

## **VELCO Operating Committee Meeting Minutes**

Thursday, February 24, 2011

11:00 a.m.

Location: GMP Office, Montpelier

**Committee Members present:** Ken Mason (VPPSA-LED), Ken Nolan (BED), Ken Couture (GMP), Greg White (CVPS), Ellen Burt (Stowe), Jeff Wright (VEC), Kevin Perry (VEC), Tom Dunn (VELCO), Allen Stamp (VELCO), Craig Myotte (Morrisville) and Eric Werner (Hardwick Electric).

### **I. Minutes of January 20, 2010 meeting**

- Under motion duly made by Greg White and seconded by Ellen Burt, the minutes, as amended, of the January 20th meeting were approved.

### **II. Update on ISO NE VT/NH study-Tom Dunn**

- Mr. Dunn provided an overview of the VT/NH study process and its current status.
  - The potential closing of Vermont Yankee has a large affect on the study results
  - The effort is well on its way to being complete, next steps include moving the group on to the solutions study.
  - The schedule from ISO shows that the effort should be complete by the end of the 2<sup>nd</sup> Quarter of 2011.
- It is important to note that the study is also examining Non Transmission Alternatives.
- The study should fine tune where in VT the NTAs should be sited
- Discussion by the group around NTAs posed the question about the McNeil plant which was “How often does McNeil run for reliability purposes?”
- Discussion about running generation for reliability purposes centered on ISO now considering an area that in the past they sought to avoid because potentially they would be participating in the generation market.
- Discussion also centered on Vermont Yankee being operated as a synchronous condenser similar to Exelon’s Zion facility
- Mr. Dunn will determine what steps needed to share information with the members of OC.

### **III. Telecom Sub Committee - Allen Stamp**

- Mr. Stamp reviewed the status Telecom Subcommittee: The committee has held several meetings and subgroups have been formed to look at network architecture and substation issues.
- He reviewed VT funding sources and recipients. GMP and CV working with VELCO to coordinate SmartGrid activities and to select technologies. At PSB workshop to review intermediate network options—CV following CellNet option. Mr. White provided details on CV’s plans for intermediate network. Mr. Stamp noted that other utilities are pursuing other options.

- Mr. Wright asked whether VELCO fiber network will be integrated with other fiber systems in VT. Mr. White indicated that VELCO (Mr. Johnson) has been very clear that VELCO's intent is to use its fiber network for reliability purposes.
- Mr. Stamp noted that progress is being made albeit slower than originally planned.
- Mr. Stamp reviewed the End Equipment Ownership Matrix. Mr. Nolan expressed concern that the cost of non-core electronics not be socialized across VT. Conversation ensued about how the electronics will be paid for in various situations. At DU substations the intent is for VELCO to own the electronics and charge the respective DU the approximate 20% of the cost with the remainder recovered from by ISO. An operating agreement between VELCO and the DU needs to be developed to address the cost of O&M and to identify the entity responsible for conducting O&M activities.
- Mr. Mason asked if any VPPSA members have been active on the subcommittee. Mr. Stamp noted that Mr. Myotte has been participating and that Mr. Loucy (VELCO) has had numerous discussions/meetings with various municipal utilities. Mr. Mason wanted to know what kind of data is required for the Fiber deployment on their respective systems.
- Discussion ensued about how the fiber project is being completed.
- Mr. Couture asked when each of the DU substations will be categorized under the End Equipment Ownership Matrix. Mr. Stamp this will be available at the March OC meeting.

#### **IV. Fiber Project Status- Allen Stamp**

- Mr. Stamp reviewed the status of the construction of the fiber project. Numerous segments are under varying stages of development (e.g., engineering, make-ready, construction). Spent approximately \$7M of \$53M overall budget.

#### **V. Energy Losses B22 Update—Thad Omand**

- Mr. Dunn reviewed a memo from Mr. Presume (VELCO) that summarized the results of the reliability impacts of opening the B-22. Mr. Myotte expressed his concern that his utility is being asked to pay for all of the losses over the B-22 that is providing reliability benefits to several distribution utility systems—not just Morrisville Water & Light (MWL).
- Ms. Burt asked that we seek a formal position from the DPS about where they stand on opening the B-22. Mr. Werner expressed a view that Hardwick should not pay for these losses. Mr. White indicated that CV is providing energy deliveries over the B-22 without compensation for losses. He said that CV needs to find a resolution whether through negotiations, the VELCO Board, or at FERC. Mr. Wright expressed a willingness to pay VEC's share of losses associated with flows on B-22.
- Ms. Burt indicated there is national precedent for how FERC would treat these losses and that CVPS should file at FERC to force Morrisville to take service under their transmission tariff.
- Mr. Myotte noted that negotiations using a new formula to allocate the cost of losses could be a path to reach an agreement for allocation of the losses.

- It was agreed that the affected utilities will meet to explore a potential solution. VELCO will organize a meeting at Stowe to be scheduled before the next Operating Committee on March 17<sup>th</sup> starting at 8:30. The Operating Committee will begin its meeting at 12:00.

#### **VEC Repayment of Taft's Corners Metering Error-Thad Omand**

- Mr. Omand reviewed the ISO's Requested Billing Adjustment (RBA) process and the options available for the recovery of the ISO transmission costs associated with Taft Corners' metering error. He noted that the RBA process is not available for Taft Corners because the time has expired. The group discussed other means to credit the ISO transmission charges. For resolution of the Taft Corners' metering error, it was decided that the ISO costs will be recovered based on the assumption that an RBA submission would have been made upon the date that the affected DUs were notified by VELCO that a metering error had occurred.
- Proposal for handling any future metering errors will be presented at March meeting.

#### **VI. Capital Projects Review:**

- Mr. Dunn reviewed ongoing capital projects.

#### **VII. Other business**

- Group discussed the frequency of future meetings and it was decided to keep the meeting on a monthly basis.
- Mr. Wright asked that VELCO present information on how land transactions should be completed.
- Mr. Mason asked that we provide a template of loss allocation agreement.