

VELCO Operating Committee Final Meeting Minutes

Thursday, November 17, 2011

11:00 a.m.

Location: VELCO, Rutland

Committee Members present: Ken Mason (VPPSA-LED), Ken Couture (GMP), Ken Nolan (BED-by phone), Greg White (CVPS), Jeff Wright (VEC-by phone), Kevin Perry (VEC-by phone), Tom Dunn (VELCO), Paul Renaud (VELCO) Allen Stamp (VELCO), Thad Omand (VELCO), Ellen Burt (Stowe-by phone), Karen O'Neill (VELCO), Fred Szufnarowski (GMP consultant)

I. Minutes of October 20, 2011 meeting

- The minutes of the October 20, 2011 were amended to include Kevin Perry (VEC –by phone) as an attendee, the meeting minutes were then moved by G. White, seconded by K. Couture and approved by the group.

II. VT/NH Study Update - Paul Renaud (presentation)

- Mr. Renaud reviewed the results of the VT/NH Solutions Study with an emphasis on the VELCO studies that support the document.
- Mr. Renaud discussed the results of the alternatives study done by VELCO. He noted that some solutions involved multiple NTAs installed around VT. He discussed the impact of having deliveries on the PV20. He indicated that these flows were effectively in deferring the need for transmission. Mr. White asked whether the alternatives were equally effective in deferring transmission. Mr. Renaud indicated that they were.
- ISO assessments confirmed that either the PV20 or a Gorge repowering would effectively defer northwest VT upgrades. ISO also is conducting an Addendum Study to evaluate impacts of new forecasts, enhanced efficiency, actual phase shifter operations. He indicated that ISO was completing another 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. Dunn noted that the study will probably result in deferring the need for some of the transmission upgrades.
- There was further discussion of the Non Transmission Alternatives (NTAs) for the planned transmission solutions and the uncertainty of the load forecasts. Uncertainty exists with the future load growth and the efficiency that may be brought about by the eEnergy Vermont smart grid project. K. Nolan added that when energy efficiency is factored into the forecasts that the projected load for Vermont decreases. Mr. Dunn indicated that Efficiency Vermont is forecasting a 18 MW reduction in load due to efficiency efforts. Mr. Renaud noted that ISO is also looking for feedback on how to incorporate demand side management into the planning process. Mr. Dunn noted that the study is relatively conservative and that the planned addendum will reflect optimization of the plans.
- Mr. Renaud discussed next steps and further plans with the effort. Mr. Dunn noted that once ISO NE identifies items in the planning effort that VELCO is obligated to show progress and make sure that issues are resolved in a timely manner.

- Gorge Project Update presentation: Mr. Szufnarowski reviewed the Gorge repowering project which has been identified as an NTA for the capacity issues identified in NW VT. He discussed the rationale for multiple units (i.e., 3 turbines). He noted that the site can accommodate dual fuel sources (natural gas and kerosene) since it site at the terminus of a natural gas pipeline and has storage for bulk liquid fuel. Discussion also followed relative to the need date driven by either capacity or reliability requirements which shows a need date in 2015. Discussion also followed on how the need date fits into the planning process at ISO and the Vermont System Planning Committee (VSPC). It was noted that resolution of the viability of the project would need to be completed by 3Q of 2012 in order to meet the 2015 need date. Mr. Couture reviewed the layout of the existing Gorge generator and site. Discussion about Dkt. 7081 process and need to start analysis. GMP is looking for interest among the DU community to participate on project team to evaluate Gorge project.

III. Vermont True Up Agreement – Thad Omand

- Mr. Couture reiterated commitment to continue to refund the \$2.6 million. GMP believes that each DU has an obligation to confirm validity of load information. VELCO has improved review of metering data. Process more solid today and to reach the goal of accurate information. True-up agreement is the wrong direction as it doesn't provide an incentive for each DU to ensure accuracy of load information.
- Mr. Omand reviewed the progress that has been made with the metering forum and the checks that are now in the process that would mitigate the possibility of errors in the future. Mr. Dunn stated that it appears that if the team sticks with its reviews of the metering data that the likelihood of a large error going forward is diminished. Mr. Wright suggested that the frequency of the reviews by the metering forum be increased to ensure that an error wouldn't compound over time.
- The group discussed how to move forward with the potential FERC filing that was discussed at the October Operating Committee meeting. Ms. O'Neill reviewed that the team has the ISO process for correcting errors, but if members of the Operating Committee wanted to implement the process that was previously agreed upon then a FERC filing would be required. Ms. O'Neill further stated that it would be better to have consensus on the approach if a FERC filing was undertaken. Mr. Dunn volunteered to contact each team member individually to understand the direction the group would like.
- Several members requested GMP indicate the number of years they would be willing to accept in the look back period.

IV. Telecommunications Update – Allen Stamp (presentation)

- Mr. Stamp gave a presentation on the fiber project status. He noted that project is on track from both cost and schedule perspectives. He provided updates on engineering, material, and permit activities. Project risks were reviewed and he noted that the project forecast will be revisited at the 250, 500, and 750 mile completion points. It was noted that the Executive Committee of the Board of Directors approved the Lit Fiber project electronics

for the VELCO portion of the work. Mr. Stamp noted that the team was still working with the DUs to arrive upon target estimates for the DU portion of the electronics. Once the estimates for lighting the DU substations are complete then that budget will be reviewed by the VELCO Board.

- Ms. O’Neill discussed the draft Network Access Agreement and asked that the distribution utilities provide comments by the December Operating Committee meeting.

V. VELCO Outage Coordination – David Haas (presentation)

- Mr. Haas provided a brief overview of the VELCO Outage Scheduling Process. He reviewed the timeline and expectations of VELCO for outage notification. He indicated that VELCO provides the inter-DU coordination for the state’s sub transmission system. Mr. Wright commented that the efforts of VELCO have helped increase the level of cooperation within the state’s utilities. The team reviewed a specific outage event from this past summer and commented on the lessons learned from the effort.
- Mr. Dunn suggested that there may be an opportunity to provide even more coordination through a “Operations Subgroup” of the Operating Committee. It was suggested that a meeting be scheduled to discuss this with operations personnel from the state’s distribution utilities that own sub transmission assets.

VI. Other Business

- Land Transfer Policy- Karen O’Neill: Limited progress on this policy as the need to work with lawyers from CV and GMP.
- System Assessment Project – Tom Dunn: Mr. Dunn reviewed status of SAP. He noted that the project will extend into 2013 due to the need to conduct line testing on 3454 kV.
- Lyndonville Metering Project – Ken Mason provided an update on a new metering system that provides system load data from each of LED’s substation.