

**Belmont Net Metering Working Group Meeting Minutes**

10 August 2015

2015 AUG 24 AM 8:56

Town Hall Conference Room 2

Present: Roy Epstein, Robert Gallant, Steve Kliensky & Henry Jacoby

The meeting was called to order at 7:32 p.m.

Chair Epstein announced that the agenda for today would be a continuation of discussion of the spreadsheet model of alternative tariff plans, and he reiterated that all editing and revision of a Committee report would be conducted in public.

**Review of Spreadsheet Model Features and Experiments**

Epstein gave a brief review of the model features, and the names given to the three alternatives:

Concord plan = Net metering

Groton plan = Grid I/O

Austin plan = Austin (essentially treating the solar host as an IPP)

Epstein then argued that the Austin plan was not relevant for our consideration, because of the cost of the additional meters required, a conclusion challenged by Jacoby because we do not know whether the cost of these meters is significant or not. More importantly, Epstein argued that determination of the power price in the Austin model requires the adding up of many complex parts, and that implementation would be beyond the time available to our committee and perhaps beyond the implementation capability of BL. In response, further consideration of the Austin plan was dropped.

Epstein then reviewed the discussion in the last two meetings and the agreement on two objectives of a solar tariff plan for Belmont:

- A high enough IRR to facilitate solar development, and
- An equitable contribution by solar hosts to BL fixed costs.

He proposed an IRR of 8% (based on current loan rates for equivalent projects by local banks) perhaps with a bit extra to account for differences in the locational quality of the solar resource. He further suggested that the target contribution to fixed cost of \$585 per year, built up from the \$0.0669 BL charges for "distribution" and an addition for debt service.

Jacoby questioned the correspondence of this number with the \$814 per year contribution by non-solar hosts calculated for Grid I/O in the spreadsheet. Chair Epstein was unable to reconcile the two numbers on the spot, but said he would return to the question in the next meeting.

At this point Member Kliensky questioned the use of a model based on the BL accounting numbers (with Jacoby adding his lack of knowledge of the BL accounting procedures) and stated his lack of confidence in a tariff based on this spreadsheet analysis.

**Discussion of the Consistency of Spreadsheet Analysis and BL Accounting**

There followed a colloquy, mainly involving Epstein and Klionsky regarding confidence in use of the spreadsheet model results as the basis of a Committee recommendation to the Light Board.

For example, a question was raised whether the \$0.1038/kWh used in the model for the variable cost in fact includes some fixed cost. Epstein and Klionsky thought yes, but didn't know the magnitude.

Klionsky further questioned the spreadsheet approach (adding to his concern with the use of BL numbers the lack of a social value in the calculation and the use of SRECs and the ITC as covering that concern), and decried the precision in the result. He recommended another approach that meets the two objectives, but does that not pretend an analytical basis.

Epstein declared he wanted only enough precision to be reasonable, but desires a principled, rational basis for a recommended tariff—and one with a basis for automatic adjustment over time. Klionsky responded that such a goal is OK, but not with a model flawed for its dependence on BL accounting numbers, and he further argued that there is no need to build in an update process for what is essentially an arbitrary number. He favors some alternative “operational” number.

The discussion then turned to a comparison of the Grid I/O results in the spreadsheet with the Term Sheet recommendation, and the similarity of the two. It was further pointed out that the IRR is not very sensitive to the buyback rate in these two tariff plans.

Member Gallant then circulated a table he had prepared, “Comparison of Four Tariff Models vs. Non-Solar” (attached, as edited on 11 August), which was discussed briefly.

**Other Issues to Be Addressed**

Chair Epstein summarized tasks to be addressed:

- Resolution of the question of a \$580 vs. \$814 contribution to fixed cost
- Items for a committee report
  - Selection of a tariff concept
  - Set a buyback price with an operational criterion
  - Take a position on other areas covered in the Term Sheet
- Reach a conclusion on the grandfathering issue

**Approval of Minutes**

The minutes of the 30 July 2015 meeting were reviewed, and with small corrections they were approved by vote of the Committee.

**Public Contributions**

Chair Epstein opened the meeting for public comment.

Mark Davis said there was a problem with the spreadsheet assumption of \$3.65/W, and said a higher number was more realistic.

Alix van Geel thanked the Committee for its efforts and recalled an earlier discussion of how important it is for BL to set up [solar] goals with plans to achieve them. She also recommended that SRECs be modeled as taxable income, and that account be taken of the agent fee required for a solar host to monetize an SREC.

Travis Franck added his view of the need to include a 7% agent fee and income taxes. He also said we should consider how loss of the ITC will change the dynamics, as it is more important than the buyback rate.

Roger Wrubel raised a question about the origin of the \$0.0669 distribution cost estimate, observing that it reflects a BL allocation of costs between residential and commercial sectors.

Jon Abe suggested that, given the Committee's knowledge, it could also consider the May 25 tariff and make a recommendation.

Phil Thayer said the Committee should be sure its recommendation would work "operationally", for both the BL billing software and for the installers as they decide whether to market in Belmont

#### **Adjournment**

The meeting was adjourned at 9:40 p.m.

Appendix

Comparison of Four Tariff Models vs Non Solar 8/11/15

	Customer's Annual Bill	Contrib. to Fixed Costs	Should contribute	Diff (Elec Bill not Paid)	IRR	Gross Installation Costs
Non-Solar Customer	\$1,570	\$814	\$729/\$554	N/A	N/A	N/A
Retail Net Metering	\$479	\$295	\$729/\$554	\$1,091	15.5%	\$18,469
Grid In/Out Model Austin	\$737	\$552	\$729/\$554	\$834	13.3%	\$18,469
Model Wholesale Net Metering	\$977	\$793	\$729/\$554	\$593	10.2%	\$18,469
	\$1,213	\$1,028	\$729/\$554	\$357	5.7%	\$18,469