

Reading Municipal Light Department (RMLD) Board of Commissioners
Power & Rate Committee Regular Session Agenda
Monday, June 18, 2012
7:00 p.m.
General Manager's Conference Room

1. **Summit Hydro**

2. **Executive Session**

Suggested Motion:

Move that the Board go into Executive Session based on Chapter 164 Section 47D exemption from public records and open meeting requirements to discuss confidential, competitively-sensitive or other proprietary information and return to Regular Session.

3. **Solar Energy Projects - Approval for On-System Projects - Attachment**

Suggested Motion:

Move that the RMLD Board of Commissioners Power & Rate Committee recommend to the RMLD Board to authorize the General Manager to execute purchase power contracts for on-system solar energy projects up to a cumulative total of 10 megawatts, not to exceed a fifteen year period, and under similar contractual terms and conditions as being agreed to recently with solar energy developers.

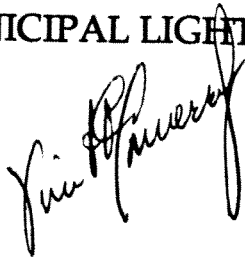
4. **Motion to Adjourn**

READING MUNICIPAL LIGHT DEPARTMENT

To: Power & Rate Committee
Citizens' Advisory Board

Date: May 14, 2012

From: Vinnie Cameron



Subject: Solar Energy Projects - Approval for On-System Projects

The Reading Municipal Light Department (RMLD) has been contacted recently by several developers who are working with RMLD customers to install solar projects within RMLD' service territory. Since RMLD has a closed system, its customers are required to purchase all of their electricity needs from RMLD; these developers cannot sell power directly to RMLD customers. As an alternative, they are able to negotiate a Power Supply Agreement (PSA) with RMLD for the energy produced by these solar projects. In dealing with these solar projects the RMLD has found that the developer's projects are similar in design, cost, and the developers are agreeable to the RMLD's contract terms.

Under the RMLD's present structure for accepting power supply agreements, the RMLD staff must bring these projects to the Power & Rate Committee and the Citizen's Advisory Board (CAB) for review and recommendation prior to bringing the project to the RMLD Board for approval to sign the contract. Given the size, pricing, and contractual arrangements surrounding these projects, the RMLD's approval process is cumbersome.

The Power & Rate Committee and the CAB should consider the option of allowing the RMLD staff to execute agreements with solar projects under a certain criteria (size, price, contractual terms, etc.) with the caveat that the Power & Rate Committee, CAB, and the RMLD Board are informed of the projects prior to signature.

These solar projects can come on-line very quickly. If solar projects fall under the specified criteria, it would be advantageous for the RMLD and the developer to be able to proceed to get the project on-line without the need to hold multiple meetings for explanation and approval.

This recommended change in the approval process would not go against RMLD Policy or the Twenty Year Agreement; as long as criteria is set up that will clearly delineate what projects will be included. I recommend that the criteria be set up for pre-approval of solar energy projects installed on RMLD customer premises within the RMLD's service territory, with a cumulative total of 10 MW, not to exceed a 15 year period, under the similar contract terms as is being agreed to presently, and not to exceed a levelized cost of \$.085/kWh. Once the 10 MW cumulative criteria has been attained the RMLD will come to the Power & Rate Committee and CAB to discuss the possibility of extending this arrangement.

The solar projects that are within the RMLD's service territory afford the RMLD the following advantages:

- These projects increase the RMLD's amount of renewable energy in the power supply portfolio.

- Generation on the RMLD's service territory (behind the meter) results in a reduction in demand with respect to the ISO-NE forward capacity market - demand requirements. Presently, each kW of demand reduction is worth about \$36 annually.
- The price of these solar projects will be advantageous to the RMLD fuel charge of the term of the contracts.
- These behind the meter solar projects also assist in reducing the transmission cost for a portion of the year since the solar energy is produced during the RMLD's peak demand period for about six months a year.
- These projects also help the RMLD in providing stability to its system by providing energy to the distribution system that does not go through the sub stations.
- By providing intermediate and peak period energy these projects help keeps fossil fuel units offline in the ISO-NE generator stack.
- Due to location, inherently line losses are minimized, which is an incremental cost savings.
- RMLD customers are able to receive addition revenue and improvements to their building.

Allowing the RMLD staff to proceed in this manner will streamline the process for installing solar projects on RMLD customer locations, increase the amount of renewable generation located within RMLD's service territory, and alleviate the need for many meetings of the Power & Rate Committee and the CAB for specific approval of small projects that are very beneficial to the RMLD and its customers.

- c: Bob Soli - RMLD Board of Commissioners
 Marsie West – RMLD Board of Commissioners
 Jane Parenteau – RMLD
 William Seldon - RMLD
 Jared Carpenter - RMLD