

VELCO Power Accounting System update for Operating Committee

08/21/2014

BEG issues at a high level

- Not all paid-for system enhancements perform as needed.
- Ongoing inability to contractually resolve issue of new code periodically causing damage to existing PAS.
- Ongoing disputes over what constitutes new work entitled to additional compensation
- Ongoing disputes over contractual definitions, e.g., “bugs” vs. system modifications.
- Lack of trust

Backdrop: *Rate of system modifications, both from DU owners and ISO-NE, is accelerating.*

Illustrative Costs

Mod #	Name	Hours	Price	BRIDGE portion	VELCO portion
Mod 1a1	Resettlement	3,091.47	\$586,100	\$293,050	\$293,050
Mod1a2	Add "Mode" to Reports	1235.92	\$236,243		\$236,243
Mod1b1	VTA Enhancements	314.03	\$59,446		\$59,446
	Total Hours	4,641.42			
	Total Proposed Price		\$881,789	\$293,050	\$588,739

Items that change PAS priority

- i. Modify the application to support the new tie line for Hinesburg (changes to meters and calculations)
 - ii. Modify the application to support the new tie line for Johnson/Morrisville (changes to meters and calculations)
 - iii. Modify the application to support the Coventry Solar installation
 - iv. Modify the MIS Reports to support the ISO-NE divisional accounting
- Most recent item: GMP north metering for GMP south.

VELCO's forward strategy

Unwind BEG relationship

- **Immediate** – Secure agreement w/ BEG to perform four immediate modifications.
- **Near term** – Issue an RFP for a Transition Project Manager (TPM) to assist with transition to new firm.
- **Mid-term** – Utilize TPM to determine current PAS sufficiency and recommend optimal balance of internal and external resources.
- **Longer term** – Secure cost-effective resources necessary to deliver greater PAS value.

Potential cost implications

- Pay for 4 change orders (\$182K)
- Pay remainder of 60 month support agreement (\$210K*3years)
- Seems like BEG owns hardware associated with PAS. Server/HDD/licensing/Backup (~\$300K)
- Costs for TPM
- Costs for getting new developer “up to speed” (either internal or external)