

VELCO Operating Committee Meeting Minutes

Thursday, October 20, 2011

11:00 a.m.

Location: VPPSA, Waterbury

Committee Members present: Ken Mason (VPPSA-LED), Ken Couture (GMP), Ken Nolan (BED), Greg White (CVPS-by phone), Jeff Wright (VEC), Tom Dunn (VELCO), Allen Stamp (VELCO), Thad Omand (VELCO), Ellen Burt (Stowe), Chris Dutton (VELCO), Jose Sebastiao (VELCO), Dan Nelson (VELCO), Karen O'Neill (VELCO), Bill Piper (for VPPSA), Josh Diamond (for WEC), Kevin Perry (VEC)

I. Minutes of August 18, 2011 meeting

- The minutes of the August 18, 2011 meeting were moved by E. Burt and seconded by G. White and approved by the group.

II. VT/NH Study Update - Hantz Presume (presentation)

- Mr. Presume provided an update on the VT/NH Solutions Study. He noted that various factors were taken into account in recommending solutions. ISO New England (ISO) identified the need to study new information (e.g., results of capacity auction) when evaluating system needs. He indicated that ISO was completing an addendum to the study to evaluate the effects of changes to several assumptions (e.g., load forecast, capacity auction results, and new generators—KCW, Georgia) on the recommended solutions. Mr. Presume indicated that ISO is also looking at operational actions as a means of mitigating voltage deficiencies (e.g., dispatching capacitor banks, generators, adjusting phase shifters). In conversations with the ISO's Brent Oberlin it appears that the northwest Vermont upgrades (West Rutland to Tafts Corners) could be deferred.
- Mr. Presume discussed the needs in central VT where many of the need dates are immediate though non transmission alternatives (NTA) could materially affect the need date for some of the solutions. In central VT a K-31 solution is needed immediately and there is no effective NTA available. In the Coolidge to West Rutland corridor overloads, the solutions could be affected by NTAs (e.g., PV-20 flows, generation north & west of West Rutland).
- Mr. Presume covered the next steps in the VT/NH study and noted that the addendum work will affect the overall schedule and the Solutions Study is now expected to be finalized in the first quarter of 2012. He discussed the VELCO Long Range Plan (LRP) is underway and a draft of the LRP will be completed by the end of 2011. Mr. Presume noted that the study will build upon the VT/NH study work but will look at a twenty year period as compared to the ten year period in the ISO study. Another difference between the plans is that the LRP will conduct economic screening of NTAs.
- Discussion then addressed the concern around load reduction. Mr. Dunn referenced figures that the Vermont Energy Investment Corporation (VEIC) has conveyed. Members of the committee commented on their observations regarding load growth. It was agreed that lower overall demand has been

experienced, however it was noted that peak demand was observed during the shoulder months. Furthermore, the team also suggested that the effects of distributed generation, in particular residential solar, could also affect the study assumptions. The subject of Demand Reduction (DR) was also reviewed, and it was stated that the last DR call exceeded expectations of the event.

III. Vermont True Up Agreement – Thad Omand

- Mr. Omand reviewed the history of GMP trueup. On advice of FERC counsel we developed a FERC filing to notifying FERC that VELCO is proposing to follow a process to correct billing errors.
- Mr. Omand presented questions about whether the OC would like flexibility in FERC document or prefer a more prescriptive filing. Ms. Burt asked about the billing correction process at ISO. Mr. Omand explained the ISO process.
- Mr. Omand reviewed the process that the OC followed in developing a process for VELCO to use in handling billing corrections. Ms. O’Neill explained the rationale for the approach for a FERC filing. She indicated that the filing was drafted to provide flexibility but that it was VELCO’s intention follow the methodology for resolving metering errors agreed to by the Operating Committee in April of this year.
- Mr. Piper, on behalf of VPPSA, indicated that they would be OK with draft filing provided there was a second document that was prescriptive by which true-ups will be handled. VPPSA’s position is that this would be an obligation for all DUs to make ratepayers whole.
- Discussion ensued about how process works today and how to implement the guidance offered by the committee. Mr. Couture expressed a concern that the six year period was too long. Committee talked about payback and look-back periods. There was general agreement the payback should be no more than three years and that look back period would be six years. The committee discussed that the payback period should not exceed 50% of the duration of the error.
- Mr. Couture indicated that he would discuss the look-back period with GMP management.
- Ms. O’Neill indicated that VELCO would draft language to assuage the concerns expressed and circulate the new language to the Committee members. It was agreed that VELCO would then schedule a conference call to vote on the proposed language.

IV. Telecommunications Update – Allen Stamp (Presentation)

- Mr. Stamp gave a presentation on the lit fiber electronics. He discussed the various technologies being evaluated for the lit fiber system. He reviewed the work that has taken place with the DUs and consultants to understand the design requirements of the system. Mr. Stamp noted that one of the primary outcomes of the evaluation is a substantial increase in the expected traffic on the fiber system making expansion of the existing fiber electronics platform impracticable. He explained that the existing system, in addition to having inadequate capacity, was being phased out by the manufacturer in 2016. Mr. Stamp presented information on the recommended system that is based on

dense wave division multiplexing (DWDM) technology. He indicated that was a discussion about the cost estimate, the timing of the order for the equipment, the cost of the overheads included in the estimate.

- At the conclusion of Mr. Stamp's presentation, the committee voted to support moving forward with DWDM system proposed.
- Mr. Stamp provided an update on the fiber project. There was some discussion regarding the challenges faced by the project as the construction moves on to more congested areas. Mr. Stamp conveyed that recent Estimate At Complete (EAC) analysis shows that the project will utilize the full \$53 M target for the project.

V. Generator Interconnection Agreement-Tom Dunn

- Mr. Dunn provided an update on the generator interconnection for Sheffield Wind. He noted the provisions on maintenance including the need for line outages.

VI. Power Accounting System – Thad Omand

- Mr. Omand provided an overview of the changes and software upgrades completed as part of the effort to improve the power accounting system.
- Mr. Omand conveyed the need for better process documentation of the effort and that the group was currently undertaking that effort.
- Mr. Nolan and Ms. Burt, while complementing Mr. Omand on his efforts with the metering forum, expressed concern over the cost and progress to date of the effort.

VII. Service Quality Standards Clarification- Ken Couture

- Mr. Couture updated the group on a DPS meeting regarding this item and indicated that he would keep the group informed of any other developments if needed.

Other business

- Mr. Dunn provided a brief update of the System Assessment Project.
- Mr. Mason requested that VELCO provide a status of the as built drawings for the recent upgrades at Lyndonville.