

DRAFT VELCO Operating Committee MINUTES

June 18, 2015, 11 a.m. – 3 p.m.
GMP Office, Montpelier

Participating members: Jamie Brewster (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) by phone.

Other participants: Brian Connaughton (VELCO), Scott Harding (VELCO) by phone, Dan Nelson (VELCO), Dan Poulin (VELCO), **Scott Mallory** (VELCO)

Next Meeting
July 16, 2015
11 a.m. to 3 p.m.
GMP Office, Montpelier

Opening

- Mr. Ettori called the Operating Committee (OC) meeting to order at 11:05 a.m.

Safety Topic

- Mr. Ettori discussed ladder safety and reminded people to use a properly sized ladder for the job, ensure the angle of the ladder is appropriate, and that the legs are positioned firmly on the ground. Mr. Connaughton added that you should use care to ensure children are not able to access the ladder when it is unattended. Mr. Nelson shared a picture of a very unsafe ladder installation that a contractor had set up on top of an air conditioning unit at a local ski resort. The photo demonstrated the extremes that some people will go to in order to make do with the equipment they have on hand rather than take the effort to get the right (safe) equipment.

Minutes Approval

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

Statewide Radio Project Update

- Mr. Nelson presented the materials provided to the OC summarizing that VELCO continues to look for ways to accelerate the forecasted project cycle times including deploying temporary installations.

Mr. Nelson explained that if companies are receiving weak signals or “scratchy” service they should notify VELCO and provide feedback as there may be a quick and easy solution to the problem. He gave an example of one problem that some crews were experiencing that was easily corrected once he learned about it. Unfortunately the crews had been suffering through the issue for more than three weeks, because they did not tell VELCO about it. This issue was resolved within 48 hours of being reported to VELCO. Mr. Nelson urged the Distribution Utilities to provide feedback whenever they experience issues. VELCO will be reaching out to all the districts offices to help facilitate the feedback.

Mr. Nelson talked about an issue that VELCO experienced due to VPR in Middlebury. VPR has raised the noise floor due to the RF level being generated and that caused significant reduction in coverage on the VELCO radio system. Mr. Couture asked if it is possible to have many users on the same site without interference. Mr. Nelson answered yes, that if done properly, multiple joint users at a common facility should not be a problem.

Mr. Ettori asked if VELCO has conducted the radio test. Mr. Nelson responded that due to weather, the test had been postponed and will be conducted in the next several weeks. Mr. Nelson went on to explain that the test will be conducted in the NW corner of the state (Chittenden County). 5 utilities in the area, will participate in the test, which will consist of a 15 minute test period of heavy usage. The test will be

followed by a 15 minute break, and then another 15 minute test period of heavy usage. There will be a conference call open during the entire test in order to receive immediate feedback.

GMP Fiber Cut at Essex

- Mr. Nelson discussed a recent incident in which GMP crews were decommissioning a GMP fiber optic cable at the Essex substation and mistakenly cut the wrong fiber cable. The cut resulted in GMP losing high speed fault clearing on their sub transmission system, but did not result in the loss of SCADA control. The repair was difficult, but all relaying was put back in service by that evening. GMP and VELCO performed a lessons learned review and determined that high speed clearing is more prevalent on the sub transmission system than what there used to be. VELCO is setting up a project to assess all interconnected high speed clearing systems to determine impact and need for path diversity.

ISO-NE Update

- Mr. Etori presented the materials provided to the OC and summarized that there will be changes to the winter fuel procurement program and the proposed ISO program will allow a larger subset of generators to participate. It will allow nuclear, pump storage, wood chip burners, and hydro generators to participate. The result of this expanded program will be additional oil equivalent fuel will be necessary to gain the fuel levels necessary for the winter. Mr. Couture asked “What is Seabrook’s benefit”? Etori explained that Seabrook will now get paid for being available. NESCOE championed a continuation of the previous year’s program with a couple minor tweaks. VELCO opposed the ISO proposal and supported the NESCOE proposal. Mr. Couture asked if anyone had “ball parked” what the program would cost to NE ratepayers. Frank answered that it depended on which program was promulgated. As a data point, last year’s program cost about \$44 Million.
- Mr. Etori discussed the ISO proposal to change the methodology for how fast start resources get paid. Fast start resources are not currently being compensated correctly. Even though this change might result in a slightly higher LMP, the change seems prudent to us, and intend to support this initiative.
- VELCO presented a proposed plan application (PPA) for removal of some of the runback schemes associated with the Highgate Converter.
- ISO issued a white paper regarding the volume of zero costs distributed generation resources. The paper posits a future state of lower energy prices and higher capacity prices. If resources aren’t receiving their revenue in the energy market the make whole money will need to come from the capacity market.

Meeting adjourned at 12:00 p.m. for lunch

Meeting re-adjourned at 12:26 p.m.

Power Accounting Update

- Mr. Etori presented the materials provided to the OC concerning the PAS transition plan. Mr. Etori stated that hardware for the primary system is going to be installed at Pinnacle Ridge and is expected to be received tomorrow and will be installed next week. Mr. Etori stated that the transition is going well. Mr. Etori stated that the system will be completely supported by ARC by September 4, 2015.

VELCO Board of Directors Update

- Mr. Etori provided an overview of the VELCO Board meeting that was held on June 4, 2015. Mr. Etori stated that VELCO is approximately \$80K over our expense budget but we are hopeful we will be able to recover that amount before the end of the year. Mr. Etori gave an overview of VELCO’s recent strategic planning off-site meeting and how many employees participated in a “day of conversation” prior to the off-site and provided input into the process. Mr. Etori summarized that VELCO still believes that their initiatives are the right ones and we do not have plans to change them at this time.

Mr. Couture asked where the need for the STATCOM project was identified. Brian stated that a study by KEMA in 2005 first identified the need and it was later confirmed by subsequent condition assessments.

Mr. Couture asked about the Floyd Report, to which Mr. Etori responded that the Floyd report was not discussed at the meeting.

Interconnection Rule

- At 12:50 Mr. Harding joined the meeting by phone. Scott provided a summary of the ACT 99 Rule. Mr. Harding stated that VELCO supports all renewable energy resources and we are seeing an impact of them on the transmission system. Mr. Harding stated that the net metering rule is under consideration and that VELCO is reviewing it now. Mr. Etori asked if the IEEE standard would be retroactive, to which Mr. Harding responded no. Mr. Powell offered that the IEEE standard would have the effect that the owner will have the opportunity to bring it up to the current standard.

Mr. Mason expressed some frustration that Lyndonville was having in trying to develop standards regarding what is required for the interconnector to do in order to connect. Mr. Etori agreed that there should be a common set of interconnection requirements. A short discussion followed regarding some of the different standards that exist between utilities, such as who pays for the transformer.

Newport Upgrade Project

- Mr. Connaughton presented the materials provided to the OC and presented an overall review of the Newport project. Mr. Connaughton stated that VELCO expects to receive the CPG for the project by this August. Mr. Connaughton explained that this project is part of larger condition assessment project, and it is the first of several refurbishment projects, and because it is the first, it took longer than the additional sites will take. Mr. Connaughton explained some of the issues that VELCO has had with the DPS on this filing and what VELCO is doing to try to make improvements in future filings. Mr. Connaughton stated that the new control building for this project will be constructed out of concrete in order to provide ballistic protection. Mr. Couture asked how much this project will cost, and Mr. Connaughton responded that the total cost is expected to be \$11 M.

PV20 Cable Replacement Project

- Mr. Mallory presented the materials provided to the OC, which provided an overview of the scope, need and schedule for the project as well as the risk and mitigation strategies for the project. Mr. Mallory stated that this project was required for maintenance purposes and is not based on reliability. Mr. Etori asked if the cost of the spare cable would be PTF. Mr. Mallory replied that the approximately \$4M cost of the spare cable would not be PTF and would be split 50/50 between NYPA and VELCO. Mr. Couture asked what the total project costs would be. Mr. Mallory responded that the costs to Vermont would be approximately \$30 Million, and the total project cost would be about \$70 million. The estimate is being refined as part of the CPG petition development. EPC bid reviews are also underway, which will allow for the estimate to be further developed.

Connecticut River Valley Project

- Mr. Poulin presented the materials provided to the OC, which described the overall need for the project and the ultimate solution selected. Mr. Poulin reviewed the project development as well as several of the alternatives that were evaluated. Mr. Poulin further discussed the proposed solutions and associated work at the Ascutney, Chelsea and Hartford substations. Mr. Etori asked if the type of voltage control unit at Ascutney station had been selected. Mr. Poulin responded yes, the team has selected to use a Static VAr Compensator (SVC) with Thyristor Controlled Reactors and Fixed Capacitors (TCR/FC). The decision was based upon information received as part of a Request for Information (RFI) effort. Mr. Poulin described the work to be performed at Hartford this year as well as the future upgrades to install capacitor banks. Mr. Couture asked if the project would be considered for PTF treatment and Mr. Poulin responded that the majority of the project costs would be considered PTF, with the exception of some exclusive facility charges at the Chelsea substation. Mr. Etori asked if the 46kV reconductoring

would be part of the upcoming 248 petition. Mr. Poulin responded that the sub transmission work is part of the solution but will be addressed by GMP.

Other Business

- Mr. Etori briefly talked about a situation on the system where a reactive device was offline and some generators were being restricted.
- 2016/17 VELCO Budget
 - Mr. Etori gave an overview of the Budget and asked the DUs to provide requests by 6/26/2015. Mr. Etori stated that there will be a CFO/ Operating Committee on 9/17/15 to review the preliminary budget. He stated that our goal is to keep a level funded expense budget again this year.

Proposed Agenda Items

- Brief update on Load Shedding -VELCO
- Use of Drones - Jeff Wright
- Overview of Mapguide – VELCO
- PV modeling – Chris Root

Motion to Adjourn

- Mr. Mason moved and Mr. Couture seconded adjournment, which was agreed without objection at 2:20 p.m.