as available, with no one contract exceeding approximately 25 percent of Belmont Light's requirements.

Belmont Light will pursue resource and counterparty diversification by establishing Master Agreements with multiple suppliers that conform to the standards set forth by the Edison Electric Institute. Such purchases shall include, but not be limited to: energy strips; heat rate swaps; load following for energy and ancillary services; spot

market purchases; unit entitlements; forward fuel hedges for unit entitlements and heat rate/fuel index contracts; and, verifiable load management and/or energy conservation services.

Regarding particular power sources and RECs, Belmont Light should seek out competitively priced renewable and non-carbon emitting energy sources in New England and surrounding regions to add to its supply portfolio consistent with the layered and staggered approach indicated above.

**Policy Through 2024**

Consistent with a modest rate impact, Belmont Light shall meet the greenhouse gas emissions standards (GGES) set forth in Massachusetts General Law, c. 25A, sec. 11F3/4, as set forth in the table below through Calendar Year 2024.:

| Year | Percent of total Massachusetts power supply portfolio to be non-emitting per Massachusetts Department of Environmental Protection 310 CMR 7.75(4) | Percent of total electricity to be non-emitting per MGL Ch. 25A, Sec. 11F3/4 “Municipal Light Plant GGES” | Percent of total Belmont Light power supply portfolio to be non-emitting per this Policy |
|------|---|---|--|
| 2018 | 16  | -   | 33   |
| 2019 | 18  | -   | 50   |
| 2020 | 20  | -   | 66   |
| 2021 | 22  | -   | 83   |
| 2022 | 24  | -   | 100  |
| 2023 | 26  | -   | 100  |
| 2024 | 28  | -   | 100  |

Belmont Light will buy and retire all RECs available in its power supply contracts. Belmont Light will strive to meet the minimum requirements of 310 CMR 7.75(4) with Class I Massachusetts RECs. This may require the purchase and retirement of Class I Massachusetts RECs. Any additional REC purchases necessary to meet the Belmont Light power supply targets listed in column four may include RECs generated by Class I and/or Class II resources from New England states, and/or RECs generated by other similar resources specifically deemed acceptable by the Municipal Light Board.

To further facilitate achieving the targets listed in column four, the Municipal Light Board may allow Belmont Light to count generation from specialized renewable resources categorized as “load reducers” to decrease the level of RECs needed for the applicable year by subtracting megawatt hours from Belmont Light’s overall retail

load. Load reducers are renewable generation resources, such as certain hydroelectric facilities, that don't generate RECs and the megawatt hours from which cannot be claimed by any other entity in achieving renewables targets. When used to reach Belmont Light's power supply targets, megawatt hours associated with these resources will be deducted from Belmont Light's retail load to determine a lower compliance obligation. Given the lower retail load, fewer RECs would be needed to meet the column four targets.

### **Policy Starting 2025 - TBD**

#### **III. PUBLIC POLICY**

Belmont Light will keep abreast of market developments, availability of power products and market conditions. Policy positions by Belmont Light pertaining to power supply shall be discussed in advance with the Municipal Light Board.

#### **IV. PORTFOLIO PLANNING**

Belmont Light's power supply portfolio will be designed to meet an annual energy budget, and, to the extent possible, a five-year energy budget. Long term supply plan goals beyond five years, along with a plan to achieve those, will be set periodically.

#### **V. PARTICIPATION OF THE MUNICIPAL LIGHT BOARD**

The General Manager of Belmont Light will, on an on-going basis, discuss the status of the power supply portfolios, including percentages from renewable or carbon free resources, with the Municipal Light Board. Individual contractual power supply opportunities will be discussed in advance with the Municipal Light Board. Terms of the opportunities and its benefits should be specified.

#### **VI. TRANSACTION AUTHORIZATION POLICY**

Subject to the discussions that will take place pursuant to Section V, above, the General Manager, or in his/her absence the Assistant Manager/Director of Operations, may enter into power supply contractual arrangements without an affirmative vote of the Municipal Light Board; provided, however, that this authority extends only to contractual arrangements that are of five years or less in duration and that pertain to 50,000 megawatt hours of power or less for the length of the contract. Any contractual arrangement in excess of five years or 50,000 megawatt hours requires the approval of the Municipal Light Board.

If, due to exigent circumstances, it is not practicable to discuss an individual contractual supply opportunity with the Municipal Light Board in advance of the need to enter into a contractual arrangement, the General Manager of Belmont Light or his/her designee will make a diligent effort to contact the Chair of the Municipal Light Board to discuss said proposed arrangement.

#### **VII. EVALUATION**

All supply portfolio arrangements shall be evaluated for their efficacy and cost-effectiveness in meeting the goals set forth in Section 1.

**VIII. TRANSPARENCY**

It will be the policy of Belmont Light to make public all documents pertaining to power supply other than documents (or portions thereof) that are defined by contract as confidential or commercially proprietary. It is recognized, however, that there may be good cause and a legal basis to protect certain other sensitive documents in certain instances. Belmont Light will seek to avoid unnecessary contractual restrictions on the public release of documents. Belmont Light will endeavor to make as much information public as possible.

Belmont Light shall maintain a publicly available webpage that displays its aggregated power supply, as well as definitions of key terms that allow for better understanding for Belmont customers and the general public.

**IX. EQUIVALENCE OF SUPPLY-SIDE AND DEMAND-SIDE MEASURES**

Nothing in this Power Supply Policy should be construed as indicating that demand-side measures that reliably and cost-effectively reduce Belmont Light energy and/or capacity requirements are any less important to pursue for ratepayers than supply-side strategies. It is recognized that increased electricity use through strategic electrification use may be effective in reducing carbon emissions in other sectors.

**X. PERIODIC REVIEW**

Periodically, but no less frequently than once each year, this Power Supply Policy should be reviewed. How to meet future year clean generation attributes percentages, as well as whether to pursue a more aggressive percentage of clean generation attributes shall be included in this assessment.

**XI. RESPONSIBILITY**

Belmont Light's General Manager in consultation with the Municipal Light Board shall be responsible for implementing all necessary procedures, guidelines and controls to ensure compliance with this Policy.

MLB Approval Date: August 21, 2024

APPROVED  
Municipal Light Board  
DATE: 8/21/24