

Reading Municipal Light Department (RMLD) Board of Commissioners
Joint Meeting with the RMLD Board Policy Committee
Power & Rate Committee Agenda

Thursday, July 21, 2011

7:00 p.m.

General Manager's Conference Room

1. Renewable Energy Policy
2. Direction Regarding Renewable Power - Attachment 1
3. Energy Environmental Policy Concepts - Attachment 2
4. Article Relative To: - Attachment 3
Greater Reliance on Efficiency, Wind and Long-Term Contracts Reduces Risks and Ratepayer Costs
5. Update on Potential Solar Power Projects
6. Green Choice Renewable Energy Credits (RECs)
7. Motion to Adjourn

To: RMLB 14 June 2011
cc: V. Cameron, CAB

Subject: RMLB Direction Regarding Renewable Power

To date, the RMLB direction regarding renewable power is essentially "that there should be some renewable power in the RMLD portfolio." This note contains two agenda topics for the upcoming Power-Rate Committee that may serve to give more specific RMLB direction regarding renewable power.

Agenda Topic #1 — In obtaining renewable power, what direction shall the RMLB give regarding existing power sources and/or encouraging the development of new renewable power sources?

Some Possibilities

1. The RMLD encourages the development of new renewable power sources and will not purchase power from existing renewable power sources.
2. The RMLD will purchase only from existing renewable power sources.
3. The RMLD, in its purchase of renewable power, is indifferent to whether a source is in development or is in existence.

Agenda Topic #2 — In allowing customer-owned power sources (maximum of 10 kilowatts), the RMLB has not provided direction regarding payment rates to customers generating net power into the RMLD system. What direction shall the RMLB give for how much to encourage customer-owned generation?

Some Possibilities

1. Extreme possibilities range from as low as no payment to as large as that mandated by law in Germany of 50¢ / kWh.
2. Other possibilities including paying at the rate of the fuel charge for that month (RMLD's current reimbursement) to that mandated for the Massachusetts Investor-Owned-Utilities, i.e., equivalent to the sum of RMLD's base charge plus the fuel charge for that month.
3. Further possibilities include a higher reimbursement rate for a fixed initial period of years, followed by a lower rate after the initial period has elapsed.

Jeanne Foti

From: Bo or Gina [bogina03@earthlink.net]
Sent: Friday, April 29, 2011 3:34 PM
To: Bob Soli; Mary Ellen O'Neill
Cc: Jeanne Foti
Subject: Re: RMLD Policy Committee Meeting - April 27, 2011 Follow up assignment

Hi Bob and Mary Ellen,
 I've pulled the information from the web searches that I mentioned at the meeting on Wednesday and offered to summarize as possible points to discuss for an environmental policy, see below. As I understand it, this would be for discussion at our next meeting, or by a subcommittee.
 Thank you,
 Gina

Energy Environmental Policy Concepts for Discussion at next meeting

Here are some points from documents that I searched out for the policy committee to consider in crafting an internal environmental policy for RMLD

- Reducing Environmental Impacts
- Could include specifics on reducing: Air emissions, greenhouse gases and/or energy use, water use, waste

Could include commitments to:

- Increase the use of green electricity.
- Minimize energy use wherever possible.
- Continual improvement on environmental issues where economically feasible.
- Control the activities of the company to minimize risk of pollution to the environment.
- Minimize the production of waste where possible and any disposal of waste produced will be carried out with due care for the environment.
- Minimize the use of new products where other recycled materials are a suitable substitute.
- Make every effort to ensure that where waste materials or products can be recycled they are recycled in an environmentally responsible way in order to conserve resources.
- Ensure that our operations comply with or exceed current legislation and other relevant requirements.

5/2/2011

- Be a responsible employer and neighbor.
- Ensure that all employees carry out their duties in line with the above statement and, through training, are aware of their obligations.
- Compile and keep publicly available this Environmental Policy.

Other examples include:

- Avoid waste and encourage conservation and / or recycling.
- Encourage the sustainable use of land based resources
- Strive to reduce air, land and water pollution.
- Encourage staff to practice good environmental housekeeping at home.
- To monitor environmental developments within our industry and to comply with current relevant environmental legislation, and
- Promote environmental awareness for its operatives and other persons under their control.
- Assess the likely environmental effects of planned projects and operations, and maintain standards of environmental protection reflecting best industry practice in comparable situations, improving on such standards where reasonably practical and economic throughout our operations.
- Foster among staff, consultants, suppliers, customers, and communities local to RMLD operation, an understanding of environmental issues in the context of the business, and to report publicly on environmental performance.

As part of our procurement process we will where practicable and subject to clients requirements seek to achieve the following objectives:

- To purchase goods and services that can be manufactured, used and disposed of in an environmentally friendly manner.
- To purchase items which can be recycled or reused;
- To procure from suppliers who show commitment to sustainable environmental improvement.
- To offer the client alternative equipment / services that improves on energy efficiency.

Examples of Specific actions from several energy company websites:

- We maintain our buildings in an energy efficient manner (could indicate 10% reduction in energy use planned until meet ENERGYSTAR benchmark at 75 or above, e.g.)
- We purchase ENERGYSTAR electronics and low fuel consumption vehicles (could have a standard, e.g, using fueleconomy.gov)
- Low energy light bulbs are in use wherever possible and photo sensors turn off lights when rooms and hallways are unoccupied

- We recycle our printer cartridges wherever possible
- We communicate with our customers and shareholders via email
- We use public transport wherever possible and practical
- We do not idle company cars
- We adhere to the Town of Reading Green Purchasing Policy
- We use 100% renewable electricity
- Virtually every sheet of letter-sized paper is used twice before recycling

Jeanne Foti

From: Bo or Gina [bogina03@earthlink.net]
Sent: Monday, June 20, 2011 9:20 AM
To: Jeanne Foti; Bob Soli; Richard Hahn
Cc: Mary Ellen O'Neill; Phil Pacino; Vincent Cameron; Gina Snyder; jparento@rmid.com
Subject: Re: Power & Rate Committee

As I may be late getting to the June 22 meeting, I thought I would send along an interesting article with link to a report I received - FYI.

Report Finds Greater Reliance on Efficiency, Wind and Long-Term Contracts Reduces Risks and Ratepayer Costs

<http://www.waterefficiency.net/the-latest/report-efficiency-wind.aspx>

SOUTH ROYALTON, VT —A Vermont Law School report released today offers a comprehensive approach to resource acquisition in the electricity sector and highlights the increasing importance of efficiency, renewables such as wind power, and long-term contracts to lower risk and costs in meeting future electricity needs. Mark Cooper, senior fellow for economic analysis at VLS's Institute for Energy and the Environment, presented his findings at the annual meeting of the Mid-America Regulatory Conference in Rapid City, South Dakota, where he was on a panel to discuss the potential marriage between natural gas and renewables. Cooper is available to comment at 301-807-1623 (cell) and markcooper@aol.com. An executive summary and the full report, titled "Least-cost Planning for 21st Century Electricity Supply," are available at http://www.vermontlaw.edu/Academics/Environmental_Law_Center/Institutes_and_Initiatives/Institute_for_Energy_and_Environment/Regulators_and_utilities_must_adapt_to_the_increasing_complexity_and_ambiguity_that_resource_acquisition_faces_in_the_electricity_sector.pdf. "Regulators and utilities must adapt to the increasing complexity and ambiguity that resource acquisition faces in the electricity sector," Cooper said. "The core principles of prudence and least cost planning should be reaffirmed, but a resource plan for America's electricity supply in the rest of the 21st century must also:

- * be hedged against risk.
- * maximize options to reduce uncertainty.
- * be flexible with respect to outcomes that are, at best, vague.
- * be insulated against ignorance of the unknown.

The report uses four fields (financial portfolio and real option analysis, technology risk assessment, reliability and risk mitigation management, and Black Swan Theory) to build a practical framework for regulators and utilities to evaluate electricity resources. The framework offers specific advice to utilities and regulators:

- * Identify the trade-offs between cost and risk and lower risk through hedging.
- * Reduce exposure to uncertainty by buying time.
- * Keep options open by acquiring small assets that can be added quickly.
- * Minimize surprises by avoiding assets that have unknown or uncontrollable effects.
- * Create systems that monitor conditions and can adapt to change in order to maintain system performance.
- * Buy insurance where possible.
- * Recognize that diversity is the best insurance.
- * Build resilience with diversified assets by increasing the variety, balance and disparity of the resource mix.

The report applies the framework to rank seventeen resources based on the cost estimates from two well-known sources—Lazard, Wall Street and the California Energy Commission.

"The empirical analysis shows that the current utility bias in favor of large, central station facilities makes long-term commitments in exactly the wrong way for the current decision making environment," Cooper said. "It commits to assets that have high risk (e.g., fossil fuel and nuclear facilities) or create large exposure to uncertainty (large size, high capital costs, or long lead times) with technologies that have vague long-term prospects (unstable resource availability and poorly understood environmental impacts)."

"Gas has an important role to play, but the dash to gas that is developing is being significantly overdone because it unnecessarily exposes ratepayers to risk, uncertainty and vagueness," Cooper said. "A more balanced approach that begins with a great deal more efficiency and locally abundant renewables such as wind—that can be acquired more quickly and in much smaller increments with long term fixed-price contracts—yields lower expected costs when combined with natural gas."

Cooper has 30 years of public policy analysis experience and has given 350 pieces of expert testimony before federal and state legislatures and regulatory bodies on behalf of consumer, low-income and public-interest groups, people's counsels and attorneys general.

Gina

-----Original Message-----

From: Jeanne Foti
Sent: Jun 17, 2011 6:51 AM

7/12/2011

