

**DRAFT VELCO Operating Committee
MINUTES**

March 17, 2016, 11 a.m. – 3:00 p.m.
VPPSA Waterbury Office

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

Other participants: Doug Best (VELCO), Deena Frankel (VELCO), Mike Loucy (VELCO), Dan Nelson by phone (VELCO), Hantz Presume (VELCO), Greg White (Green Mountain Power).

Next Meeting
April 21, 2016
11 a.m. to 3 p.m.
GMP Montpelier
1-866-720-4556
Code: 6027065

Opening

- Mr. Ettori called the Operating Committee (OC) meeting to order at 11:07 a.m.

Safety Topic

- Mr. Best discussed that it's important to remind yourself and others to check completely around your vehicle prior to operating it to ensure the area is clear to proceed.

Minutes Approval

- Ms. Burt moved approval, Mr. Couture seconded and the February minutes as posted were approved without objection.

Statewide Radio Project (SRP) Update

- Mr. Nelson provided a SRP update summarizing the progress of several radio sites: Barnet is in the construction phase, Lowell is in negotiations with GMP to collocate at the Lowell wind farm, Montgomery and Thetford are in site search phase, and West Rupert landowner negotiations have been initiated. He stated that two additional sites are progressing to move from microwave to fiber backhaul and all 36 site battery upgrades are underway to improve reliability. He also discussed that the final planning for the 2016 second quarter radio system stress test is underway.
- Mr. White asked if the recent radio system issues GMP experienced have been added to the trouble ticket system for evaluation. Mr. Nelson responded yes and explained that a duplicate VELCO trouble ticket has been opened and the two telecommunication organizations are stepping through the resolution for each item.
- Mr. Nelson discussed that VELCO's offer to purchase additional spectrum in support of the radio system has been accepted by the court-appointed Receiver but the proposal still requires Federal Communications Commission (FCC) and court approval to bring closure.

ISO-New England Update

- Mr. Etori presented the materials provided to the OC summarizing market, reliability, and other regional highlights.
- Mr. Etori stated that the pay for performance program will not start until summer of 2018.
- Mr. Etori explained that the Algonquin project will provide approximately 342k dekatherms of gas per day and that it will become available to New England. One point made was that the demand is driven by homeowner gas contracts and its availability will likely change as utilities add gas customers. This project should have a positive impact on natural gas availability for gas fired generators over the next couple of years or at least until the home heating expansion build out occurs.
- Mr. Etori discussed the local system planning changes. Mr. White asked how the costs to facilitate an Independent Service Operator-New England (ISO-NE) pooled transmission facilities (PTF) project would be treated for components below 115kV. Mr. Etori responded that although the local PTF component cost treatment is still evolving, any components below 115kV will likely continue to be locally funded. The reason for this is that local PTF component associated project cost would likely be below the established ISO-NE threshold for regional treatment.
- Mr. Couture asked if the distribution utility (DU) responsible for upgrading part of its system would be liable for all of the associated costs or would the upgrades be treated as a state common facility. Mr. Etori responded that it's not clear how this situation would be handled and further evaluation by the OC is warranted as the new rules continue to get vetted.

VSPC Reorganization Update

- Ms. Frankel provided an update summarizing that VELCO continues to work with the stakeholders to consider how to better align the Docket 7081/VSPC process with regulatory, policy and energy supply changes that have taken place since the process was approved in 2007. She reported that the Forecasting and Geographic Targeting Subcommittees have been meeting jointly to help VELCO develop a proposal to the full VSPC. The group has recognized that the full VSPC has never had a charter defining its mission, and that such a document could provide a useful path to deciding if and how the process could be modified to better align with current realities.
- Mr. White asked if the subgroups have incorporated within their discussions the impacts created by the decentralized review process of new renewable generation into the state. Ms. Frankel responded that although this is not in original framework of the VSPC this is a good example of what the subgroups should be discussing to address the new challenges that have been created for grid operation.
- Ms. Frankel also discussed that the outcome of the subgroup work will determine if the proposed VSPC charter revisions require legislative action or are minor enough to be considered within their original scope.
- Mr. Wright asked if a timeframe had been established for the recommendations regarding the VSPC charter. Ms. Frankel responded that the current intent is to have a draft for the April VSPC meeting. Following that meeting, VELCO staff would provide a report to the Operating Committee.

Legislative Update

- No discussion occurred.

Vermont Generation Impacts due to Anbaric Project (Critical Energy Infrastructure Information – CEII)

- Mr. Presume presented the materials provided to the OC summarizing that for the majority of the year, Northwest Vermont is an importer of energy but with an introduction of a large generation source Northwest Vermont would likely become more of an exporter. Under certain scenarios this could potentially create overload conditions on the grid requiring immediate counter measures be implemented.
- Mr. White asked what existing generation sources would likely get curtailed during an overload scenario with the introduction of a large generation source. Mr. Etori responded that it's believed ISO-NE would identify the most costly source or sources first but this is dependent on many variables. It's possible the curtailment could be proportional across several generation sources but this is complicated by what's known as the distribution factor. Essentially you don't necessarily get equal load reductions per MW of curtailment so to minimize curtailment, a benefit may be realized by balancing with flow optimization strategies.

Newport Sub Update (Critical Energy Infrastructure Information – CEII)

- Mr. Best presented the materials provided to the OC summarizing the project status.
- Mr. Best explained that the history of the Newport substation site was not well documented and one challenge that developed during construction was encountering non-native soils in the area of the substation expansion. Coincidentally, an on-site construction worker also participated in the original substation build in 1992 and recalled that the methods of construction. The methods used the excavated on-site materials as general fill in the area of the current expansion. This has led to the need for both VELCO and VEC to excavate these unsatisfactory soils and bring in additional engineered backfill to ensure the subsurface is sound.
- Mr. Best described the capital improvements of the VELCO substation, as well as the new VEC substation. Although the VELCO substation & new VEC substation will not have shared assets a fence will not separate the two substation yards.
- Mr. Best described the temporary configuration, which was constructed to facilitate an extended outage of the existing substation. The temporary configuration includes: 115/46kV VELCO transportable transformer, 46kV box structure, 46kV line to VEC - West Charleston, 46kV tie line to Moshers Tap, 46/12.5kV GMP X9 mobile substation and 12.5/4.0kV temporary to Great Bay Hydro.

Other business

- No other business was discussed.

Proposed agenda items

- SRP Update
- SHEI Potential Options to Address - Storage

Motion to adjourn

- Mr. Couture moved and Mr. Wright seconded adjournment, which was agreed without objection at 2:25 p.m.