



To: Operating Committee
From: Thad Omand
Re: IGAP credit for HQ contract Schedule C4(b) Blockload deliveries
Date: October 11, 2012

VELCO has historically provided IGAP credit for HQ contracts delivered on the Blockload. Attached is the schedule of contracts that have previously received credit. It was determined in 2000 that schedule C4(b) would not receive IGAP credit because it was expected, based on area loads and other contract schedules, to be delivered over Phase II. On November 1, 2012 schedules C1 and C2 will expire providing an opportunity for C4(b) to be scheduled on the Blockload. VEC also bills VELCO for alternative transmission costs due to the reduction of the Blockload of which a portion is a capacity charge. VEC has accepted an FCM obligation at Highgate for schedule C4(b) to reduce this charge to VELCO. However, VEC would prefer to deliver the contract over the Blockload to meet its local load obligation. As a result we have performed the analysis of the IGAP requirements below and are requesting confirmation that schedule C4(b) should receive IGAP credit.

- A generator must receive NEPOOL accreditation credit or the current equivalent credit from the ISO-NE market system in order to qualify for IGAP credit.
 - Blockload is treated as a settlement only generator in ISO-NEs market system. This process represents models load that is not supported by VELCOs transmission system.
- If a generator is connected to a VTA customer's sub transmission or distribution system the purchaser of the capacity entitlement is eligible to receive IGAP credit.
 - The Blockload is part of VEC's system. VEC, Barton, Orleans, and GMP are entitled to the Blockload "capacity".
- A generator can be located physically outside of Vermont. However, the generator has to alleviate loading on VT Transco's facilities within a VSPC defined load zone either as a normal or a backup feed.
 - The Blockload is physically connected to the Canadian system.
- A generator installed prior to 7/1/1990 cannot receive IGAP unless it had NEPOOL accreditation credit on or before 7/1/1990.
 - Schedule C4(b) was established in 2000.
- If the unit qualifies for IGAP credit, the credit shall equal 50%.
 - Agreed.



- The VSPC load zone map will be used to define the associated local load. These load zones will be updated from time to time. If the VSPC load zones change in a manner that is not consistent with the intention of the IGAP credit, VELCO may revise or select new load zones.
 - The load zone map is being reconfigured due to the Jay substation commissioning. This will result in a revised historical local load.

- The amount of available IGAP credit for new generation capacity will be allocated based on the amount of remaining annual peak load zone available capacity on a first come, first served basis.
 - There is sufficient local load for schedule C4(b) to receive credit. Since this schedule was implemented in 2000 but expected to be delivered over Phase II due to the size of the other contracts we have determined it was in the queue prior to KCW.

- A generator requesting a replacement or refurbishment of an existing unit will retain its existing IGAP capacity reservation in that load zone as long as it is restored in a reasonable timeframe.
 - Not applicable

- All generators/block load participants who have received IGAP credit approval from VELCO staff up to 7/16/09 will continue to receive credit regardless of these principals.
 - This schedule was part of the HQ contract but did not receive credit due to its delivery point. With the other expiration of the other schedules this will now be delivered as part of the Blockload.

- The VELCO Operating Committee will apply these principles in making recommendations to VELCO relating to administration of the IGAP credit.



VERMONT ELECTRIC POWER COMPANY, INC.

BLOCK LOAD ENTITLEMENTS
 (PER CONVERSATION WITH KEVIN PERRY OF CITIZENS NOV. 30 2000)

	TOTAL	HYDRO QUEBEC SCHEDULES					C1 ADJ'd
		B	C1	C2	C3	C4a	
BARTON	730		397	200	5	128	397
ENOSBURG	946	329	160	316	141		160
CENTRAL VT	21,000		1,000			20,000	1,000
VT MARBLE	0						0
VEC	25,667	415	19,995	5,132	125		13,652
TOTAL	48,343	744	21,552	5,648	271	20,128	