

**VELCO Operating Committee
DRAFT MINUTES**

May 19, 2016, 11 a.m. – 3 p.m.
GMP Montpelier Office

Participating members: Ellen Burt (Stowe), Ken Couture (GMP), Tom Dunn (VELCO), Frank Etori (VELCO), Ken Nolan (BED), Bill Powell (WEC), Chris Root (VELCO), Greg White (GMP), Jeff Wright (VEC).

Other participants: Deena Frankel (VELCO), Dan Nelson (VELCO, by phone).

Next Meeting:
Thursday, June 16, 2016
11 a.m. — 3 p.m.
GMP Montpelier Office

Opening

- Mr. Root called the Operating Committee (OC) to order at 11:09.

Safety topic

- Road construction season has begun, and not all traffic control is done effectively. For example, the traffic pattern on I-89 at Waterbury is confusing and requires extra vigilance. Mr. White reported that utility crews are experiencing people speeding in work zones even with traffic control. Mr. Couture described the traffic cone carnage first thing in the morning before work zones are cleaned up for the day.

Approval of minutes

- Wright moved and Powell seconded approval of the minutes of the April meeting, which were approved without objection.

Statewide Radio Project

- This will be the last regular report on Statewide Radio Project (SRP). Mr. Nelson gave the SRP report, reviewing the slides that appear in the OC package. He will continue to give quarterly telephone updates through the end of the year.
- Concerning console issues, Mr. Nelson said VELCO is still working to resolve console issues for GMP. The console installed at VELCO is helping VELCO troubleshoot and the expertise now exists to help with resolution. Mr. White stated that GMP has worked with its vendor to try to resolve the console issues. One issue has been fixed and the other appears issue to be resolved. GMP is recommending another statewide test, perhaps right after Memorial Day, but the test has not yet been scheduled. Mr. Nelson responded that VELCO has been holding off on the test until the current problems are debugged. The consoles are complicated, but progress is being made.
- Mr. Couture asked about the VELCO acquisition of the radio spectrum that is now in bankruptcy court. His quest was: What are the risks for current and projected spectrum? Mr. Nelson stated VELCO does not have all needed spectrum. VELCO has been trying to buy additional spectrum in the current auction. If the current effort fails completely, the spectrum will go back to the FCC, which will be a very slow process. We do think this will work out, but it is taking some time. Mr. Etori asked if others are interested in purchasing the spectrum we are seeking. Mr. Nelson said

that VELCO is working with NGrid to prevent our interests from interfering with one another. The railroads are complicating the issue in southern New England, but not in our area generally.

- For future reports Mr. Couture asked for quarterly updates, perhaps next after the statewide test.
- Mr. White thanked the VELCO team for its perseverance in working through the issues. Mr. Root acknowledged how much work had taken place in the past year.

ISO regional update

- Mr. Etori gave the ISO New England regional update, presenting the slides that are included in the OC package.
- Regarding Net Commitment Period Compensation (NCPC), Mr. Etori's slides show greatly reduced out-of-market costs as a result of not needing to run resources out of merit. Mr. Dunn asked if it accurate to say the better ISO-NE does at unit forecasting, the lower the cost. Mr. Etori gave an example of when the NCPC would come into play, e.g., with a line out. When you have robust system, you don't have to run resources out of merit he stated. NCPC may have a downward effect, however, RNS costs are still rising due to new transmission.
- Mr. Etori stated that ISO-NE has made some org changes: Allyson LaGrand is now director of committees (formerly chair of markets committee).
- With regard to reliability planning, the new scenario analysis process is proceeding. Regarding local system plan (LSP) studies, this area has moved at snail's pace due to uncertainty about load shedding criteria. Progress is currently stalled on the topic of whether or not local planning solution Pool Transmission Facility (PTF) components will be socialized. Transmission Owners (TOs) are analyzing their own criteria and may go back to ISO-NE with an alternative proposal to the 100/300MW ISO-NE policy currently in place. ISO-NE is asking for more detail on studies for PV installations greater than 5 MW to improve modeling of distributed generation (DG). The effort is not perfect, but is showing up as reduction in the load forecast. The group discussed the magnitude of DG and behind-the-meter generation in Vermont, which will be at 200 MW by the end of the year.
- Mr. Etori reported on the fourth Return On Equity (ROE) complaint to FERC by the Massachusetts municipal utilities. He pointed out that the first complaint had resulted in a reduction in ROE from 11.4% to 10.57%, and the additional complaints would lower the rate further. Reductions impact all of New England, but have a great impact on Vermont because what VELCO does not collect regionally, it collects from the Vermont Transmission Agreement. The premise of the complaints is that the cost of capital is lower, so rate should be lowered.
- Regarding the RNS rate protocol: states and TOs have agreed on protocols and have a partial settlement with FERC. They are still working on a template for calculation of RNS rates with each TO. This clearly needed to be done because the calculation a narrative rather than a formula and was very subject to interpretation. Having in a formula/template will resolve the ambiguity; however, utilities are finding problems as they go through this exercise.

- Anbaric will be filing its Section 248 45-day notice at the end of May for end of July petition for filing a Certificate of Public Good with the Public Service Board. Anbaric is seeking Memoranda of Understanding (MOUs) with some parties, but are likely to file for their CPG with some issues open ended. VELCO's role will be to present our analysis of impacts to the Board. For the crossing of PV 20 VELCO will want an acceptable design. Studies are raising questions about Queen City transformer, which may require a second transformer. VELCO has some concerns about ISO-NE's study method.

VSPC

- Ms. Frankel presented the VSPC charter development slides that are included in the OC package.
- Mr. Wright asked if there was active participation by DU staff at the meetings. Ms. Frankel reported that GMP, VEC, WEC and VPPSA had been participating regularly.
- The group discussed the need for technical/engineering discussion regarding the impacts of increasing large amounts DG on the grid. Some participants expressed concern that the VSPC was not the most effective place for a technical discussion, and that it may be more useful for the utilities to undertake analysis and then present it to the VSPC for information. The group discussed whether a reinvigorated Vermont Utilities Planning Group would be a better forum, with the participation of the Department of Public Service.
- Mr. Powell observed that the message about impacts, such as reverse flows from distribution onto the subtransmission system, was not understood by DPS. The group discussed the need to keep the Department apprised of the grid impacts of the aggregate increase in DG.
- Ms. Frankel observed that, if the group decides to reinvigorate the VT Utilities Planning Group, it is important that both policy and engineering staff participate.
- It was agreed that Ms. Frankel will provide another update after the Charter is finalized.

Black Start Program Update

- Mr. Ettori presented the black start program slides in the package. (Contains CEII so requires login to access.)
- The group discussed concerns about changes that have been made by ISO-NE to the black start program. Vermont is creating its own Local Area Recovery Instructions (LARIs) to enable getting Vermont up more quickly than would happen under the ISO plan.

VEC renewable projects update

- Mr. Wright gave the OC an overview of the impacts of solar development on its load profile and recent experiences with solar project development.
- For VEC, conversion of sugarmakers from generators to electric will be a key strategy meeting RES Tier III.
- BED will present on its impacts in June. Stowe would like to present on their project in July.

CIP communications

- Mr. Root reminded the group that personnel change info needs to be provided to VELCO timely to comply with CIP requirements.

Next meeting agenda items

- The group agreed to put the Vermont Weather Analytics Center on the agenda for June.

The meeting was adjourned at 2:45