

VELCO Operating Committee FINAL MINUTES

March 19, 2015, 11 a.m. – 3 p.m.
GMP Office, Montpelier

Participating members: Ellen Burt (Town of Stowe Electric Department), Ken Couture (Green Mountain Power), Frank Ettori (VELCO), Ken Mason (Vermont Public Power Supply Authority), Bill Powell (Washington Electric Cooperative), Jeff Wright (Vermont Electric Cooperative).

Other participants: Brian Connaughton by phone (VELCO), Mike Fiske (VELCO), Deena Frankel (VELCO), Kerrick Johnson (VELCO), Phil Kearney (VELCO), Mike Loucy (VELCO), Dan Nelson (VELCO), Kris Smith (Vermont Electric Cooperative).

Next Meeting
April 16, 2015
11 a.m. to 12:00 p.m.
Conference Call

Opening

- Mr. Ettori called the Operating Committee (OC) meeting to order at 11:03 a.m.

Safety Topic

- Mr. Kearney discussed that flooding is a concern this time of year and it's important for everyone to consider having an emergency evacuation kit available and to not drive through flood waters. This applies to locations outside of known flood zones in time of heavy rains and/or snowmelt as water build up.

Minutes Approval

- Mr. Mason moved and Mr. Wright seconded approval of the February OC minutes as posted. The minutes were approved without objection.

Load Shed Planning from VPPSA, Stowe and WEC

- Mr. Mason provided an update regarding the efforts by Vermont Public Power Supply Authority (VPPSA) to develop manual load-shed plans. He discussed that VPPSA members have been apprised of the requirement and agreed to secure the services of a consultant to help develop a comprehensive integrated plan.
- Mr. Powell and Ms. Burt agreed that WEC and Stowe respectively will participate in the discussions with the VPPSA consultant to work towards a coordinated plan.
- Mr. Johnson asked if a communications plan for potentially affected rate payers has been contemplated. Mr. Ettori responded that these are emergency plans and the impacted areas could change depending on the specific ISO-New England, Inc. (ISO-NE) need. When a final comprehensive integrated plan has been developed we'll be in a better position to develop a communications plan if one is necessary.
- Mr. Johnson asked Mr. Mason if a VELCO representative should attend an upcoming VPPSA meeting where this issue was to be discussed. Mr. Mason responded that he would let VELCO know.

Statewide Radio Project Update

- Mr. Nelson presented the materials provided to the OC summarizing that VELCO continues to look for ways to accelerate forecasted project cycle times including deploying temporary installations.
- Mr. Couture asked what is involved with a channel expansion as the GMP team is interested in completing improvements in time for the summer thunderstorm season. Mr. Nelson responded that much of the work completed already will alleviate congestion when a localized thunderstorm hits. Specifically, changes have been made to call queueing, GMP district grouping, and GMP consoles have been installed at all districts as well as patching to those already installed to remedy issues. Mr. Nelson explained these types of storms have a much smaller impact on the system as user loading is in a limited area. He also explained that the channel add process takes approximately two days.

- Mr. Couture asked if VELCO has considered using consultants to assist with the channel add strategy. Mr. Nelson responded that VELCO has engaged a consultant and we're in the process of validating if productivity gains can be realized as VELCO resources are required to train them on our system and provide site escorts.
- Mr. Smith asked if VELCO has prioritized its channel add schedule to address the most problematic sites. Mr. Nelson responded yes and explained that VELCO is trying to be strategic in its schedule development. VELCO has assessed the congestion challenges of the most recent storm events and has developed its schedule to relieve the areas of highest to lowest congestion.

DU and VELCO Knowledge Transfer RPS Impacts Update

- Mr. Johnson discussed the progress that has been made towards sharing information between the DU's and VELCO regarding the Renewable Portfolio Standards (RPS) legislation. He explained that in the furtherance of collective utility goals, VELCO has had discussions with the Public Service Department (PSD) specifically around the concept of the potential need for the inclusion in legislation and/or rule making an interconnection requirement for data sharing by distributed sources of energy. The data could be used to analyze grid reliability impacts, strengthen regional non-transmission alternative advocacy and better plan for future transmission needs. Further, that absent an identified need, VELCO and the DUs would seek to secure the necessary policies and protections through the rulemaking process as opposed to through legislation.
- Mr. Wright stated, with the concurrence of other members, that VELCO did not need to facilitate DU discussions toward achieving a consensus utility position on interconnections requirements. Instead, the DPS' rulemaking workshop process would serve as the forum for deliberation and decision. Mr. Johnson agreed and stated he would continue to take input and guidance from the DU's as this issue advances.

Net Metering and Interconnection Rule Revision Update

- Ms. Frankel presented the materials provided to the OC and summarized the Public Service Board (Board) rulemaking process underway in compliance with Act 99 of the 2014 legislative session. She also explained that the Board has approved consolidating all interconnection issues in a PSD-led revision process, parallel to the Act 99/net metering rulemaking.
- Mr. Mason asked if interconnect requirements being proposed in the rulemaking must be followed by the DUs or can they develop their own interim interconnect requirement standards. Mr. Wright responded that the Act 99 rule revisions will not go into effect until 2016. In the meantime, DUs must follow the current interconnection rules, but, where they do not currently provide guidance or a uniform standard, utilities can implement their own standards.
- VELCO asked whether the DUs wanted to discuss the interconnection rule outside of the Board and Department workshops. The participants expressed support for the VELCO positions in the interconnection matter, and urged that VELCO continue active participation and regular communication with the Operating Committee, but that no separate meetings were necessary.

Pentachlorophenol Update

- Mr. Connaughton summarized that the Agency of Natural Resources (ANR) has not issued its final closure report regarding the open spill case in Monkton but VELCO has not received any further comments. Mr. Johnson asked if the ANR has accepted the use of existing data as part of VELCO's submittal. Mr. Connaughton responded that the ANR has not requested additional sampling data sets so at this time VELCO is assuming the data submitted is sufficient.
- Mr. Connaughton also discussed the working group's efforts on the Best Management Practices (BMP) plan developments. The progress since the last OC meeting was that each stakeholder has identified areas of significance and the next step is to combine these to identify commonalities as a starting point of a document.

New Endangered Species Legislation

- Mr. Connaughton discussed Bill H.26 and summarized that as proposed it would require VELCO to modify its existing BMP for endangered species. The BMP had been previously negotiated with the ANR which

essentially governs the taking of an endangered species. As introduced, the legislation would allow the ANR to circumvent the negotiated BMP plan potentially creating project delays by adding new requirements to vegetation management practices. VELCO has submitted an amendment to eliminate this damaging provision and replace it with language that improves the current “takings” provision and practice. The fate of H.26 isn’t entirely clear but appears to be unlikely to pass this year.

ISO-NE Update

- Mr. Etori presented the materials provided to the OC and summarized that ISO-NE has been mandated by Federal Energy Regulatory Commission (FERC) to create a competitive market for the winter fuel procurement program. This program will be needed for the next three winters. The ISO-NE expanded program will increase the quantity from 5.1 to 7.2 million barrels of oil equivalent (MBOE). This proposed program will be expanded to other participants such as: nuclear plants pump storage, wood chip plants, and ponding hydro units. To broaden the provider pool the increase to 7.2 MBOE is necessary to cover some of the financial risk.
- Mr. Powell asked if the 7.2 MBOE is annual or cumulative. Mr. Etori responded that the quantity is for the 2015 winter season and expects 2015/16 and 2016/17 levels to be similar.
- Mr. Johnson asked if Vermont is its own capacity zone would the costs be spread across the utilities in that zone only. Mr. Etori responded that Vermont is not its own capacity zone and is part of rest of pool (ROP). However, capacity procured in a capacity zone is paid for by that specific zone.
- Mr. Smith asked if ISO-NE had provided the rationale to increase their security staff coverage at its control center. Mr. Etori responded that ISO-NE has not specifically identified the concern. They pointed to an increase in cyber-attack threats within the industry as the primary driver.
- Mr. Etori discussed a new market initiative to provide variable generators with a Do Not Exceed (DNE) value to maximize the amount of generation they can reliably provide. Mr. Etori suggested this may be the time that Vermont changes VELCO as the designated entity for all Vermont generation to the appropriate DU. The group thought further discussion on this item was warranted.

Power Accounting Update

- Mr. Etori presented the materials provided to the OC concerning the Bridge Energy Group (BEG) and ARC Consulting (ARC) transition and summarized that it’s moving forward in a positive manner.
- Mr. Etori discussed that VELCO, in applying a lesson learned from the flawed contract with BEG, secured external legal support to develop a software-related Master Services Agreement under which an ARC contract for work going forward would be approved.

Arc Flash

- Mr. Kearney presented the materials provided to the OC and summarized that VELCO continues to analyze and understand any new and proposed regulatory changes around this topic, developing compliance standards and improving awareness to promote safe work practices.
- Mr. Etori asked if VELCO substations will have multiple switching stick lengths available for the arc flash risks presented. Mr. Fiske responded that the current plan is to maintain the longest stick which is the most protective and discussions are ongoing about marking switches as well with the protective gear requirements.
- Mr. Wright asked if VELCO will be providing protective gear beyond the switching sticks at substations. Mr. Kearney responded that yes and that VELCO has already started to obtain the gear. VELCO has purchased balaclavas for every certified switch person for hygienic reasons and will have a set of high calorie protective gear including a jacket, gloves and hardhat at each substation.
- Mr. Mason asked if VELCO had situations where more than one switch person is required to operate the switch. Mr. Kearney responded that not normally and in the event the need for a spotter is required they would remain outside the area of arc flash influence and therefore would not need the same level of protective gear.
- Mr. Mason asked if VELCO will be reaching out to the DU’s to share this information and provide training. Mr. Kearney responded that this will be an added module for the annual VELCO switch person training will be provided to each DU safety person to provide the training in between switchman training. Mr. Mason

asked if VELCO could plan to train the DU switchman when that DU doesn't have an internal safety department. Mr. Fiske agreed to take this as an action item to consider options to for how to best train all DU switchman, foresters and the like. Mr. Kearney stated that when he distributes the training presentation he'll make it point to sit down with the representatives and provide the training as a starting point.

Other Business

- No other business was discussed.

Proposed Agenda Items

- Load Shed Planning from VPPSA, Stowe and WEC Update
- Net Metering and Interconnection Rule Revision Update
- VELCO remaining Designated Entity for Vermont
- ISO-NE Update
- Power Accounting Update
- FERC Order 1000 Update

Motion to Adjourn

- Mr. Couture moved and Mr. Wright seconded adjournment, which was agreed without objection at 2:12 p.m.