

**VELCO Operating Committee (OC)  
FINAL MINUTES**

February 20, 2014, 11 a.m. – 3 p.m.  
GMP Montpelier Office

**Participating members:** Ken Couture (Green Mountain Power), Tom Dunn (VELCO), Ken Mason (Vermont Public Power Supply Authority), Kevin Perry by phone (Vermont Electric Cooperative), Bill Powell by phone (Washington Electric Cooperative), Jeff Wright (Vermont Electric Cooperative)

**Other participants:** Frank Etori (VELCO), Mike Loucy (VELCO), Dan Nelson (VELCO), Karen O'Neill by phone (VELCO)

**Meeting opening**

- Mr. Dunn opened the Operating Committee (OC) meeting at approximately 11:05 pm.

**Safety topic**

- Mr. Wright discussed that frost heaves on the roadways are making driving conditions treacherous and we should all be on the lookout while traveling.
- Mr. Couture discussed that the elevated snowfall has created high snow banks making it difficult to see pedestrians and vehicles that may be entering the roadway and therefore we should take extra precautions when these conditions exist.

**Minutes approval**

- Mr. Couture moved and Mr. Wright seconded approval of the minutes of January 16, 2014, which were approved without dissent.

**Telecommunications**

- **Fiber Project update**
  - Mr. Nelson presented the materials provided to the OC.
  - Mr. Nelson discussed that several of the Distribution Utilities (DU) have expressed interest in participating in a firewalled internet service as part of VELCO's telecommunication network. He explained that he welcomes the input and will include the interested parties.
  - Mr. Dunn asked how a DU gets visibility to outages on VELCO's telecommunications network. Mr. Nelson responded that VELCO has investigated utilizing a mapping technology which shows system health. The challenge with this approach is that to allow access some additional security measures are required. As an interim solution, VELCO stays in constant communications with the DUs during storm events or other potential network risks. The future strategy is for VELCO to create a dedicated server which will provide the necessary security measures and allow the DUs real time visual access to network health.
  - Mr. Couture asked if the trouble reporting system is intended for the DUs to capture network challenges so that VELCO has the visibility. Mr. Nelson responded that yes this is the resource to use

**Next meeting**

March 20, 2014  
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VELCO Rutland Office

today and that VELCO is in the process of consolidating several telecommunication trouble reporting systems into a unified platform.

- **Statewide Radio Project (SRP) update**

- Mr. Nelson presented the SRP materials provided to the OC.
- Mr. Dunn stated that during the January Board of Directors meeting the risks associated with the Wells case were discussed specifically noting that legal challenges going to a jury trial are particularly subjective as emotions can play a role in decisions. Given that the appeal process presents risks similar to that of a jury trial, VELCO continues to look for ways to resolve this issue with the landowners.
- Mr. Ettori asked what the appeal timeline is for VELCO. Mr. Nelson responded that VELCO is in the process of developing its appeal filing.
- Mr. Wright discussed that VEC has also been experiencing an increase in landowner challenges to various proposed utility projects compared to a few years ago.

- **Review Draft Network Access Agreement**

- Mr. Nelson discussed the draft version of the Network Access Agreement (NAA) provided to the OC.
- Mr. Couture asked if the intent is for all new requests by a DU for fiber to follow the NAA. Mr. Nelson responded that yes the NAA changes will cover all future requests for VELCO to expand its telecommunications network, including fiber, electronics or Statewide Radio.
- Mr. Couture discussed that this concept is very helpful to expanding coverage and visibility into the electrical network's health.
- Ms. O'Neill explained that VELCO will be evaluating all requests to expand VELCO's telecommunications network against the standard test that they support VELCO's bulk transmission reliability requirements under the ISO-NE tariff. In essence the rationale to approve any request requires a review of bulk electrical system benefits vs just the benefit to requesting DU.
- Mr. Dunn noted that the sub-transmission system in Vermont directly benefits the high voltage system as it may need to act as the only backup in an outage event. Understanding the status of the sub-transmission system for such parameters as loads, flow, etc will allow ISO-NE to establish such operating factors as interface limits.
- Mr. Ettori asked if this agreement will address requests to include switch locations when they are on the same structure as the fiber. Mr. Nelson responded that yes the proposed NAA version can address both co-located and remote switches.
- Mr. Wright asked how requests for a fiber build to areas where VELCO does not have fiber will be managed. Mr. Nelson responded that the requesting DU will approach the OC for consideration of the proposal, noting that the requestor will be responsible for the applicable costs associated with a fiber build that is not found to benefit the bulk electric system (BES). Ms. O'Neill added that the NAA provides two cost structures for a build that does benefit the BES: actual cost or commercial value of the service.
- Mr. Ettori asked if DUs are installing Multi-Function Panel Meters (MFPM) at locations to bring back power factor data into SCADA systems. Mr. Wright and Mr. Couture both responded that their respective utilities are installing this capability as the need to automate increases but all locations are at a minimum capturing status.
- Mr. Dunn asked what the proper process is to adopt the proposed NAA. Ms. O'Neill responded that the OC voted to accept the original version and that the new version could follow the same process.

- Mr. Couture asked if the head-end equipment deployed by GMP needed to be specifically identified within the NAA. Mr. Nelson responded that the NAA allows for defining what's approved within the Attachment so it is not necessary to specifically identify any type of equipment within the body of document.
- Mr. Couture moved and Mr. Wright seconded approval of the revised and presented Network Access Agreement, which was approved without dissent.

### **Power Accounting Update**

- Mr. Etori presented the materials provided to the OC.
- Mr. Perry asked if The Bridge Group (Bridge) is required to be involved in new SPEED installations and make changes in the billing system. Mr. Etori responded that yes but only for the purposes of setting up the new meter. He discussed that at this point, VELCO is not sure of Bridge's involvement with any "Block Load" scenario changes.
- Mr. Nolan asked how VELCO is verifying the quotes being received from Bridge are accurate and not inflated to make up on the 50% settlement agreement. Mr. Etori responded that although quite difficult, VELCO's is going to try to evaluate quotes against previous work efforts as a check and balance.
- Mr. Nolan asked about the relationship between VELCO and Bridge. Mr. Etori responded that the relationship has improved over the past several weeks but is still tenuous. Mr. Dunn mentioned that Mr. Johnson has been involved with the Bridge negotiations to increase management commitment level and that it appears this strategy has moved the relationship forward.
- Mr. Nolan asked if the arrangement with Bridge is an open source allowing VELCO to make changes to the software. Mr. Etori responded that our contract requires the code to be open so that VELCO can make changes if it needs to and that VELCO has the right to conduct audits of the software to verify Bridge is meeting VELCO's expectations.
- Mr. Etori discussed the efforts with VEPPI to change the file type format to allow VEPPI to have more accurate SPEED data. Mr. Powell asked if the changes in the file format would have any implications downstream to organizations like VEPPI. Mr. Etori responded that after the next change this will greatly increase accuracy and there should be limited, if any, discrepancies resulting in a decreased need to reconcile future bills.

### **ISO-NE Update**

- Mr. Etori presented the ISO-NE update. He discussed the recent high capacity market prices and the efforts to change the capacity market going forward to a sloping demand curve. Mr. Dunn asked who is affected by buying in on the recent capacity market auctions. Mr. Etori responded that it depends how hedged you are on your supply. Some entities may experience very high capacity costs going forward.
- Mr. Nolan discussed that entities are affected differently based upon their position in the market and blend of self-generation vs purchased capacity.
- Mr. Dunn asked whether this is one time high priced auction or is the beginning of a trend. Mr. Etori responded that in his opinion this is will be the market going forward. Mr. Nolan agreed with Mr. Etori and noted that ISO-NE is looking to change the market to drive competition which may be leading to price increases and unknowns.

- Mr. Dunn mentioned that ISO-NE appears to be open to investing in gas pipeline expansion and transmission to access new large scale renewable energy supplies and allocating the costs associated with these rate based projects to load. If this business approach is successful, the overall transmission costs throughout ISO-NE will likely increase as no offsetting costs have been identified.
- Mr. Nolan mentioned that over 50% of the fuel source for generation is natural gas. When the residential demand increases during cold weather events gas becomes constrained so the electric utility market must look to more expensive fuel sources. This may be a driving factor in ISO-NE's position on supporting natural gas.
- Mr. Powell asked for a summary on the Northern Pass PPA coordination. Mr. Etori responded with an overview of the issues VELCO had with the project, the concerns the other generator had for the project, and the amount of Reactive Support necessary to receive ISO PPA approval.
- Mr. Powell asked if the decision is final with no option for appeal. Mr. Etori responded that from ISO's perspective they are approved to move forward with the Northern Pass PPA because they met all the technical requirements as part of the PPA process. There will, of course, need to be state permits obtained for this project to move forward.

#### **Floyd Update**

- Mr. Dunn updated the OC on the John Floyd (Floyd) effort.
- Mr. Wright asked if Floyd generated a formal report. Mr. Dunn responded that Floyd used a summary style reporting format.

#### **Other business**

- Mr. Dunn discussed that Mr. Renaud has taken a position outside of VELCO and will not be replacing him as the OC Chair. Mr. Dunn is in the process of reviewing other potential candidates and will report out at the next OC meeting.
- Mr. Powell asked if the Vermont Gas project overlaps with any of the proposed Merchant projects. Mr. Dunn responded that VELCO is not aware of any overlap.
- Mr. Couture discussed the Incident Command Structure (ICS) concept. This framework is something that could be useful to the utilities. He explained that he recently spoke with representatives from the Vermont Emergency Management and Homeland Security department and was informed they are willing to conduct training for the utilities of Vermont. Additionally, they offer multiple online training programs for free and by expanding this to include the utilities an overall improvement in statewide coordination could be realized.

#### **Proposed agenda topics**

- Discussion on New England Capacity markets and ISO's approach.
- Transmission Costs to support Renewable Projects (NESCO)
- Merchant Projects Update

#### **Adjournment**

- Mr. Mason moved and Mr. Nolan seconded adjournment, which was agreed to without objection at approximately 1:45 pm.