

**VELCO Operating Committee  
MINUTES (Draft)**

June 20, 2012, 11 a.m. – 3 p.m.  
Green Mountain Power, Montpelier Office

**Participating members:** Ellen Burt (Stowe Electric Department), Ken Couture (Green Mountain Power), Ken Mason (VPPSA-Lyndonville Electric Department), Tom Dunn (VELCO), Paul Renaud (VELCO) and Jeff Wright (VT Electric Cooperative).

**Other participants:** Deena Frankel (VELCO), Dave Haas (VELCO), Mike Loucy (VELCO), Thad Omand (VELCO), Allen Stamp (VELCO).

**Next meeting**

July 19, 2012  
11 a.m. – 3 p.m.

At GMP, Montpelier

**Minutes approval**

- Approval of the minutes of the May 17 meeting was moved by Mr. Mason, seconded by Mr. Wright and approved without dissent.

**Non-transmission alternatives (NTA) study update**

- Ms. Frankel provided a brief update on the NTA study and indicated that Doug Smith will provide a more detailed presentation on the study progress at July's Operating Committee meeting.
- Many lessons have been learned to date. Work has been very detailed and resulted in the development of new tools. Effort has been very collaborative and consistent with Docket 7081 MOU despite launching the study before final publication of the 2012 Long-Range Transmission Plan.
- Two big challenges: forecast uncertainties and 7081 MOU provisions that are challenging to implement, particularly the requirement for a market test. The study is also complicated by the fact that ISO-NE is beginning a new assessment of VT/NH using a flat or declining load forecast for Vermont.
- Ms. Frankel indicated that there will be a meeting of the ISO-NE Forecast Committee in July, which will provide an opportunity to discuss and possibly resolve the differences between the ISO and VELCO's Vermont forecast.
- The study process is about a month behind its original schedule. An important question is what to do in the event that the load forecasts do not identify reliability deficiencies on the transmission system. Under these circumstances it may make sense to suspend the NTA study.

**Statewide Radio Project**

- Mr. Loucy gave the statewide radio project update, presenting the slides in the meeting package.
- Mr. Loucy indicated to Mr. Mason that, as discussed at the May meeting, Dan Nelson had attempted to connect with Lyndonville Electric Department to be sure questions about the radios are getting answered. Mr. Mason stated that Hardwick has decided to go with VELCO radios. Lyndonville is trying to decide whether to stay with its current system and acquire a new repeater, or to go with the VELCO system. The issue is the ability to scan the other emergency responders' frequencies. Mr. Loucy and Mr. Nelson will go to Lyndonville to meet with Ken Mason in the next few weeks.
- Mr. Loucy observed that, since some of sites have not yet come on line, it will be prudent to do testing once the system is completely operational, but that thus far actual coverage is matching up well to the

system model. The system can evolve and grow and it may be possible to add additional sites if demand arises in the future.

- Mr. Dunn gave a status report on the Wells radio site, observing that it a challenging site because of its small footprint.

### **Fiber project update**

- Mr. Loucy noted that VELCO has non-disclosure agreements in place with the telecom companies involved in the fiber project. For this reason, the presentation refers to the companies as Telco 1 and Telco 2.
- Mr. Stamp reported that long lead-time work in the Stowe area may need to be postponed into the spring because the route crosses ski areas.
- VELCO's goal is to get close the project as soon as possible to avoid costs associated with leaving the open project on the books. We must, therefore, determine how to deal with the items that carry over to 2013. The team is working with the utilities to determine whether it makes sense to turn the remaining pieces over to distribution utility clients.
- DWDM, equipment for the "main highway," should start delivery shortly and be delivered within the coming six weeks. Infrastructure needed to the receive DWDM equipment it is being readied now. The steps are to put up fiber, splice it, test it, and light it up. Splicing and testing is four to six weeks behind installation. The CESD—"secondary roads" materials—are ordered and will be delivered now through August. Engineering is done. The team will be working to ensure that the design in the radios is matching the efficiency of the fiber. No big changes are anticipated. Some of the DWDM equipment is expected in the third or fourth week in July, with the project on schedule for third quarter completion of deployment.
- Mr. Loucy agreed the network resulting from the project can be characterized as a high-capacity commercial-grade network. Other utilities in New England are very interested considering this model, which will provide a lifespan of 10-15 years, depending on future needs such as the amount of video to be transmitted. The system design offers capacity, but also speed. The group discussed the increasing need for video in substations as a result of theft, but also for the value of viewing weather conditions. This technology is on the forefront among utilities around the country.
- Ms. Burt asked who is in the 70 miles that is scheduled for build and who is in the 75 miles left to go, i.e., what is the strategy for deferring undone work? Mr. Stamp replied that VELCO will have the material available for Stowe when they are ready to receive it. Mr. Loucy pointed out the example of the agreement worked out with Barton and Orleans to warehouse the materials over four-year period, based on their timetable using an interim agreement to help support the plan. Barton and Orleans will install the equipment on their timetables. Mr. Stamp stated, we aren't throwing the keys at you, but we don't want to keep the machine churning when we don't need it for other work.
- Mr. Dunn suggested that the Operating Committee can be the forum for discussion of future capabilities and directions of what the utilities may want to do with the system on a statewide basis. Business arrangements with the telecom providers impose some restrictions, but the system can be a platform for many applications. Mr. Loucy observed that the fiber capacity is virtually infinite, depending on what electronics you apply.
- Mr. Stamp stated that the current contractor is good about adhering to the safety standards we have required.

### **ISO-NE Black Start Restoration Program Changes**

- Mr. Haas presented the slides included in the meeting package on changes in the ISO-NE Black Start program. Currently there are eight black start units designated in Vermont and 67 in New England-wide. In simulation it takes 12 hours to get off-site power to Vermont Yankee and will likely take up to five days to get the New England grid back up.
- The new approach is to start with larger generator units closer to the 345 kV system for quicker restoration and to serve the large reactive power absorption need. The new restoration approach is to create islands and then tie the islands together.

- The primary driver of the changes is compliance with reliability requirements. The new approach will be more consistent with the approach being used today in New York.
- Vermont will mostly move from being part of the black start program to being designation “local area recovery instruction” (LARI). Only two Vermont resources will remain ISO-NE compensated: Swanton gas turbines and the Ascutney gas turbine. VELCO hopes that the Vermont Distribution Utilities will continue to operate the remaining black-start generating facilities even though they will no longer be compensated through the black start program.
- The group discussed the sensitivity of information in this presentation in terms of critical energy infrastructure information (CEII) and agreed with the need to ensure non-disclosure agreements are in place with all members of the Operating Committee to project CEII.

#### **VT Control Center Forum update**

- Mr. Haas presented the slides in the package on the Vermont Control Center Forum. The group met June 7, 2012 at the GMP-Colchester office.
- One of the key challenges for VELCO is how to get coordination or notification when changes are being made to system topology in a manner close to real time. Mr. Dunn suggested that the Control Center Forum should bring recommendations back to the Operating Committee on how to resolve this issue, both for coordination on real-time and planned topology changes. Mr. Omand used example of how metering forum obtains reports from each company.
- Mr. Wright reported feedback from the meeting was that it was all about VELCO. Ms. Burt suggested asking the Control Room operators to say what is important to them. Mr. Haas agreed that the group needs to find ways to get more group participation. Each utility was asked to give a report, but many operators were reluctant to speak up or felt they didn’t have information to report. Ms. Frankel suggested creating a template for the reports from the operators to give them some categories or a framework for what kind of information is being sought.
- Mr. Haas reported that geomagnetically induced current (GIC) monitors will be installed on some VELCO transformers in the first quarter of 2013.
- Concerning coordination on system topography, Mr. Mason cited the example of Lyndonville being asked by CVPS or VELCO to open a switch and the other utility being upset that it had not been told of the action before the switch was opened. Mr. Mason asked when VELCO sends a technician to do work on a facility. Mr. Haas stated that VELCO had sent a tech immediately in the situation under discussion.
- Mr. Dunn discussed an example at Lyndonville (see slide 12 of Forum presentation) in which VELCO found a wiring error that wasn’t discovered by previous testing. Neither the system assessment project nor SAP testing would have found this error. Mr. Haas explained how the drawings had been misinterpreted in the construction. Mr. Dunn stated that VELCO is conducting an investigation and checking other facilities constructed at the same time, but it would be far better to find a problem like this in construction. He offered, and the group agreed, to schedule a presentation on the results of the investigation at the next Operating Committee meeting.
- Mr. Mason asked whether operator training was available only to systems that have VELCO facility on their systems. Mr. Haas said that LED was welcome to send staff to training.
- Mr. Mason asked whether there is training on safety and switching and tagging. He had heard that planners of safety summit said they weren’t going to get into switching and tagging because it is “too complicated.” Mr. Haas reported that most of the Vermont Distribution Utilities had agreed to go with standard color-coded tags for switching and tagging. Mr. Haas will put standards on agenda for the next forum. Mr. Dunn clarified that the safety summit includes all distribution utilities, telecommunications companies and VELCO, and will be held in July.
- The Control Center Forum will provide a quarterly report to the Operating Committee going forward.
- Mr. Dunn stated that VELCO continues to look for ways to better coordinate. We need to develop a culture of questioning practices, not just accepting status quo because it is “the way we always did it.”

## **Power accounting**

- Mr. Omand reported on the recent request by ISO-NE that each meter reader prepare an estimate of the cost to convert their systems and processes to provide sub-hourly meter readings. The reason for instituting sub-hour settlement is to enable ISO-NE to better penalize or incent generators for performance in response to ISO commands.
- Mr. Omand addressed the Jacksonville assignment of VELCO losses issue next. Historically, assignment of VELCO system losses was completed after GMP's southern ties were backed out of its load. However, Jacksonville is served by the GMP system in Southern Vermont. This resulted in GMP receiving credit for Jacksonville's load and Jacksonville being assigned VELCO losses. After metering forum discussions it was agreed that Jacksonville's load should not be assigned VELCO losses. Thus a metering change will take effect on August 1 to reduce both GMP and Jacksonville's load only by the respective amounts served by National Grid. VELCO's preliminary calculation estimated the six-year impact to GMP and Jacksonville was approximately \$11,000. The final calculation will be included in the upcoming true-up as a correction between GMP and Jacksonville.
- Finally, Mr. Omand discussed the steps taken on the merger of GMP and CVPS for load. GMP, CVPS, and VELCO have held their first meeting to determine how to merge the companies for the statewide load calculation. GMP and CVPS need a month to determine where and by whom this function will be performed. The entities plan to meet again in late July or early August to determine next steps.

## **Effect of CVPS-GMP merger on operating committee**

- Mr. Dunn is asking VELCO legal to tell us what changes may be needed from a legal perspective. What the establishing documents say. The VELCO Board of Directors will undergo major changes as a result of merger. Mr. Dunn recapped the new structure of the VELCO Board and explained that the Commissioner of the Department of Public Service will name the trustees of VLITE trustees who will name new VELCO Board members.
- Mr. Couture asked if it be worthwhile to have a Board member on Operating Committee. Mr. Dunn pointed out that every VELCO Board of Directors meeting includes a report from the Operating Committee.
- Mr. Mason observed that the Vermont Transmission Operating Manual (VTAM) defines the Operating Committee. He stated his opinion that the Committee needs more operations people and suggested adding Washington Electric Cooperative.
- Mr. Couture reported on the integration process for GMP and CVPS. He stated that integration teams have been meeting for months so that the two companies could begin operating as one company immediately after the merger July 1. Now that regulatory approvals are in place, the companies will migrate to one operating company with one set of policies, procedures, and systems, but the process will take months, maybe years. Once leadership of the two companies is named, the playbooks developed by the integration teams will be handed to those new leaders. Operations will be in Rutland with one control center.
- Mr. Mason asked whether the Operating Committee will continue to have six distribution utility representatives after the merger. Mr. Dunn said it will be up to the VELCO Board and will take several months before decisions are made and implemented.

## **July meeting agenda items**

- Safety summit
- Doug Smith/NTA study group
- Result of investigation of LED wiring error issue
- Jarrod Harper presentation on Infonet

- Regular/periodic updates:
  - Billing and power accounting report (including change of control process)
  - NTA study update
  - VT Control Center Operating Forum (quarterly)

Mr. Mason reported that the Elion Group met with Lyndonville to ask if they would be willing to build a line to interconnect their proposed wind project with an LED substation. Mr. Dunn reported that VELCO had also met with the company and told them it will be an issue to provide transmission capacity to get the power out of Lyndonville.

The meeting was adjourned by Mr. Dunn at 3 p.m.

DRAFT