

Littleton Electric Light and Water Departments

Integrated Resource Planning Policy

2021-02

Introduction

The Littleton Electric Light and Water Department (LELWD) will develop and manage an Integrated Resource Plan (“IRP”) such that the power supply portfolio complies with the Municipal Lighting Plant Greenhouse Gas Emission Standard (“MLP-GGES”) (M.G.L. c. 25A, § 11F3/4), while still providing our ratepayers with the lowest possible cost. Also recognizing that reductions in carbon emissions through non-power supply portfolio measures (through enhanced energy efficiency measures, promotion of energy efficient products such as electric vehicles, and rate design) are important contributors to the IRP. New technologies will also be analyzed and utilized to achieve the emissions reduction goals and to reduce LELWD’s overall power supply expenses.

Applicability

This Policy applies to all future power supply portfolio procurements made by LELWD employees.

Power Supply Portfolio Strategy

LELWD will strive to enter into power supply 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 environmental attributes including renewable energy credits (“RECs”) and emission-free energy certificates (“EFECs”).

For energy requirements, a target of no more than 40 percent of LELWD’s total energy needs should be supplied via any single contract, while the total energy portfolio hedge should not exceed approximately 90 percent in any given month. This strategy can be altered during months or periods of high volatility in the future energy market.

For LELWD’s capacity requirements, based on the operation of the Forward Capacity Market (“FCM”) or it’s successor by the Independent System Operator – New England, LELWD 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 LELWD’s requirements.

LELWD will pursue resource and counterparty diversification by establishing supply agreements with multiple entities and incorporating ownership opportunities through strategic

investments. 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; energy storage; and verifiable load management, distributed energy resources and/or energy conservation services.

Regarding particular power sources and environmental attributes, LELWD 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. Consistent with a modest rate impact, LELWD shall meet a minimum percentage of electrical energy sales with accompanying clean generation attributes as set forth in column two of the following table:

Year	Percent of total non-carbon emitting energy sold per LELWD IRP	Percent of required total non-carbon emitting energy sold per MLP-GGES
2021	36	0
2022	36	0
2023	38	0
2024	42	0
2025	42	0
2026	42	0
2027	42	0
2028	42	0
2029	42	0
2030	50	50
2031	50	50
2032	50	50

2033	50	50
2034	50	50
2035	50	50
2036	50	50
2037	50	50
2038	50	50
2039	50	50
2040	75	75
2041	75	75
2042	75	75
2043	75	75
2044	75	75
2045	75	75
2046	75	75
2047	75	75
2048	75	75
2049	75	75
2050+	100	100

In order to meet the required percent of required total non-carbon emitting energy sold per MLP- GGES, LELWD will buy and retire all RECs and EFECs available in its power supply contracts with the exception of solar RECs (SRECs) which will be sold, and an equivalent amount of Massachusetts RECs will be purchased. To the extent additional RECs are needed to meet the minimum requirements of the GGES shown in column two above, LELWD will buy and retire Class I or Class II RECs from the New England Power Pool (NEPOOL) region.

LELWD’s current power supply position in regard to meeting the MLP-GGES standard is shown in Exhibit 1.

Equivalence of Supply-side and Demand-side Measures

As part of this IRP, LELWD will continue to establish and promote energy efficiency measures in conjunction with demand-side measures that will reliably and cost-effectively reduce LELWD’s energy and/or capacity requirements. It is recognized that increased electricity use through

strategic electrification may be effective in reducing carbon emissions in other sectors, such as transportation.

Periodic Review

Periodically, but no less frequently than once each year, this power supply policy should be reviewed by the General Manager. Strategies to meet higher non-emitting percentages in subsequent years, as well as whether to pursue a more aggressive percentage of clean generation attributes shall be included in this assessment.

Adopted August 18, 2021