

VELCO Operating Committee FINAL MINUTES

November 20, 2014, 11 a.m. – 3 p.m.
GMP Office, Montpelier

Participating members: Ken Couture (Green Mountain Power), Frank Etori (VELCO), Craig Myotte (Vermont Public Power Supply Authority), Kevin Perry by phone (Vermont Electric Cooperative), Bill Powell (Washington Electric Cooperative), Chris Root (VELCO, Chair), Greg White by phone (Green Mountain Power), Jeff Wright by phone (Vermont Electric Cooperative).

Other participants: Mark Atkins (VELCO), Brian Connaughton (VELCO), Mary Coombs, Deena Frankel by phone (VELCO), Kerrick Johnson (VELCO), Mike Loucy (VELCO).

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| <p style="text-align: center;">Next Meeting December 18, 2011 11 a.m. to 3 p.m. GMP Office, Montpelier</p> |
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Opening

- Mr. Root opened the Operating Committee (OC) meeting at 11:10 a.m.

Safety Topic

- Mr. Root presented a safety topic concerning watching for deer and other wildlife with decreasing daylight hours, colder weather approaching and hunting season leading to increased activity.
- Mr. Root asked for any other ideas or best practices about how to address wildlife concerns while driving this time of year. Mr. Wright responded that this is a topic during routine meetings but awareness and staying alert are the only practical options available. Ms. Coombs mentioned she uses her fog lights which offer better illumination of the sides for roadways.

Minutes Approval

- Mr. Wright moved and Mr. Couture seconded approval of the August OC minutes as posted. The minutes were approved without objection.

Pentachlorophenol Issues Update

- Mr. Connaughton provided an update to the OC concerning the Pentachlorophenol issue.
- Mr. Powell asked if the Public Service Board (PSB) established a review purposes. Mr. Connaughton responded that the PSB has instructed the Agency of Natural Resources (ANR) to assemble a working group to review the issue and come up with best practices for future consideration by the PSB.
- Mr. Connaughton stated an invitation is forthcoming from the ANR to the proposed working group members to initiate the process.

Third Party Transmission Projects Update

- Mr. Root discussed that Transmission Developers Incorporated (TDI) is planning to make their Vermont 248 filing in 4th quarter of 2014 for a 1,000 MW injection at VELCO Coolidge station. They are currently analyzing the potential impacts on subtransmission within Vermont and once completed will provide the results to ISO-NE for review. ISO-NE has yet to make a determination on the proposed project but TDI ideally would like to obtain a “no impact” decision. As this is an elective transmission project, TDI will be looking for an interconnection agreement to move forward and will likely seek interested investment/purchaser entities on the open market.

Transmission Station Service

- Mr. Etori presented the materials provided to the OC. Mr. Perry asked if VELCO subtracts station service costs when power is taken from the collocated Distribution Utility (DU). Mr. Etori responded that

depends on the specific site situation and that VELCO is finalizing an analysis of all its stations to determine a consistent approach to capturing and ownership of station service costs. The initial analysis indicates it's reasonable for station service fed directly from the subtransmission system to be billed by the DU.

- Mr. White asked how many locations are currently unbilled by the DU's. Mr. Etori responded that approximately 40 stations are not being billed by the DU's but until the analysis is complete VELCO does not know the magnitude of the costs.
- Mr. Root mentioned that as VELCO continues to research this issue, one of the primary goals is to be consistent so that the costs associated with station service are allocated appropriately.
- Mr. White asked if VELCO new how they would plan to allocate the station service costs if billed by a DU. Mr. Etori responded that it's likely VELCO would assess the cost to its general facilities expense account to get treated under Vermont tariff.
- Mr. Root discussed that the next steps will be to finalize the number of stations impacted and establish meetings with each impacted DU to arrive at the best solution to accurately account for station service costs. In general, for stations where VELCO gets station service power beyond the low voltage metering point, it will likely be considered a retail connection consistent with other commercial customers.

ISO-NE Update

- Mr. Etori presented the materials provided to the OC.
- Mr. Etori explained that FERC approved the winter fuel procurement program and has secured 4 million barrels of oil and 1.5 billion cubic feet of liquefied natural gas (LNG) to help offset heating fuel price fluctuations.
- Mr. Johnson asked if there are any projections on the anticipated load forecast. Mr. Etori responded that VELCO has heard that the anticipated increase over last year's winter peak is 1100 MW.
- Mr. Etori explained that ISO-NE approved a daily market re-entry option for generators so that they can offer generation at rates of their own design versus opting out of the generation pool because regulated rates are below their cost.

Power Accounting Update

- Mr. Etori presented the materials provided to the OC concerning the Bridge Energy Group (BEG) contract, ongoing work and transition plans.
- Mr. Etori state that VELCO has engaged ARC Business Solutions (ARC) to begin the transition away from BEG and the initial indications have been positive with both ARC and BEG.
- Mr. Etori asked Mr. Couture if he could provide an update on the work associated with the Hinesburg project. Mr. Couture responded that GMP completed approximately 85% of the field work but he did not have the current data on the metering efforts with VEC. Mr. Perry indicated that VEC had discussions with GMP and they have a metering solution and they are scheduling the work.

Load Shed Requirements for Stowe, WEC and VPPSA

- Mr. Atkins presented the materials provided to the OC.
- Mr. Root discussed that for VELCO to be compliant with North American Electric Reliability Corporation (NERC) and ISO-NE Operating Procedure (OP) OP-13 requirements, it must be able to shed load upon request. To achieve this requirement, VELCO must demonstrate an ability to shed as much as 50 percent of the Vermont load at any time. This coordination will require Vermont Distribution Utilities (DU) without control centers to develop a plan for how they can shed firm load within 10 minutes of the request. The deficiency primarily revolves around VPPSA, WEC and Stowe. A load shedding plan should be developed to improve performance any NERC OP-13 directive.
- Mr. Powell asked if a firm timeline has been established for a plan to be developed. Mr. Atkins responded that VELCO has a NERC audit in April 2015 and ideally will need a plan in-place ahead of the audit to show progress towards meeting ISO-NE OP-13 requirements. Even if the plan is not complete, a draft should satisfy the NERC audit protocols.

- Mr. Myotte asked if Vermont can use generation to offset the load shedding requirements. Mr. Root responded that ISO-NE OP-13 does not allow this approach. A company must shed load within 10 minutes of a request in order to be compliant with the NERC procedure.
- Mr. Myotte agreed to provide an update at the next OC meeting on their progress in developing a load shedding plan for VPPSA and will coordinate with Stowe and WEC.

Sandia Initiative

- Mr. Wright provided an update on the Sandia Initiative to conduct operation center studies around smart grid.
- Mr. Couture discussed that GMP has participated in discussions with Sandia but interest has been tentative as the scope is still undefined and the cost/benefit analysis is incomplete.
- Mr. Johnson agreed to reach out to Sandia and have a discussion around steps to move the initiative forward or to consider the effort not practical at this time.

Vermont Weather Analytics Center

- Ms. Coombs presented the materials provided to the OC.
- Mr. Couture asked if the KCW model, version 1 is still scheduled for rollout December 1, 2014. Ms. Coombs responded that in early December a demonstration of the combined weather, demand and renewable models was conducted and the actual operating model will follow by June, 2015.
- Mr. Powell asked if ISO-NE has shown interest in the project. Ms. Coombs responded that VELCO has had discussions with ISO-NE and that they are very interested in the demand portion of Deep Thunder but somewhat tentative with the Renewable Integration Stochastic (RISE) capability.
- Ms. Coombs explained that VECLCO is looking to establish a Deep Thunder users group which will include Consolidated Edison (Con Edison) and Detroit Electric as they are also using the Deep Thunder weather model but for different purposes. Mr. Johnson responded that Hydro Quebec has recently shown interest to be part of the Deep Thunder users group.

IEEE PES

- Mr. Root provided an update on the progress of IEEE Power Engineers Society (PES) establishment in Vermont to the OC. The first meeting had approximately 65 attendees and the next meeting is in December. Mr. Root will send out a notification email of the upcoming meeting which will also be available via webcast.

Other Business

- The CB reviewed the proposed resolution on Order 531 for Return on Equity adjustment and put it to motion. Mr. Wright moved to approve the resolution and Mr. Powell seconded. The resolution was approved without objection.
- Mr. Root asked for any feedback on impacts, if any, the continued Fairpoint strike is creating. Mr. Couture responded that GMP has not experienced any significant impacts. Mr. Wright responded the same and offered to contact Ms. Austin of Fairpoint apprise the company of the direction of the Pentachlorophenol issue and of the review committee being formed by the ANR.

Proposed agenda items

- Transmission Station Service Update – VELCO to summarize their analysis and provide the list of impacted substations, what does the design look like and what would have the historic 12 month cost data yield – how big of an impact is this for a DU to recover these costs.
- Load Shed Planning from VPPSA, Stowe and WEC – VPPSA (C. Myotte) likely to present
- Statewide Radio Project Update – Progress on fill sites

Motion to adjourn

- Mr. Couture moved and Mr. Myotte seconded adjournment, which was agreed without objection at 2:32 p.m.