

Reading Municipal Light Department (RMLD) Board of Commissioners  
Policy Committee Agenda  
Tuesday, May 1, 2012  
7:30 p.m.  
General Manager's Conference Room

1. Proposed Renewable Energy Policy from Power & Rate Committee (Attachment)
2. Proposed Sustainable Energy Policy - Mr. Soli - (Attachment)
3. Proposed Renewable Energy Policy - Mr. Soli - (Attachment)
4. Response Information for Commissioner West's Request (Attachment)
5. Motion to Adjourn



PROPOSED RENEWABLE ENERGY POLICY  
FROM POWER & RATE COMMITTEE



**Renewable Energy Policy**

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General Manager

Per Board Vote  
Chairman/Date

**I. Purpose**

- A. To develop an approach for implementing the vision of its strategic plan that the RMLD “demonstrate leadership and excellence in providing low cost, clean and reliable electric service.”
- B. To establish general guidelines that promote the inclusion of renewable energy projects in order to further implement one of the primary strategies of the RMLD’s strategic plan to “procure a long – term diverse and environmentally responsive power supply portfolio.”

**II. Responsibilities**

- A. RMLD Board of Commissioners
  - 1. Responsible for approving this policy.
- B. RMLD Power and Rate Committee
  - 1. Review all staff-recommended renewable energy project proposals and make recommendations to the Board of Commissioners.
- C. General Manager
  - 1. Responsible for implementing this policy.
- D. Energy Services Division
  - 1. Responsible for assisting the General Manager in implementing this policy and associated activities.
  - 2. Responsible for presenting, evaluating, and overseeing the projects necessary to achieve the goals of this policy.

**III. Policy Elements**

- A. Renewable energy projects include those whose energy comes from hydro, solar, wind, geothermal, and biomass sources and which include the renewable energy certificates (RECs) that certify them.
- B. The goal of the RMLD is to have five percent of its power supply portfolio come from renewable energy sources by the end of calendar year 2012. The percentage of the power supply portfolio deriving from renewable energy resources will increase by one percent per year for the five year period of 2013-2017 at which time the RMLD Board will assess this goal.
- C. RECs associated with power supply contracts that are in excess of the

goal for 2012, 2013, 2014, 2015, 2016, and 2017 will be sold and the revenue received will be returned to the fuel charge.

- D. If Massachusetts state law requires the RMLD to participate in the Massachusetts Renewable Portfolio Standard (RPS) the RMLD will review and make required adjustments to its power supply portfolio.
- E. The RMLD will strive to diversify renewable energy projects by type, size, and location and will also include environmental impacts in the evaluation process.

PROPOSED SUSTAINABLE ENERGY POLICY  
MR. SOLI





## SUSTAINABLE ENERGY POLICY

### I. PURPOSE

- A. To implement the vision of its strategic plan that the RMLD "demonstrate leadership and excellence in providing low-cost, clean and reliable electric service."
- B. To establish general guidelines that promote the inclusion of sustainable-energy projects in order to further implement a strategy of the RMLD's strategic plan to "procure a long-term diverse and environmentally responsive, power-supply portfolio."

### II. RESPONSIBILITIES

- A. RMLD Board of Commissioners — Responsible for approving this policy.
- B. RMLD Power & Rate Committee — Review all staff-recommended sustainable-energy projects and make recommendations to the Board of Commissioners
- C. General Manager — Responsible for implementing this policy.

### III. DEFINITIONS

- A. Sustainable energy projects are projects whose energy comes from hydro, solar, wind, geothermal, and biomass sources and which might not include the government-mandated renewable energy certificates (RECs) certifying that the power came from a renewable source.
- B. Renewable energy projects are projects whose energy comes from hydro, solar, wind, geothermal, and biomass sources and which include the government-mandated renewable energy certificates (RECs) certifying that the power came from a renewable source.

### IV. POLICY ELEMENTS

- A. The RMLD is striving to develop a practical approach to including sustainable energy in its energy portfolio while simultaneously balancing power supply costs.
- B. The RMLD sustainability targets are to reach 15 percent sustainability by 2015, 20 percent sustainability by 2020 and 25 percent sustainability by 2025. These target dates and target values will be reviewed by the Power & Rate Committee every three years, with a first review in 2015.

- C. If Massachusetts law requires the RMLD to Participate in a Renewable Portfolio Standard (RPS), the RMLD will review and determine adjustments to the RMLD's power supply portfolio.
- D. The Power & Rate Committee will evaluate potential sustainable-energy projects with and without the RECs in the pricing to determine the effect of each sustainable-energy project on power supply costs.
- E. On an annual basis, the RMLD Board shall determine the number of RECs to be retired and the number to be sold. The number of RECs to be retired will not be less than the number required under the Green Choice program for the prior fiscal year.
- F. \_The value of RECs held, sold, and retired by the RMLD shall be included in the monthly financial reports prepared for the Board of Commissioners as well as included in the RMLD Annual Report. The valuation for the RECs held and retired shall be based on mark-to-market valuation on the respective reporting date.

PROPOSED RENEWABLE ENERGY POLICY  
MR. SOLI



# RENEWABLE ENERGY POLICY

## I. PURPOSE

A. To implement the vision of its strategic plan that the RMLD "demonstrate leadership and excellence in providing low-cost, clean and reliable electric service."

B. To establish general guidelines that promote the inclusion of renewable-energy projects in order to further implement a strategy of the RMLD's strategic plan to "procure a long-term diverse and environmentally responsive, power-supply portfolio."

## II. RESPONSIBILITIES

A. RMLD Board of Commissioners — Responsible for approving this policy.

B. RMLD Power & Rate Committee — Review all staff-recommended renewable-energy projects and make recommendations to the Board of Commissioners

C. General Manager — Responsible for implementing this policy.

## III. DEFINITIONS

A. Sustainable energy projects are projects whose energy comes from hydro, solar, wind, geothermal, and biomass sources and which might not include the government-mandated renewable energy certificates (RECs) certifying that the power came from a renewable source.

B. Renewable energy projects are projects whose energy comes from hydro, solar, wind, geothermal, and biomass sources and which include the government-mandated renewable energy certificates (RECs) certifying that the power came from a renewable source.

## IV. POLICY ELEMENTS

A. The goal of the RMLD is to have five percent of its power supply portfolio come from renewable energy sources by the end of calendar year 2012. The goal for the power supply portfolio deriving from renewable energy resources will increase by one percent per year for the five year period of 2013-2017 at which time the RMLD Board will assess this goal.

B. RECs associated with power supply contracts that are in excess of the paragraph IV.A goals for 2012, 2013, 2014, 2015, 2016, and 2017 will be sold and the revenue received will be

returned to the fuel charge, i.e., the RECs as follows shall be retired for the following years, and any RECs in excess of the percentage may be sold:

Year	RECs retired (as available), as a percentage of power supply portfolio
2012	5%
2013	6%
2014	7%
2015	8%
2016	9%
2017	10%

C. If Massachusetts state law requires the RMLD to participate in a Renewable Portfolio Standard (RPS), the RMLD will review and determine adjustments to its power supply portfolio.

D. The RMLD will strive to diversify renewable energy projects by type, size, and location and will also include environmental impacts in the evaluation process.

E. The value of RECs held, sold, and retired by the RMLD shall be included in the monthly financial reports prepared for the Board of Commissioners as well as included in the RMLD Annual Report. The valuation for the RECs held and retired shall be based on mark-to-market valuation on the respective reporting date.

RESPONSE TO COMMISSIONER WEST'S  
INFORMATION REQUESTS



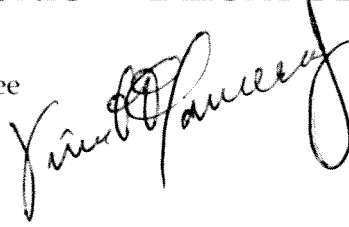


## READING MUNICIPAL LIGHT DEPARTMENT

To: RMLD Policy Committee

Date: April 25, 2012

From: Vinnie Cameron



Subject: Response to Information Request from Commissioner West

Commissioner West made the following information request for the Policy Committee meeting on May 1, 2012.

**As we are preparing to discuss the Power & Rate Committee's proposal for RECs, please provide the following information to the Policy Committee and the Board to provide pertinent background and details:**

### **1) RMLD staff proposal for REC treatment**

*The Sustainable Energy Policy proposed to the Power & Rate Committee on April 18, 2012 by RMLD Staff is attached as Attachment A.*

### **2) Current value of RMLD RECs held**

*The current value of the RMLD RECs is as follows. The RMLD has approximately 18,000 MWh worth of RECs from the four Swift River Hydroelectric plants through March of this year. (In Attachment B it is estimated that Swift River will provide 24,000 RECs, which reflect a full year of operation.)*

*About 60% of these RECs qualify for Class 2 Connecticut RECs and are worth an estimated \$5,000. The remaining 40% of the RECs qualify for Connecticut Class1 RECs and are worth an estimated \$300,000. These estimates are based on present market rates for RECs.*

### **3) Current REC % of RMLD power**

*As stated above the RMLD has approximately 18,000 RECs (18,000 MWh) the RMLD total sales for FY12 is estimated to be about 700,000 MWh, so the RMLD RECs are about 2.6% of the RMLD total sales. (As stated above, a full year of RECs from Swift River is estimated to be 24,000, which would equate to 3.4%.)*

### **4) Current % Green Choice of RMLD power**

*The RMLD needs to purchase 461 RECs in FY12 to satisfy the requirements of the Green Choice program.*

**5) Current % RMLD RECs of total REC market (whatever locations would potentially purchase our RECs)**

*Response is contained in Attachment B.*

**6) DOER guidance about RE generator claims regarding RE and RECs**

*Response is contained in Attachment C.*

**7) A summary of the REC treatment of other local municipal utilities (if known)**

*I contacted the electric municipal utilities in Massachusetts to determine what they did with their RECs, if they had them. The towns of Braintree, Hull, West Boylston, Concord, Middleboro, Ipswich, Holden, Paxton, Templeton, and Wellesley all replied that they sell their RECs. Wellesley does have a REC program similar to the RMLD's Green Choice Program so they do retire an amount of RECs that are nominated by customers in the program.*

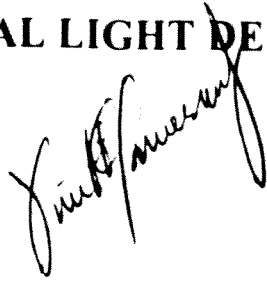
## READING MUNICIPAL LIGHT DEPARTMENT

To: RMLD Board of Commissioners

Date: April 13, 2012

From: Vinnie Cameron

Subject: Draft Sustainable Energy Policy



Attached is a draft Sustainable Energy Policy that RMLD Staff and I have developed. It is similar to the policy that was presented to the Power & Rate Committee last fall, however, Sections D through I have been changed to reflect how the RMLD should handle the sale/retirement of the RECs.

The main changes in this policy are related to the amount of RECs to be sold or retired and what the RMLD should do with the funds received from the sale of the RECs.

Included in the draft policy is a floor of RECs to be retired that is equal to those required to be retired under the Green Choice program. Instead of buying RECs in the market the RMLD can retire RECs received through its sustainable energy projects.

Also recommended in this draft is that the Power & Rate Committee review the amount of RECs to be sold/retired annually during the budget review period and make a recommendation to the RMLD Board.

The policy also suggests that any amount of funds received from the sale of the RECs be used to develop sustainable energy projects in the following fiscal year.

Revision No. I

RMLD Policy No,

Effective Date

Review Date

**Sustainable Energy Policy**

\_\_\_\_\_  
General Manager

Per Board Vote  
Chairman/Date

**I. PURPOSE**

- A. To develop a practical approach to addressing the need for sustainable energy alternatives that are energy efficient while simultaneously balancing power supply costs.
- B. To establish general guidelines that promote practical, cost efficient sustainable energy alternatives and within the RMLD's power supply portfolio.

**II. RESPONSIBILITIES**

- A. RMLD Commission
  - 1. Responsible for approving this policy.
  - 2. Representation for the Board of Commissioners is governed by RMLD Policy #19 as revised.
- B. RMLD Power & Rate Committee
  - 1. Review all RMLD recommended sustainable energy alternatives and ensure that they meet the policy guidelines.
- C. General Manager
  - 1. Responsible for implementing this policy.
- D. Energy Services Division
  - 1. Responsible for assisting the General Manager in implementing this policy and associated activities.
  - 2. Responsible for presenting the General Manager with projects that staff has determined meet the criteria of this policy.
  - 3. Responsible for evaluating and overseeing the projects necessary to achieve the goals of this policy.

III. POLICY ELEMENTS

- A. The RMLD is striving to develop a practical approach to addressing the need for sustainable energy alternatives while simultaneously balancing power supply costs. Sustainable energy sources can include, but are not limited to hydro, solar, wind, geothermal and biomass-energy.
- B. The RMLD will review the power supply portfolio from time to time with the intention of meeting specific sustainability target percentages. Specifically RMLD will strive to reach 15 percent sustainability by 2015, 20 percent sustainability by 2020 and 25 percent sustainability by 2025. These target dates will be reviewed by the Power and Rate Committee every three years.
- C. If Massachusetts law requires the RMLD to Participate in Massachusetts Renewable Portfolio Standard (RPS) the RMLD will review and make required adjustments to the RMLD's power supply portfolio.
- D. The RMLD will analyze sustainable power supply projects with a competitive average power supply cost.
- E. The RMLD will present the sustainable energy projects to the Power & Rate Committee with and without the RECs in the pricing to determine the effect of each sustainable energy project on the power supply costs.
- F. On an annual basis the Power & Rate Committee will meet to determine the amount of RECs that will be retired and the amount that will be sold on the available RECs. The amount of RECs to be retired will not be less than amount required under the Green Choice program for the prior fiscal year.
- G. In fiscal year following the sale of any RECs, the RMLD will include an amount equal to the amount of funds received from the sale of the RECs and use those funds to develop sustainable energy projects either within or outside the RMLD's service territory.
- H. The RMLD will strive to diversify sustainable energy projects by type, size, and location and will also include environmental impacts in the evaluation process.
- I. On an annual basis the Power & Rate Committee will meet to determine the amount of RECs that will be retired and the amount that will be sold of the available RECs and make a recommendation to the RMLD Board. The amount of RECs to be retired will not be less than the amount required under the Green Choice program for the prior fiscal year.

## RMLD Renewable Energy Certificate Question

Vincent Cameron

**Sent:** Wednesday, February 29, 2012 11:58 AM  
**To:** LeLacheur, Bob [blelacheur@ci.reading.ma.us]; Hechenbleikner, Peter [phechenbleikner@ci.reading.ma.us]  
**Cc:** Jane Parenteau; William Seldon; Richard Hahn; Jeanne Foti  
**Categories:** Red Category  
**Attachments:** Fincom Info Request.xls (20 KB)

At the FINCOM meeting on 2/7/12 there was discussion of the Reading Municipal Light Department's (RMLD) Renewable Energy Certificate (REC) issue. During this discussion, I was asked by a FINCOM member what the effect of either retiring and selling the RMLD's RECs would have of the REC market. Attached is an analysis of what I believe the effect the RMLD RECs would have on the New England REC market.

The attached analysis shows the estimated sales for the electric utilities in states that are under and Renewable Portfolio Standard (RPS). An RPS is law and governs how many RECs need to be purchased annually by electric utilities in support of renewable energy in New England. The 2011 Estimated Retail Sales are based on the actual sales for 2010 escalated 1.1%, which was the electric sales growth for New England in 2011 per the ISO-NE Regional System Plan.

The RMLD then estimated the RPS Requirement for each state based on the states RPS percentage requirement of kWh sales, which totals 4,916,409.

Further down on the sheet the RMLD then calculated the RECs related to the Swift River and Concord Steam generating projects. In the right hand column is the percentage of the RMLD's RECs from these projects as a total of the RECs required for all the electric utilities in New England. The result shows that the RMLD's RECS represent about 1.25% of the total required RECs to be purchased by New England electric utilities in 2011.

This analysis is for illustrative purposes only since the Concord Steam plant will not be on line until 2013. However, the analysis shows that the RECs the RMLD will receive from these two projects is a very small amount as compared to the total RECs estimated to be purchased by electric utilities in 2011.

ATTACHMENT B

## RECs Analysis

RPS Percentage	State	2011 Est. Retail Sales MWhs	2011 Est. RPS Req. MWhs
7.00%	Massachusetts	37,662,592	2,636,381
3.00%	Maine	12,524,000	375,720
2.00%	New Hampshire	15,198,480	303,970
3.00%	Connecticut	36,562,000	1,096,860
5.00%	Vermont	5,548,940	277,447
4.00%	Rhode Island	5,650,781	226,031
		=====	=====
	Total	113,146,793	4,916,409

RMLD RECs =====	RECs in MWhs =====	% of Total RECs =====
Swift River	24,000	0.49%
Concord Steam	37,320	0.76%
Total RMLD RECs	61,320	1.25%

Vincent Cameron

**Subject:** FW: REC Information for the Board  
**Attachments:** image001.emz; image003.emz; oledata.mso

**From:** Andrews, Natalie (ENE) [natalie.andrews@state.ma.us]  
**Sent:** Thursday, February 02, 2012 10:16 AM  
**To:** Jared Carpenter  
**Cc:** Breger, Dwayne (ENE); Sardo, Dan (ENE)  
**Subject:** RE: Terminology question

Jared,

I've found some slides we prepared for a presentation that should help explain what a renewable energy (RE) generator can claim about their facility. Let me know if you have any other questions.

## What can a RE generator claim?

Assuming the RE generator sells its REC into the MARPS Compliance Market, the generator...

- **Can accurately claim:**
  - My facility is the site of RE generation
  - My facility generates X MWhs of green energy which helps serves the Commonwealth's renewable energy obligations
  - My facility contributes Y tons to the Commonwealth's commitments to reduce greenhouse gas emissions
- **Cannot technically claim:**
  - My facility consumes X MWhs of green energy
  - My facility has reduced its greenhouse gas emissions by Y tons



*Creating A Greener Energy Future For the Commonwealth*

ATTACHMENT C



**But let's be reasonable ...**

**Marketing claims should be carefully stated and host sites of RE generations should proudly tout their important contributions.**

**Regulatory agencies are not looking to crackdown on technical violations of claims, but must protect their ability to accurately account for carbon reductions.**

**Egregious violations could prompt investigation by the Attorney General.**

**We must recognize that under RPS, all MA ratepayers are in fact paying for these attributes and should be so acknowledged.**

**Reasonableness will prevail.**



*Creating a Greener Energy Future for the Commonwealth*

Regards,

**Natalie Andrews, Renewable Energy Project Coordinator**

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