

**VELCO Operating Committee (OC)
Final Minutes**

March 20, 2014, 11 a.m. – 3 p.m.
VELCO Rutland Office

Participating members: Ellen Burt by phone (Town of Stowe Electric Department), Steve Litkovitz (Green Mountain Power), Ken Mason by phone (Vermont Public Power Supply Authority), Ken Nolan (Burlington Electric), Kevin Perry by phone (Vermont Electric Cooperative), Bill Powell by phone (Washington Electric Cooperative)

Other participants: Brian Connaughton (VELCO), Frank Ettori (VELCO), Deena Frankel by phone (VELCO), Kerrick Johnson (VELCO), Mike Loucy (VELCO), Dan Nelson (VELCO), Hantz Presume (VELCO), Mr. Root (VELCO)

<p>Next meeting</p> <p>May 15, 2014 11 a.m. – 3 p.m.</p> <p>GMP Montpelier Office</p>
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Meeting opening

- Mr. Ettori explained that Mr. Dunn appointed him to be the acting Chairperson for the March meeting.
- Mr. Ettori opened the Operating Committee (OC) meeting at approximately 11:10 pm.

Safety topic

- Mr. Litkovitz discussed that when making left hand turns while driving we should be conscious of blind spots, especially for pedestrians, caused by solid portions of the vehicle.

Minutes approval

- Ms. Burt moved and Mr. Nolan seconded approval of the minutes of February 20, 2014, which were approved without dissent.

Telecommunications

- **Fiber Project update**
 - Mr. Nelson presented the materials provided to the OC.
- **Statewide Radio Project (SRP) update**
 - Mr. Nelson presented the SRP materials provided to the OC.
 - Mr. Johnson discussed that the Wells SRP site was chosen as the primary candidate in the search area because it alleviated the need for additional sites to provide adequate coverage and it was an existing wireless facility. VELCO discussed with its Board of Directors the position that the Rutland Superior Court's (Court) ruling was in error and VELCO has the right to appeal to the Supreme Court. VELCO has asked the Court to reconsider their earlier decision which was denied. At this time VELCO is preparing its appeal but is still looking to settle with the landowners.
 - Mr. Ettori asked why VELCO required National Grid approval of the Mt. Olga SRP site. Mr. Nelson responded that National Grid owns the wireless facility and VELCO is requesting to be a tenant.
 - Mr. Litkovitz asked if the smaller SRP sites require power to mount on existing utility poles. Mr. Nelson responded that yes the facilities will require power which is anticipated to be available at the utility pole.

Power Accounting Update

- Mr. Etori presented the materials provided to the OC.
- Mr. Nolan asked if the ISO-NE's sub-hourly settlement mechanism would impact Operating Reserve Payments. Mr. Etori responded that at this time he does not think any detrimental impact will result.
- Mr. Presume asked what size generators would be affected by ISO-NE's request. Mr. Etori responded that only 5MW generators and above are impacted.
- Mr. Nolan discussed that the Vermont Senate has approved a bill to allow utilities to pilot net metering generators up to 5MW's but at this level the generation will require ISO-NE approval. The bill will now move onto the Vermont House of Representatives for consideration.

ISO-NE Update

- Mr. Etori presented the ISO-NE materials presented to the OC.
- Mr. Root discussed that the primary gas supplies are single points of failure similar to radial feeds within an electrical system. This has led to a situation whereby the gas line cannot be taken out of service without a detrimental impact on gas generated electrical supply. This is likely the main reason that ISO-NE and FERC are exploring the socialization of the costs to expand gas supplies and build redundancy.
- Mr. Root discussed that VELCO and New Hampshire are reviewed together by ISO-NE and asked that if New Hampshire chose to shut down a significant generation plant creating a deficiency would Vermont be considered as being deficit also. Mr. Etori responded no because in that scenario the deficiency evaluation would be based only for the geographical area which the closed generation was located.

Capacity Markets

- Mr. Etori presented the Capacity Markets update to the OC.
- Mr. Presume asked if the capacity requirement included proposed gas line generation. Mr. Etori responded that the administrative rule is that the same price is paid by the utilities regardless of reserve margin available. In the event a new large generator enters the reserve market then this could lead to a price reduction in the future but not within the current year.
- Mr. Nolan discussed that ISO-NE is also moving forward with a pay for performance program that will impact pricing. Mr. Etori expressed concern that numerous existing wind and solar generators may delist their capacity from the market and become energy only resources. These phenomena could result in the available capacity falling short of demand as the new generators may not have the capacity to meet the demand.

Northern Vermont Planning Interface Update

- Mr. Presume presented the materials provided to the OC.
- Mr. Etori asked if the synchronous condenser or local voltage control was the controlling device for the Jay capacitor banks. Mr. Presume responded that the switching of the capacitor banks is controlled by the synchronous condenser when it is in service to maintain the machine within a steady state output range.
- Mr. Nolan asked if VELCO is comfortable with a system that is constrained. Mr. Presume responded that VELCO would prefer an improved system, but since the constraints are not related to reliability concerns, it is acceptable to operate the system based on established limits.
- Mr. Nolan asked if VELCO has studied upgrading the system, such as the Highgate-Georgia line, to increase the export limit to the level of the thermal limit. Mr. Presume responded that VELCO has not

performed that analysis, but could do so if requested. Mr. Presume also added that VELCO has looked at the benefit of upgrading that particular line to reduce losses, but the loss values are not high enough to justify the necessary capital expenditure required to make the improvements.

Merchant Transmission Update

- Mr. Connaughton presented the materials provided to the OC.
- Mr. Etori asked if TDI has gained any interest in real property in Vermont. Mr. Connaughton responded that TDI purchased property next to both VELCO West Rutland and Coolidge substations but not sure of any other arrangements.
- Mr. Nolan asked if VELCO would have any opportunity to provide input on a Request for Proposal (RFP) for merchant transmission projects or otherwise influence the decision on the successful bidders. Mr. Connaughton responded that VELCO would likely have input from the perspective that VELCO's corridors and infrastructure may be candidates for routing. As such the Public Service Department (Department) would likely seek VELCO's input as the experts to validate no detrimental impacts incurred by any such project.
- Mr. Etori asked how the list of Transmission Owners (TO) was developed for the New England Clean Power Link RFP. Mr. Johnson responded that these are the organizations that responded to the RFP that have an interest in the proposed project.

Proposed agenda topics

- Merchant Transmission Update

Adjournment

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