

VERMONT SYSTEM PLANNING COMMITTEE

MEETING MINUTES DECEMBER 14, 2011 DOUBLE TREE, BURLINGTON

A regular meeting of the Vermont System Planning Committee (VSPC) was held December 14, 2011, at the Double Tree, Burlington, Vermont. Deena Frankel called the meeting to order at 9:35 a.m.

David Mullett moved approval of the minutes of the September 14, 2011, VSPC meeting, Steve Litkovitz seconded and the minutes were approved without objection.

Introductions

Participants introduced themselves. A list of attendees by sector appears on page 5 of these minutes.

Regional Update

Hantz Pr sum  reported that the Vermont/New Hampshire Needs Assessment was finalized in November. A second study identifying potential transmission solutions is near completion and will be presented to the Planning Advisory Committee (PAC) in January. A third study will provide high-level information on market resources that could provide alternatives to transmission solutions. The Needs Assessment identified a series of deficiencies in northwestern and central Vermont. The estimated cost of the northwestern Vermont solution is approximately \$220 million. Mr. Pr sum  added that VELCO's study results were somewhat different from ISO-NE's, showing that some of the upgrades are not as immediate as determined by ISO-NE. ISO's high-level market resource study reveals the amount of generation needed to avoid or defer the transmission solutions. Additional imports over the PV 20 line could defer the northwestern Vermont transmission project. Restoring the ability to import power over the PV 20 line requires separation of a section of double circuit towers in New York, installation of a special protection system and a support contract or agreement leading to an operational procedure. The benefit of adding generation to the Essex area is also being studied. The GMP's Gorge generator already has I.3.9 approval from ISO-NE. Other possible solutions include McNeil, a generator in the St. Albans area, a blended solution including generation and energy efficiency, or a hybrid solution including a smaller transmission project combined with non-transmission alternatives. The farther an NTA (non-transmission alternative) solution is from the Essex area, the less effective it becomes. Mr. Pr sum  added that the central Vermont reliability concerns could also be resolved by adding generation.

Doug Smith presented an illustrative example of potential northwestern Vermont reliability alternatives. Mr. Smith proposed following the NTA analysis methodology outlined in Docket 7081 with GMP acting as the lead distribution utility. All Vermont distribution utilities are impacted and would be invited to participate in the process. The issue has a sense of urgency because an alternative solution must be implemented timely to avoid imposition of a transmission solution. Mr. Smith added that a blended solution will probably be the most effective solution. Participants discussed distributed generation and energy efficiency programs as potential alternatives. Jenny Cole recommended that area towns be provided with information to assist in determining projects to develop. Kim Jones and Terry Cecchini each commented on the challenges of relying on distributed generation and cautioned that proper infrastructure is needed to guarantee it will be available when needed. Mr. Smith added that the next steps are to form a study group, develop a schedule and gather information. Participants discussed the value of having a contract for deliveries over the PV 20. Mr. Smith reported that GMP has considered repowering the Gorge Gas Turbine. Its normal capacity is rate at about 18 MW but due to age and condition it has been de-rated to 10 MW. It is in a good location to be part of the northwestern Vermont reliability solution, however, based on market analysis alone, it will be better economically to wait five years to build generation. From a NTA perspective, building generation would be beneficial sooner. VELCO's Long Range Transmission Plan will provide information on how much generation is needed and where it is needed in order to defer the

transmission solution. The lack of regional cost recovery for the above-market costs of non-transmission alternatives will remain a challenge and barrier to their development.

Subcommittee reports

Energy Efficiency & Forecasting (EE&F)

TJ Poor, subcommittee chair, reported on the subcommittee meetings and process to evaluate potential constrained areas for geographical targeting of energy efficiency and make a recommendation to the VSPC for its recommendation to the PSB. The distribution utilities initially identified areas with a constraint, which were then screened using criteria developed by the subcommittee. Those that screened in were then analyzed in more depth. The subcommittee recommends targeting the Susie Wilson (GMP) and St. Albans (CVPS) areas. Other areas were considered but the subcommittee determined that no further analysis was warranted. The Brattleboro area will continue to be monitored. The study shows a future reliability constraint in this area.

MOTION TO AUTHORIZE EE&F TO DEVELOP AND SUBMIT A LETTER TO THE PUBLIC SERVICE BOARD (PSB) ON BEHALF OF THE VSPC RECOMMENDING THAT ST. ALBANS AND SUSIE WILSON AREAS BE GEO-TARGETED WITH FUNDING AT THE TEN PERCENT LEVEL PROVIDED BY THE PSB IN ITS 8/1/11 ORDER, AND TO CONTINUE TO MONITOR TARGETED AND OTHER AREAS AND ANNUALLY REPORT FINDINGS TO THE FULL VSPC. Mr. Litkovitz moved and Mr. Pr sum  seconded. The motion passed unanimously.

Mr. Poor also reported that the subcommittee has completed a productive process of reconciling the energy efficiency and load forecasts. Mr. Pr sum  emphasized the importance of updating forecasts adding that the outlook for 2012 is showing slower economic recovery. VELCO will use the most up to date information in the 2012 Long Range Transmission Plan, incorporating the latest information about changing variables. The EE&F reconciliation process has fostered a high level of coordination between ITRON and VEIC to understand Forecast 20 and reconcile demand side management and load forecasts.

Generation Subcommittee

No report.

Procedures Subcommittee

No report.

Public Participation Subcommittee

No report.

Technical Coordinating Subcommittee

No report beyond the preparation of the agenda for this meeting.

Transmission Subcommittee

No report.

Old Business

Ad Hoc Process Reform Group

Ms. Frankel reported that VELCO filed on November 21, 2011, a Petition to Amend the Memorandum of Understanding (MOU) in Docket 7081, as directed by the VSPC in September. The Public Service Board issued a Memorandum November 29, 2011, setting a deadline of December 13, 2011, for comments and/or requests for hearing. VELCO and the Department of Public Service (DPS) met December 9 to discuss open issues. On December 13, the DPS filed with the PSB, a letter generally supporting VELCO's filings, but requested that the terms

“impracticable” and “uneconomic” be defined by revising the NTA screening tool within six months of the date of an order approving the MOU modifications. Ms. Frankel suggested that the VSPC develop an action plan to implement the MOU revisions pending PSB approval. Ms. Frankel identified the three changes requiring additional implementation actions: (1) revision of the NTA screening tool; (2) develop approach to be used for developing, implementing and reporting on “project specific action plans”; and (3) implement new voting sector for EEU and SPEED. Ms. Frankel recommended re-engaging the NTA Screening Committee to revise the screening tool. Participants discussed the current subcommittee structure acknowledging the need to continue having a meaningful structure. Mr. Asa Hopkins added that the DPS would like to have the screening tool completed within the next six months. Mr. Hervey Scudder and Mr. Hopkins requested to be added to the Ad Hoc Process Reform Group.

MOTION THAT THE ADHOC PROCESS REFORM GROUP RECONVENE FOR THE PURPOSES OF DISCUSSING POTENTIAL REVAMPING OF THE COMMITTEE STRUCTURE OF THE VSPC AND PLACING ON THE AGENDA FOR ITS FIRST MEETING DISCUSSION OF REFINEMENT OF THE SCREENING TOOL AND COME BACK WITH A RECOMMENDATION TO THE FULL VSPC. Mr. Mullett moved and Mr. Litkovitz seconded. The motion passed unanimously. A meeting is scheduled for January 4, 2012, from 9:30 a.m. to noon to be held at DPS in Montpelier.

2012 Long-Range Transmission Plan (LRTP) Update

Ms. Frankel presented a revised schedule for the LRTP. VELCO is coordinating with ISO-NE to reach consensus on the planning assumptions including the incorporation of DSM into the load forecast. A draft plan will be issued to the VSPC by January 27, 2012. A meeting to discuss the draft plan is scheduled for February 13, 2012, from 9:30 a.m. to noon to be held at the offices of VPPSA in Waterbury Center.

VSPC Annual Report Filing

Ms. Frankel reminded members that the VSPC’s Annual Report is due to the PSB on or before January 15, 2012. She will arrange a conference call in early January to discuss.

Regional Update – Changes in how ISO-NE incorporates energy efficiency in its demand forecast

Michael Wickenden reported that all six New England states and other stakeholders have urged ISO-NE to develop a methodology to account for state-sponsored energy efficiency plans beyond the current Forward Capacity Market (FCM) horizon. ISO-NE has worked with state agencies, utility program administrators and NYISO to gather supporting information and develop an evaluation framework to support this request. Once finalized the energy efficiency forecast will become part of the annual load forecasting process and will be rolled out in early 2012 in conjunction with the ten-year load forecast update. Mr. Wickenden added that many New England states are making large investments in energy efficiency programs. ISO-NE is working with regional stakeholders to understand the impact of efficiency bid in for 2009, 2010 and 2011. The results of the FCM energy efficiency analysis show that nearly all state-sponsored energy efficiency is captured in the FCM. The New England states want ISO-NE to forecast energy efficiency savings beyond the FCM results across the ten-year planning horizon. This forecast could be used in a number of studies that extend beyond the FCM timeframe.

Project Updates

Kingdom Community Wind (KCW)

Mr. Litkovitz reported that the project is under construction and the access road is complete. Protestors have engaged in direct action to slow down the pace of the construction. The project is on track to be in service in December 2012.

Jay Area Reliability Project (VEC)

Mr. Pr sum  reported that the substation is under construction and the project is on schedule.

St. Albans

Kim Jones reported that there is no additional progress since the last meeting. CVPS met internally to discuss the public process which will begin early next year. The company plans to file for Section 248 approval next year with construction to begin in 2013.

Rutland area

Ms. Jones reported that due to a new wind project that would potentially utilize a breaker position at the VELCO West Rutland Substation, CVPS had to request a new cost estimate. VELCO has provided the new cost estimate. CVPS is analyzing the new information against non-transmission alternatives. If the transmission solution is determined to be the least cost alternative, it is budgeted for 2015.

Queen City, West Rutland, & Ascutney Capacitor Banks

Mr. Pr sum  reported that there is no need for the Queen City capacitor banks at this time. The West Rutland cap banks will be in service by the end of 2011. The Ascutney cap banks are being studied. VELCO will continue to study the need and a solution, which could be a hybrid, has not yet been selected.

Georgia, Ascutney, & Bennington Substation

Mr. Pr sum  reported that the Georgia substation has received PSB approval. Ascutney is in the final stages of the permitting process and should be complete within the next few weeks. The Bennington project is behind schedule. The permitting process will be complete in the next few months.

Reactors

Mr. Pr sum  also reported that the delivery of the reactors has been delayed. The Company expects to have the reactors in service by the end of the summer of 2012.

Ascutney Transformer (NTA)

Mr. Pr sum  reported that CVPS is conducting a study of the area including Hartford and Chelsea. Ms. Jones added that the study is in draft form. It appears that the Ascutney transformer will be deferred. It looks like a solution for the loss of the Hartford transformer will be needed.

Highgate Converter

Mr. Pr sum  reported that the project is on schedule, and should be completed by the end of 2012. Everything is proceeding as planned. The project upgrades the control and cooling systems of the Highgate Converter.

OTHER BUSINESS

Ms. Frankel presented future meeting dates noting that the March 14, 2012, quarterly meeting will be held at the Double Tree in South Burlington, Vermont, instead of Randolph (the location used for the March meeting in past years).

Adjournment

The meeting was adjourned at approximately 3:45 p.m.

Next Meeting: Quarterly Meeting to be held March 14, 2012, at the Double Tree Inn, Burlington, Vermont at 9:30 a.m.

ATTENDANCE

*Indicates voting member at this meeting

**Indicates Alternate

Public Sector

*Jenny Cole, Residential

** Hervey Scudder, Residential

Transmission Utility (VELCO)

*Hantz Pr sum , VELCO

Diana Lee, VELCO

Paul Renaud, VELCO

Distribution Utilities Providing Transmission (CVPS, GMP, VEC)

*Steve Litkovitz, GMP

**Doug Smith, GMP

Terry Cecchini, GMP

*Bruce Bentley, CVPS

**Kim Jones, CVPS

Large Transmission-Dependent Distribution Utilities (BED, Vermont Marble, WEC)

*Munir Kastj, BED

*Bill Powell, WEC (phone)

Transmission Dependent Distribution Utilities (Municipals)

*David Mullett, VPPSA

Proxy for Village of Hyde Park

Proxy for Village of Enosburg Falls

*Eric Werner, Town of Hardwick

Non-Voting Members

Walter Poor, DPS (via phone)

Allan St. Peter, DPS

Asa Hopkins, DPS

Michael Wickenden, EEU

John Plunkett, EEU

John Spencer, SPEED Facilitator

Staff

Deena Frankel, VELCO

Kimberly Pritchard, VELCO

Guests

Shana Duval, VELCO

Karen O'Neill, VELCO