

MUNICIPAL LIGHT BOARD

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MUNICIPAL LIGHT PLANT

March 20, 2024

WECARE Policy

June 2020 Annual Town Meeting passed [Article 44, Motion 1](#) ("Article 44"), that the Town express its support for the Wellesley Municipal Light Plant (WMLP) to enroll all the Town's electricity customers in an opt-out program "to fund voluntary renewable energy measure(s) to be selected by the WMLP for their impact on greenhouse gas emissions reduction that may include:

- the purchase of renewable electricity for the customer's home or business as is currently offered;
- funding of local projects in Wellesley that reduce greenhouse gas emissions, such as the installation of community solar generation facilities, battery storage capacity, electric vehicle charging stations, or other similar programs."

In April 2021, the WMLP launched the [Wellesley Electric Customers Accelerated Reduction of Emissions](#) (WECARE) program by imposing a voluntary four percent (4%) premium on the monthly customer charge, base energy charge, power purchase charge, and if assessed, the demand charge for all residential and commercial accounts. Instead of the 4% surcharge, customers have the option to purchase 100% of their energy from renewable sources at a rate of \$0.044 per kWh or opting out of the WECARE program entirely. As adopted by the Municipal Light Board, this policy provides the WMLP guidance on how the funds collected from WECARE participants shall be used.

The WMLP formulates this policy for WECARE mindful of its original intent as motioned in and passed by 2020 Annual Town Meeting as Article 44, the supporting statements made in the [Advisory Report](#) by Advisory and the Municipal Light Board,¹ the strategies and actions outlined in the Town's 2022 [Climate Action Plan](#) (CAP),² as well as other considerations that have emerged as the WMLP learns from its

¹ In its report to the June 2020 Annual Town Meeting, Advisory stated "Passing this motion would express clear Town support for the WMLP to change VREP enrollment to opt-out. This would provide an immediate option for every Town residence and business to take a concrete, meaningful step to reduce GHG emissions."

The Municipal Light Board stated that "the WMLP commits to its ratepayers that before it adopts an Opt-Out VREP program and before it collects and spends any additional ratepayer money via a VREP program, we will satisfy ourselves that each expenditure is an effective and efficient way to cause a reduction in carbon emissions." "VREP" refers to the WMLP's Voluntary Renewable Energy Program, which was an opt-in program in place before WECARE.

² The CAP's strategies specific to the energy pathway are to: 1) accelerate the installation of local renewable energy generation and storage in Town; 2) maximize the amount of and diversify the non-emitting energy purchased by the WMLP; and 3) use electricity rates, technology, and incentive programs to optimize emissions

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experience administering the WECARE program and developing, designing, and implementing various sustainability and clean energy projects in the Town. With these considerations in mind, the WMLP's policy and rationale for expending the funds collected from WECARE participants are as follows:

- 1. Utility- or community-scale projects:** The WMLP shall prioritize WECARE funds for utility- or community-scale projects that would benefit the entire Wellesley community at large. This policy will help avoid questions and concerns related to the eligibility and equity of extending WECARE benefits that are voluntarily funded by WECARE participants to all WMLP customers on an individual basis).³ Such a policy also avoids issues with free ridership, or instances where WECARE funds are used to financially support an individual customer's energy project that he or she was intending to pursue and pay for anyway. As such, the WMLP identifies the following utility- or community-scale projects that shall be funded by WECARE:

- a. Community solar generation.** Consistent with past WECARE expenditures and as exemplified in Article 44 as a type of local project that would reduce greenhouse gas emissions, the WMLP shall continue to use WECARE funds to purchase renewable electricity generated locally through existing and new power purchase agreements (PPAs) for commercial and municipal solar.⁴ Further, the Town's CAP identifies such PPAs as an action towards maximizing the amount of non-emitting energy purchased by the WMLP. In Fiscal Year 2025, the WMLP expects to execute new PPAs for commercial solar at Park 9 (Wellesley Gateway South or SunLife) and municipal solar on multiple Town- and WMLP-owned buildings. Upon consideration and approval by the Municipal Light Board, the WMLP could also use WECARE funds to purchase, at the Locational Marginal Price (LMP),⁵ the excess solar energy generated

reductions in the management of electricity demand.

³ Especially problematic would be those benefits that entail issuing substantial monetary rebates to individual customers (e.g., for rooftop solar and heat pump equipment). For example, the WMLP would be faced with the dilemma of determining whether and for how long WECARE participation is required for rebate eligibility. Further, some WECARE participants may become disenchanted upon learning that after many years of contributing to the WECARE program, they or their homes are ineligible or unsuitable to receive the rebates.

However, as discussed later, this policy allows WECARE to fund decarbonization audits and programmatic, aggregated GHG reduction measures offered to individual customers.

⁴ Consistent with current practice, WECARE funds will be used to pay the cost differential between the contracted PPA price and the lower, prevailing open market price for renewable energy generated from sources outside of Wellesley.

⁵ The LMP is the wholesale electric energy price that reflects the value of electric energy at different locations, accounting for the patterns of load, generation, and the physical limits of the transmission system (ISO-NE, FAQs Locational Marginal Pricing, available at <https://www.iso-ne.com/participate/support/fag/lmp>). The WMLP would

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from residential and small commercial customers who participate in its new customer solar net metering program expected to launch in Fiscal Year 2025. Such a policy would benefit the Wellesley community at large by directly injecting cleaner, non-GHG emitting local sources of electric supply for the Town. Finally, the WMLP shall continue to use WECARE funds to purchase and retire Class I Renewable Energy Certificates (RECs) on a quarterly basis, though the Municipal Light Board could consider changing the currently allotment (15%) of the WECARE funds collected from customers who participate at the 4% level.⁶

- b. Utility-scale battery storage.** Battery storage is also exemplified in Article 44 as a type of local project that would reduce greenhouse gas emissions. The WMLP shall use WECARE funds to cover its share of the infrastructure costs (e.g., cabling, metering, SCADA updates, relay cabinetry) to interconnect the Citizens Energy battery energy storage system at its Wellesley Hills substation, which is expected to become operational in the Summer of 2024. Similarly, WECARE funds could be used to fund potentially new battery storage systems at WMLP's other two substations (Cedar Street and Weston Road) primarily for purposes of peak reduction, provided they can demonstrate meaningful GHG emission reductions and are feasible for construction and operation at the sites. In addition, Wellesley College has expressed an interest in partnering with the WMLP on a battery storage project on its campus, provided it is technically and legally viable.
- c. Public electric vehicle (EV) charging stations.** As exemplified in Article 44 as a type of local project that would reduce greenhouse gas emissions, the WMLP shall use WECARE funds to install electric vehicle charging stations, provided they are made accessible to the community or public at large (i.e., not at private residences). The WMLP is currently working with the Town's cross-departmental EV Working Group (EVWG) to identify, evaluate, and prioritize the most appropriate and promising sites for installing public EV charging stations, starting with Town-owned parking lots.
- d. Decarbonization audits.** Since the program was launched in September 2022, the WMLP is using WECARE funds to provide no-cost [decarbonization audits](#) to residential customers whose homes are heated with oil, propane, or electricity. Although the WMLP offers these audits to

apply the LMP for the load zone most relevant to the Town (Northeast Massachusetts or NEMA load zone)

⁶ The WMLP's current policy, as approved by the Municipal Light Board, is to spend 15% of the WECARE funds collected from customers who participate at the 4% level and 100% of the WECARE funds collected from customers who participate at the 100% level towards the purchase of Class I RECs on a quarterly basis. For the third quarter of 2023, the WMLP purchased 2,221 Class 1 RECs valued at \$38.90 per REC for a total cost of approximately \$86,400.

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customers individually, they benefit the community at large by helping its customers identify and implement tangible opportunities to decarbonize and improve the energy efficiency of their homes (e.g., LED lighting, programmable thermostats, weatherization, rooftop solar, electric heat pumps and heat pump water heaters). These opportunities, if acted upon, can lead to direct and meaningful reductions in GHG emissions within the Town at a relatively low cost.⁷ Further, the Town's CAP identifies the (re)design of its energy efficiency incentive programs as an action item towards optimizing the reduction of GHG emissions.

Following their decarbonization audits, customers often choose to take the next step and engage with an WMLP-sponsored [Energy Coach](#) and technical vendor, [Abode Energy Management](#), for further technical guidance on the exploration, planning, and purchase of solar, electrical vehicle charging, and heat pump systems. Satisfied customers could then share their positive experiences with their friends and neighbors, resulting in even more GHG emissions reductions within the Town. Upon consideration and approval by the Municipal Light Board, the WMLP could use WECARE to provide decarbonization audits to its commercial customers and fund its energy coaching and Abode Energy technical support offerings as well.⁸

- e. **Programmatic, aggregated GHG reduction measures.** WMLP shall use WECARE funds to support measures offered to individual customers that have a proven track record of being readily and effectively aggregated to produce meaningful GHG reductions at the community level. One example would be a more evolved form of demand response such as a "virtual power plant" (VPP) program that would lead to meaningful GHG reductions through the controlled, orchestrated dispatch of small-scale, customer-owned distributed energy resources such as solar, storage, EV chargers, heat pumps, and other flexible load devices. The Town's CAP identifies the development of VPPs as an action towards optimizing the reduction of GHG emissions as well as improving the resiliency of the Town's infrastructure and community.

Such a VPP program could be first piloted through the deployment of a more modest demand response program to help investigate its scalability, customer adoption and acceptance, and

⁷ WECARE funds only the decarbonization audits, not the rebates and incentives for equipment purchases (e.g., heat pumps, rooftop solar). The WMLP's decarbonization audit program costs \$2,800 per month and approximately \$395 per audit not including the costs for energy efficient lighting, showerheads, faucet aerators, and power strips provided in the audits.

⁸ WECARE funds could be used to coordinate and train the WMLP's volunteer team of energy coaches and pay Abode Energy's monthly charges (currently \$1,500 per month for up to 15 hours of consulting time, plus \$75 per heat pump project review).

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overall likelihood of success in Town. A VPP program could serve as a good complement to time-of-use (TOU) rates, which the WMLP plans to institute after AMI metering is fully deployed.

2. Feasibility studies and pilot-demonstration projects. Subject to approval by the Municipal Light Board, the WMLP shall use WECARE funds to commission studies and/or pilot-demonstration projects that would provide valuable information and insight into technologies or projects that could benefit the community as a whole at full-scale.

- a. For example, the WMLP could commission a study to develop a Town-wide strategy for and evaluate the feasibility of **community microgrids** (e.g., at the Town's schools and critical facilities) that could improve the reliability or resiliency of the WMLP's electrical system in critical areas as well as provide short-duration power to a community shelter established in the event of a significant weather event or disaster.⁹ The Town's CAP identifies the creation of a resilience enhancement plan that utilizes energy storage, critical load management, and microgrids as an action towards reducing peak demand and GHG emissions and improving the resiliency of the Town's infrastructure.
- b. In addition, given the scarcity of open areas in Town for large community solar projects, the WMLP could commission a study that evaluates more **novel and innovative types of solar and geothermal** that could be blended with the Town's existing landscape and topography (e.g. agrivoltaics). The Town's CAP identifies the exploration of opportunities for ground-mounted solar and geothermal as an action towards accelerating the installation of local renewable energy generation.
- c. Finally, the WMLP could commission a study to assess the feasibility of constructing a **charging depot for electrically-powered school buses**, which while parked could help the WMLP shave its peak by exporting power from their batteries.¹⁰

For each study or pilot-demonstration project the WMLP wants to commission, it shall seek explicit approval from the Municipal Light Board.

3. WECARE project selection and prioritization framework. The WMLP shall develop a standard framework with which to select and prioritize projects for WECARE funding and provide the best value towards achieving meaningful GHG emission reductions. The WMLP shall deploy such a

⁹ See <https://www.masscec.com/resources/community-microgrid-final-reports> for examples of feasibility study reports for community microgrids.

¹⁰ The WMLP recognizes that Wellesley Public Schools currently contracts out its bus service to a third party, whose buses are not electrified.

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framework in the event WECARE funds become more limited or there are projects whose relative importance or priority towards achieving GHG emission reductions is unclear. Such criteria may include: project costs (especially as expressed on a per ton of GHG emission reduction); impact on WMLP revenues; value of any RECs generated; energy, capacity, and transmission cost savings; deferred system upgrade costs; project feasibility; community acceptance; and other less quantifiable benefits such as resiliency and better community awareness. The WMLP also intends to proactively survey, investigate, and pursue available grant funding opportunities and tax credits (federal and state) to help offset project costs borne by WECARE participants.

4. **WECARE outreach.** The WMLP shall reinforce the importance of the WECARE program to the community and encourage new and continued customer participation by providing regular updates and press releases on WECARE-funded projects on the WMLP and Town websites and social media accounts. Such updates shall include progress reports on project construction and highlight estimated GHG emission reductions and other benefits after project completion. In addition, the WMLP shall strive to issue its WECARE project updates in an unbiased manner by reminding customers of the voluntary nature of the WECARE program and the option of opting-out.
5. **WECARE fund balance.** The WMLP shall maintain a minimum WECARE fund balance of \$400,000. This amount is estimated to sufficiently cover the WMLP's contractual obligations for a three-month period (solar PPA energy purchases) as well as the next quarterly round of REC purchases.¹¹

Summary

In summary, the WMLP shall use the funds collected by WECARE participants to fund the following initiatives and projects in the short-, medium-, and long-term:¹²

1. **Short-term initiatives and projects (FY 2024 and beyond):**
 - a. 900 Worcester St. (Boston Sports Institute) solar PPA and rooftop lease (existing)
 - b. Quarterly REC purchases and retirements
 - c. Public EV charging stations (e.g., starting with Town-owned lots)
 - d. Decarbonization audits (upon the Municipal Light Board's approval, add energy coaching and Abode Energy technical support)
 - e. WECARE project selection and prioritization framework

¹¹ At most, approximately \$10,000 per month per PPA for 11 commercial and municipal rooftop solar PPAs plus the next quarterly REC purchase of \$100,000.

¹² This WECARE spending plan is subject to change and shall be updated by the WMLP as the planned initiatives and projects are developed, prioritized, deployed, and evaluated; new initiatives and projects are identified and considered; and the amount of available funds from WECARE changes.

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2. Medium-term initiatives and projects (starting FY 2025 or FY 2026):

- a. Park 9 (Wellesley Gateway South) Solar PPA
- b. Municipal rooftop PPAs
- c. WMLP's share of the interconnection costs for Citizens Energy battery storage project
- d. New solar net metering program (upon the Municipal Light Board's approval, energy purchases from participating customers at the LMP rate)
- e. VPP pilot-demonstration project (could be a more modest demand response program)
- f. Community microgrid feasibility study
- g. Institute more regular community outreach

3. Longer-range initiatives and projects (starting FY2026 or FY 2027 and later):

- a. Other utility-scale battery storage projects (other WMLP substations and Wellesley College)
- b. Other feasibility studies and pilot-demonstration projects (e.g., geothermal, agrivoltaics, electric school bus charging depot)
- c. Reconsider and explore incentive and rebate program offerings to individual customers that would directly result in GHG emission reductions (e.g., solar installations with an additional requirement or incentive for co-located storage, energy efficient commercial lighting and lighting controls)