



**Operating Committee Update
Power Accounting Open items
April 11, 2013**

1. Lyndonville sub-transmission – At the March Operating Committee meeting VELCO presented the analysis and the proposed final true-up figure. GMP requested time to hold internal discussions and verify the amount. GMP has not indicated how they would like to proceed.

Prior Meeting update: GMP and Lyndonville agreed at the January operating committee meeting to ignore losses on power transferring across the sub-transmission system between the VELCO St. Johnsbury and Lyndonville substations that support GMP and Lyndonville load. When reviewing the calculation it was determined 3% losses were still being assessed to Lyndonville when power flowed from GMP to Lyndonville. As a result there will be a \$2,830.67 true-up between GMP and Lyndonville to correct the energy charged from the date of the Lyndonville substation commissioning.

At the February operating committee meeting Lyndonville requested VELCO prepare an estimate of the cost of losses since the commissioning of the VELCO Lyndonville substation when power is flowing from Lyndonville to GMP. The analysis is included in the operating committee documents which considered the conductor impedance before and after the reconductoring as well as the distance from the substation to the pole 142 interconnection. The values indicate the average power flowing is approximately 20% of the previous flows and the losses on these flows averaged .42% between the substation commissioning and February 28, 2013. The total estimated total cost of losses experienced by Lyndonville is \$7,832 which will be added to the \$2,831 for a total of \$10,663.

2. ISO Loss Calculation – VELCO is reviewing the ISO estimated loss calculation. Several discrepancies have been identified. Engineering is performing a quality assurance review to verify the accuracy. The preliminary analysis indicates potential savings for the state of Vermont.

Prior Meeting Update: ISO-NE met with VELCO on March 5 to review the items included in the Vermont hourly load calculation, agree on a review process, and discuss an upcoming Locational Marginal Price (LMP) calculation change. The ISO-NE presentation is included in the meeting documentation. ISO-NE noted that the process for estimating hourly losses was a negotiated agreement in 1998 when most meter readers only had revenue quality metering at their borders. The employee who developed the loss estimation system retired shortly after its completion and the process of updating these losses has not been rigorously monitored. As a result of VELCO's numerous requests and the recent Highgate issue ISO-NE has begun a process of auditing the loss estimations and research the possibility of using actual metering to eliminate the estimates. VELCO is the first meter reader they have met with. VELCO will work with ISO to confirm the lines in the estimation model are accurate and evaluate submitting revenue quality metering to eliminate the estimation process.

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ISO-NE also discussed an upcoming change to LMP that will impact Vermont. Currently, LMP is calculated at the ISO-NE modeled interconnection point. In Vermont and Maine, where there is significant sub-transmission modeled by ISO-NE, the LMP is calculated on the sub-transmission system. ISO-NE believes this creates a disconnect between the LMP point and the meter point at the PTF system. It was noted that Vermont does not compensate generation to the PTF. ISO-NE indicated they would consider this before bringing the issue to the markets committee. If this change is adopted it will increase Vermont LMPs for both generation and load which will impact power supply settlement costs. VELCO's metering and settlement forum will evaluate if Vermont should change its metering practices to compensate for the impact and obtain transmission cost reductions.

3. VELCO losses & Vermont Network Load for ISO-NE charges – No change since prior meeting.

Prior Meeting Update: VELCO is working with GMP to ensure the correct points are identified and will review with the metering and settlement forum. VELCO allocates system losses to the load that is being supported on an hourly basis. VELCO also reports loads supported by its system to ISO-NE for the allocation of transmission. In a recent review it was noted there are differences in the meters excluded when performing these two calculations. VELCO will perform a review with GMP to ensure load supported and reported by another TO is properly excluded from these calculations. ISO-NE network load will be a prospective change. The allocation of losses may require a true-up.

4. Coventry & proposed Sheldon Springs SPEED standard offer Solar projects – VELCO held a short preliminary conference call with John Spencer to discuss the metering for Sheldon Springs and review the issues. A follow-up meeting will be scheduled.

Prior meeting Update: All standard offer projects to date have been metered at the point of interconnection with the Sub-transmission system. No allocation of losses has occurred because it was assumed the support of local load created less impact than providing power from VELCO. These two solar projects will be connecting to dedicated generation transmission lines with no local load to offset. As a result, both units will increase the losses in WEC and VEC's load calculations. VELCO will work with the metering forum to determine a method to calculate or estimate the losses on an hourly basis and transfer the losses to all SPEED participants.

5. SCADA vs. MV90 – BED indicated during the March operating committee meeting that the metering in the McNeil substation would be upgraded during its April shutdown which is greatly appreciated.

Numerous points in the hourly load calculation are still using SCADA. This creates numerous manual interventions each month for both VELCO and the distribution utilities. The metering forum discussed how to transition these points to MV90. VELCO will contact the utilities with a priority list of locations that should be the initial focus to fix known issues. Also, VELCO will coordinate an estimate of connecting a meter to the fiber system recently completed to facilitate the inclusion in DU budgets.

6. Sub-hour settlement – ISO-NE has made no further progress on this issue.

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