

Resolution No.3

AGREEMENT ON LOSS ALLOCATION FOR ENERGY SETTLEMENT FOR POWER FLOWING OVER THE INTERCONNECTION BETWEEN CENTRAL VERMONT PUBLIC SERVICE (CVPS) AND LYNDONVILLE ELECTRIC DEPARTMENT (LED)

WHEREAS, Each party agrees the electric system is dynamic and power flows naturally to seek out the most efficient path to meet demand; and

WHEREAS, each party agrees that operating a looped electrical grid provides greater protection from power outages for both entities' customers; and

WHEREAS, the parties share an interconnection of their systems at pole 142 on the 34.5kv sub-transmission line that connects the VT TRANSCO St. Johnsbury and Lyndonville substations; and

WHEREAS, depending on the direction of the power flow at times each party is incurring energy losses on its system to provide power from a VT TRANSCO substation to the other party through the interconnection point; and

WHEREAS, each party agrees it should compensate the other party for the energy losses incurred on its system when it is receiving power over the interconnection; and

WHEREAS, the parties desire to establish a consistent and efficient mechanism to calculate and compensate each other for such losses;

NOW, THEREFORE, BE IT RESOLVED that CVPS and LED agree as follows:

1. Each party agrees that VELCO should perform a Sub-transmission Loss Allocation on Load (SLAL) for energy settlement purposes on the amount of load flowing from one system to the other;
2. This allocation will be performed in calculating the daily load for each entity that will be submitted to ISO-NE for settlement and ISO-NE billing purposes;
3. The parties agree that VELCO should apply **XX%** as an estimated percentage for the SLAL calculation and that this amount is meant to represent the average losses being incurred by each entity in providing power over its system to the other entity;
4. The parties agree to evaluate the benefit and if practical implement metering sufficient to determine actual losses being incurred in the delivery of power from one system to the other. If metering is implemented to allow the determination of actual losses that is sufficient to meet ISO-NE metering standards and comply with VELCO's metering process, the parties agree that VELCO should switch the estimated percent to actual losses in the daily metered load calculation submitted to ISO-NE.

This Agreement is made effective the — day of _____, 2011.

Ken Mason
Lyndonville Electric Department

Greg White,
Central Vermont Public Service