

DRAFT VELCO Operating Committee MINUTES

August 24, 2015, 11 a.m. – 3 p.m.
GMP Office, Montpelier

Participating members: Kevin Weishaar (Town of Stowe Electric Department), Ken Couture (Green Mountain Power), Frank Ettori (VELCO), Ken Mason (Vermont Public Power Supply Authority), Ken Nolan by phone (Burlington Electric Department), Bill Powell (Washington Electric Cooperative), Jeff Wright (Vermont Electric Cooperative).

Other participants: Brian Connaughton (VELCO), Jeff Disorda (VELCO), Thomas Dunn (VELCO), Mike Fiske (VELCO), Deena Frankel by phone (VELCO), Kerrick Johnson (VELCO), Phil Kearney (VELCO), Mike Loucy (VELCO), Greg White (Green Mountain Power).

Next Meeting
September 17, 2015
11 a.m. to 3 p.m.
GMP Montpelier Office,
Rutland

Opening

- Mr. Root called the Operating Committee (OC) meeting to order at 11:04 a.m.

Safety Topic

- Mr. Kearney discussed that bees and wasps have increased their aggressiveness with the hot weather and the importance of knowing who may be allergic to venom and if they use an EpiPen and where they may be stored in the event of sting.

Minutes Approval

- Mr. Couture moved and Mr. Powell seconded approval of the July minutes. All approved the minutes as posted.

Statewide Radio Project (SRP) Update

- Mr. Root asked if any of the OC members had any comments regarding the presentation materials or system performance. Mr. White mentioned that improved coverage with the new sites is making a positive impact on GMP's ability to communicate with field personnel. He said they are starting to have coverage in areas they have never had coverage.
- Mr. Root discussed that the manufacturer's representative has been on-site for several months to get first-hand experience with loading issue discussed at last month's meeting. This necessary step will help with finding a solution.

ISO-NE Update

- Mr. Ettori presented the materials provided to the OC summarizing that the Markets Committee has approved a referral recommendation to the New England Power Pool Generation Information System (NEPOOL GIS) working group to consider the use of large scale hydroelectric power to meet Renewable Portfolio Standards (RPS). The proposal will now be discussed in the NEPOOL GIS working group for consideration.
- Mr. Ettori continued his discussion that Independent System Operators New England, Inc. (ISO-NE) is moving forward with their five minute settlement program for generators, tie-lines, and dispatchable asset related demands (DARD). Their plan at this point is to use the instantaneous telemetry and then true-up the value with the revenue quality metering (RQM) after the fact. Their long term approach is to gather RQM on a five minute basis. That approach will be more costly because it will require modifying the MV90 retrieval and RQM meters to provide five minute data. VELCO is in the process of evaluating what impact this may have on its power accounting system.
- Mr. Ettori discussed ISO-NE is considering changing the generator Non Price Retirement (NPR) model to potentially allow generators to submit a price retirement model. This may allow some generators to stay around longer than previously.

Power Accounting Update

- Mr. Etori presented the materials provided to the OC summarizing that the transition is progressing very nicely and VELCO is anticipating being separated from Bridge Energy Group services by the end of September of this year. The new software and hardware is installed at VELCO and testing, development, pre-production and disaster recovery testing are complete. Given the progress, the cut over to the new system is planned for the weekend of August 22nd and the next major milestone is to start the next phase of update, and repair of the PAS, and allow us to retire the Oracle system by the end of the year.

East Ave/Queen City Facility Classification

- Mr. Root presented the materials provide to the OC summarizing that the VELCO believes the reactors should be classified as Specific Facilities. The group concurred with the recommended approach. A VELCO equity financing infusion equal to the project cost is planned to be part of the financing agreement with BED pending VELCO Board of Directors approval.
- Mr. White asked if this will be the normal analysis procedure going forward. Mr. Dunn responded yes that identifying the most cost effective approach has and will continue to be part of the all analyses.

Incident K41 Line

- Mr. Kearney presented the materials provided to the OC summarizing that while a Contractor was utilizing a rental track mounted dump truck along an existing access road the driver lost steering control of the vehicle and impacted a structure causing damage. Upon review of the facts surrounding the incident it was determined that the root cause was a failure of a weatherproof rubber boot that allowed contaminants to enter and corrode the steering cable system and bind the controls. Going forward VELCO has added a more thorough daily inspection of all vehicles, especially machine control systems.
- Mr. Disorda mentioned that Department of Transportation has inspection requirements of over the road vehicles but not for off road equipment, so VELCO has added this practice to its contractor training program. In addition the rental company will be providing a representative at the next safety meeting to provide training on what to look for when completing inspections. VELCO will also distribute the findings report to all OC members.

Act 56 Reset Law

- Mr. Wright presented the materials provided to the OC and summarized Darren Springer's, Deputy Commissioner with the Department of Public Service, presentation titled "Innovating for Vermont's Energy Future" – Discussion on H. 40.
- Mr. Wright discussed that overall the proposed rule will encourage DU's to build renewable energy to meet the carbon offset requirements and given the system constraints placement for projects in VEC's territory will be limited without significant infrastructure upgrades.
- Mr. Johnson asked where the Act 56 is in the rule making process. Mr. Wright responded that it's in the working group stage. Mr. Powell added that the rules are not written at this time which is the current focus.
- Mr. Johnson reminded the OC members that it will be helpful that they keep VELCO informed timely as the plans develop for any renewable project so that VELCO can keep its modeling up to date to better assess impact on Vermont's electric grid.
- Mr. Root discussed that VELCO is required to account for any proposed renewable projects within its planning studies and assume they are all in service.
- Mr. Johnson asked what control VEC has over new commercial proposals within their system. Mr. Wright responded that once VEC's annual renewables' cap is met they have the right to deny new renewable projects within their system.
- Mr. White discussed that that larger renewable projects are adding some complexity to system operation and smaller projects may be more beneficial as they more closely match local load requirements resulting in comparatively less system issues. There will be challenges going forward where the subtransmission

and distribution systems will be stressed to high penetration of renewables. Statewide integrated analysis approach may be beneficial to offer guidance during the rule making process.

- All agreed that there is a critical need to integrate planning and implementation of: Act 56 – including DU-specific projects or PPA's pursuant to Tier 2 requirements, Rule 5.500, Standard Offer, Net Metering, and QF renewable projects.

Secondary Containment Project Update

- Mr. Connaughton presented the materials provided to the OC summarizing that, although compliant, VELCO has identified five substations that require further evaluation to determine if the current protocols can be improved to reduce VELCO's operation and maintenance costs.
- Mr. Wright asked if VELCO's current secondary containment standards utilize pumps. Mr. Connaughton responded that pumps are not considered the standard as VELCO utilizes gravity flow when possible.
- Mr. White asked when VELCO projects to be working in the North Rutland substation. Mr. Connaughton responded that the current forecast is the middle of 2016.
- Mr. Wright asked how VELCO determines what size transformer to design the secondary containment in the event they are changed out in the future to a larger unit. Mr. Connaughton responded that VELCO will coordinate with any Distribution Utility (DU) that may be collocated at a VELCO substation to obtain the most current data on electrical equipment plans.

VELCO Board of Directors Update

- Mr. Root provided an update on the VELCO Board of Directors (BOD) meeting and summarized that the Connecticut River Valley projects were approved and we plan to file 248 Permit in September and that the following project updates were discussed: Statewide Radio Project, Floyd Wrap Up, ISO-NE Revenue Methodology Changes and Markets Committee and Georgia Transformers Equity Proposal.

Other Business

- No other business was discussed.

Proposed Agenda Items

- Rule 5.500, Act 56, QF, Implementation Considerations
- Risk Mitigation – Chris Root

Motion to Adjourn

- Mr. Johnson moved and Mr. Wright seconded adjournment, which was agreed without objection at 2:09 p.m.