

VERMONT SYSTEM PLANNING COMMITTEE

MEETING MINUTES SEPTEMBER 9, 2009, 9:30 AM HOLIDAY INN, RUTLAND

A regular meeting of the Vermont System Planning Committee (VSPC) was held on September 9, 2009, at the Holiday Inn in Rutland, Vermont. Deena Frankel called the meeting to order at 9:30 a.m.

Ms. Frankel presented the minutes of the June 10, 2009, meeting for approval. Dean LaForest moved and Bruce Bentley seconded approval of the minutes of the March meeting, which were approved without objection.

INTRODUCTIONS

Members present in person and by phone introduced themselves. A list of attendees by sector appears on page 8 of these minutes.

SUBCOMMITTEE REPORTS

Energy Efficiency & Forecasting

TJ Poor, chairperson, presented the report of the Energy Efficiency & Forecasting Subcommittee (EEF). The Subcommittee met on June 4, 2009 to further discuss the requirement for the VSPC to sponsor a statewide DSM potential study (including efficiency measures, combined heat and power (CHP) and customer-sited generation) broken down by select area load zones within Vermont. At the last full VSPC meeting the VSPC adopted the EEF recommendation that the VSPC issue an RFP in 2010 to sponsor the potential study on CHP, and to achieve the DSM study either through the DPS potential study or through Efficiency Vermont's Forecast 20 (F20). The VSPC requested that the Subcommittee consider costs and other factors in order to make a recommendation to the VSPC today.

EEF recommends for large CHP (>500Kw) and customer sited generation; VELCO will issue the RFP on behalf of the VSPC. VELCO would be the contractor. A small subset of the Subcommittee will work with staff to assist with the development of the RFP. After weighing considerations regarding the DSM study, the Subcommittee recommends that an expansion of Forecast 20 (F20) to include the unconstrained budget (DSM potential) be funded by the VSPC. The Subcommittee also recommends including small CHP in the study. The VSPC would need to seek consensus of all of the parties in Docket No. 7081 if this option is adopted. If consensus is obtained, a letter will be sent to the PSB requesting approval without the need for an amendment to the MOU in Docket No. 7081.

The considerations in arriving at this recommendation included the fact that VEIC could complete the study within sixty (60) days of F20 whereas the DPS study is slated for mid-next year. Another benefit of working with F20 is that the assumptions are consistent with other VSPC inputs. The DPS study uses different assumptions. It was also determined initially that expanding F20 was the least cost alternative, and that working with the DPS study would cost twice as much. However, after further review, the costs were determined to be similar. Despite this, there remain the timing and consistency benefits of working with F20.

F20 is scheduled to be completed by October 15, 2009. A presentation of the results will be given to EEF with a later opportunity for others to review the results. There is a thirty day time frame to work within recognizing that there might be a subset of people wanting to take a closer look at details, assumptions and suggesting alternate inputs and sensitivities. A draft based on comments from those two sessions will be completed by November 15, 2009. VEIC will present the results to the VSPC at the December 9, 2009 meeting. This schedule is sensitive to the amount of review that members of VSPC want. If more time is needed for review, VEIC can accommodate.

Mr. Poor will circulate dates and times for the next EEF meeting.

MOTION TO ADOPT FOLLOW- UP RECOMMENDATIONS OF ENERGY EFFICIENCY & FORECASTING COMMITTEE; Tom Buckley moved and Harry Abendroth seconded the Motion. The Motion was approved unanimously.

It was confirmed that the above motion gives the Secretary authority to take that action necessary on behalf of the VSPC, with the coordination of the EEF chair, to seek consensus of the parties of Docket No. 7081, and request approval without the formality of an amendment to the MOU in Docket No. 7081.

Mr. Poor added that there is continued effort in the coordination of Vermont forecasts (LRTP, F20, and Itron) together with gaining a clear understanding of assumptions and methodologies. The plan is to have ISO-NE and Itron both present their methodologies and assumptions to the Subcommittee in the coming months. The goal is to understand and eliminate differences.

Generation

James Gibbons, chairperson, was not present to report on the activities of the Generation Subcommittee. Ms. Frankel indicated that a meeting of the Subcommittee has been held, but does not have any information to report.

Procedures

Ms. Frankel reported that the Procedures Subcommittee was charged with developing the confidentiality agreement that evolved from the Information Protocol. This has been a long outstanding item, and the Subcommittee has been working on the confidentiality agreement over the last quarter. Ms. Frankel's understanding is that the Chairman is close to having a draft for review by the Subcommittee, and will bring the agreement to the full VSPC at the December 9th meeting for approval.

It was confirmed that participants will need to sign the confidentiality agreement in order to be a part of any discussions that include the disclosure of CEII or confidential information.

Public Participation

Jenny Cole, chairperson reported that the Public Participation Subcommittee met in July to discuss VELCO's public outreach efforts for the LRTP, and how to improve participation in the future. The discussion included how to make transmission planning interesting enough and the public knowledgeable enough to participate in discussions. Consideration was given to holding public

outreach sessions before the draft is published. Many of the ideas generated in the meeting were not new ones, but it was recognized that efforts to continue to increase public participation.

There was discussion about the LRTP and whether it was a plan or a tool to get to the plan. The impact of the regulations regarding CEII was also discussed, and how it will effect public involvement. The Subcommittee also considered how to get more people interested in the VSPC, and renewing contact with the Vermont League of Cities and Towns in an effort to generate more interest.

The Subcommittee will be working on capturing data for the evaluation process.

Technical Coordinating

Invitation to ISO-NE: Ms. Frankel, chairperson, reported that a confirmation letter had been received from ISO-NE for the meeting on September 30, 2009 in Montpelier to discuss the parity treatment in regional cost allocation for non-transmission alternatives that address regional system reliability issues. Stephen Rourke, VP of Planning for ISO-NE will be doing a presentation on the state of the regional situation around incentives for non-transmission alternatives.

Mr. Bentley questioned whether utilities could use the redispatch clause in the tariff to dispatch generation out-of-merit and absorb those costs through the tariff in lieu of a transmission upgrade. Mr. Bentley will send the reference to the tariff to Mr. Rourke for discussion at the September 30th meeting. Mr. Bentley emphasized that it is important to understand how the tariff works and who should be paying for these out-of-merit dispatch costs.

Ms. Frankel indicated that the Technical Coordinating Subcommittee discussed whether to invite Commissioner Wellinghof to the meeting with ISO-NE on September 30th, and it was decided that just ISO-NE would be invited to speak at this time. It was noted that the Public Service Board has been invited to attend the meeting.

Transmission Subcommittee

NTA Screening: The next step in the MOU is for the VSPC to approve its version of the NTA screening of the projects in the LRTP and the development of the project priority list.

Mr. LaForest reported that a meeting was held at VELCO on August 25, 2009 for the purpose of reviewing the NTA screening results from the LRTP. The attendees discussed at length the screening rationale for each item. The outcome will be a revised document with the understanding that some of the entries previously screened out will be moved back in. Based on the assumption in the screening tool (erring on the side of being much more inclusive including all load growth and 25% of the existing load can be accommodated through energy and demand side efforts which may include generation); therefore, some that were screened out may be screened back in. A revised document will be provided at a later date. The documents relating to this discussion can be found on the VSPC website in the Transmission Subcommittee folder¹

Mr. LaForest indicated concern about a number of fixed criteria and reliability concerns that have dates in the past, and therefore, need to be dealt with reasonably soon. This scenario was probably not a logistical concern when developing the screening tool. Mr. LaForest recognized that it takes time, effort and resources from companies that are busy working on other things. There is often a

¹ <http://www.vermontspc.com/VPSC%20Subcommittees/Forms/By%20Subcommittee.aspx>

difference of opinion as to where a project should be on this list. It is a healthy tension; however it is something that has to be dealt with in the next couple of months. As the MOU is written, the affected utility becomes responsible for the NTA. The MOU requires that every project in the LRTP be addressed within two years or have a schedule detailing when it will be dealt with. VELCO is planning to meet with the distribution utilities who have projects that impact them and work with them to prepare a new project priority list. The project priority list is updated annually and filed with the PSB. There was a general discussion between VSPC members regarding concerns on the order of projects and the allocation of resources.

Morris Silver indicated that the PSB has had the practice of circulating the document for comment and then putting into an order. Mr. LaForest also reminded the group that the existing project priority list has entries without date specific time lines.

Mr. LaForest explained that there is a tension between the objective of the MOU to have early consideration of NTAs and the right time to proceed with projects. The MOU requires VELCO to create a draft project priority list. VELCO presents this draft list to the VSPC and then the VSPC develops the final project priority list.

Richard Suitor requested a tool to help the lay person understand the reasoning why the questions were answered a certain way. This effort would help the public understand how the screening tool works. Ms. Frankel reported that there is a section of the website for this purpose which is currently being modified. Public Participation is working on this.

Other Business

Critical Energy Infrastructure Information (CEII)²: As requested at the June meeting, Kim Pritchard presented information on CEII. CEII is a form of confidential information required to be protected by the Federal Energy Regulatory Commission. Ms. Pritchard discussed the rationale for protecting CEII; examples of CEII, protection requirements and conditions for releasing CEII.

Participants discussed the potential impacts of CEII on the public engagement process and filings with the PSB. VELCO is committed to being as transparent as possible while remaining in compliance with the regulations. The confidentiality agreement being prepared by the Procedures Subcommittee contains provisions for the protection of CEII and how to challenge a CEII designation. It was determined that Docket No. 7081 should remain open for the purpose of the PSB having jurisdiction and authority to decide challenged CEII designations.

A general discussion was held regarding CEII recognizing that because we have not been through the process, it is difficult to understand the true impact. The procedure VELCO is using to make CEII determinations is bringing together interests from different areas of the company in order to have different views of the world in considering a CEII designation.

Preparation for Docket 7081 Evaluation Process: The MOU requires that between July 1 and December 31, the VSPC conduct an evaluation of the Docket 7081 MOU process to date. Technical

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- ² FERC defines CEII as “specific engineering, vulnerability, or detailed design information about proposed or existing critical infrastructure (physical or electronic) that:
 - Relates details about the production, generation, transmission, or distribution of energy,
 - Could be useful to a person planning an attack on critical infrastructure,
 - Is exempt from mandatory disclosure under FOIA, and
 - Gives strategic information beyond the location of the critical infrastructure.”

18 C.F.R. § 388.113

Coordinating developed a process that was presented to the group last fall on how to approach the evaluation process. Each subcommittee and each sector was to meet to discuss the strengths and weaknesses of the process and be prepared for discussion at the workshop to be held in October. Ms. Frankel wanted to be sure members were prepared or preparing for the workshop to be held October 21st. Ms. Frankel reminded folks of the survey that was circulated in mid-August. There have only been eight responses to date. Ms. Frankel confirmed that the survey is anonymous as long as you do not complete the portion of the survey requesting identifying information. Ms. Frankel will recirculate the survey. Mr. Suitor reported that he has circulated the survey to the municipal utilities. The purpose of the sector meeting is to ask the fundamental question: "Is this the right process?" This is an opportunity to capture what is working with the process and what is not working. There was a general acknowledgement that it is difficult to tell whether the process is working if you haven't had the experience of a project going through the process.

Ms. Frankel indicated that in order to write a report feedback is necessary. In order to address issues, such as time resource concerns, it needs to get into the report and it is necessary for people to participate. It is her intention to organize the feedback from the surveys and circulate prior to the October workshop.

PROJECT UPDATES

Gorge Area Reinforcement

Terry Cecchini reported that GMP is going forward with the transmission alternative. The NTA looked promising but the economic analysis came back that it didn't make sense to go forward. Supplemental testimony has been filed, and a hearing date with the PSB is pending.

Coolidge Connector, Southern Loop, Tafts Corners and East Avenue

Mr. LaForest reported that 60% of the Southern Loop right-of-way is cleared preparing for line construction. Pole construction is underway. Below grade construction has begun at all three sites, and a fair amount of surface work has also begun. All permits are in place and the projects are on schedule.

The East Avenue project has both the transmission line and substation work underway. The transmission line is almost completed. Substation work will be completed by late October to early November. The project is on schedule.

The distribution transformer at Tafts Corner was energized on July 29th and is carrying load. There has been follow-up work within the substation. The distribution project is done. The plan is to have transmission work done by the end of this construction season.

LED

The Lyndonville CPG filing has been made with PSB. Hearing dates are pending.

Weybridge:

Kim Jones reported that another meeting has been scheduled with the Addison Regional Planning Commission with plans to also have another meeting with land owners. The plan is to file a CPG by end of the year -- possibly by the end of November.

Cold River Project:

Ms. Jones reported that a detailed analysis has not yet been completed. CVPS has spoken briefly with VELCO on some options; however, there has not been any detailed transmission analysis.

St. Albans:

Ms. Jones reported that CVPS is working on the NTA which was originally due by the end of August. CVPS requested an enlargement of time from PSB in order to complete the NTA by the end of October. This project is progressing well.

Connecticut Project:

Mr. LaForest reported that Northeast Utility (NU) brought this project to the ISO-NE Reliability Committee (RC) to request consideration of costs. It is NU's practice not to bring any costs until they know exactly what those costs will be. This results in projects being brought for cost approvals after they are built and in service. The subject project is in service and consists of approximately 24 miles of underground double circuit. It is under discussion with the RC for a cost determination. It was an indeterminate vote, and NU did not get the necessary 2/3 consensus. There are 5 different voting blocks. NU has provided multiple presentations over the past year and requested \$1.3 billion in PTF treatment. NU is asking for PTF treatment for essentially all of the facilities. Proposals have been made to reduce the value requested for approval. Costs that are not associated with reliability such as moving structures or undergrounding for aesthetic purposes should not be in the total. Since the project did not get the required consensus, ISO-NE will make the determination; however, they will take into account the recommendations of the RC.

Economic Projects

The VSPC had previously discussed how to handle economic transmission projects. There are differing opinions on the level of involvement the VSPC should have with these types of projects; however, the group previously agreed that periodic updates would be helpful. Mr. LaForest reported that the Transmission Subcommittee had quite a bit of discussion on how to agenda this. The MOU does not address this type of project. Mr. LaForest will provide an update on economic transmission projects at the December 2009 quarterly meeting.

NEW BUSINESS

No new business was identified.

ADJORNMENT

The meeting was adjourned at 3:30 p.m.

NEXT MEETINGS:

- Meeting with ISO-New England to be held September 30, 2009 at Vermont College, Montpelier at 9:30 a.m.
- Workshop—Evaluation of 7081 Process to be held October 21, 2009, at Vermont College, Montpelier at 9:30 a.m.
- Quarterly Meeting of the VSPC to be held December 9, 2009, at the Double Tree Hotel, S. Burlington

ATTENDANCE

*Indicates voting member at this meeting

**Indicates Alternate

Public Sector

*Jenny Cole, Public Member- Residential

Transmission Utility (VELCO)

** Dean LaForest, VELCO

*Hantz Presume, VELCO

Distribution Utilities Providing Transmission (CVPS, GMP, VEC)

*Bruce Bentley, CVPS

**Kim Jones, CVPS

**Terry Cecchini, GMP

Morris Silver, CVPS

Harry Abendroth, VEC

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

Tom Buckley, BED

Transmission Dependent Distribution Utilities (Municipals)

*Richard Sutor, Village of Northfield Electric

*Eric Werner, Hardwick Electric Department

*Jack Collins, Ludlow Electric Department

Non-Voting Members

George Nagle, DPS

TJ Poor, DPS

Steve Litkovitz, DPS

Blair Hamilton, EEU (via telephone)

Staff

Deena Frankel, VELCO

Kimberly Pritchard, VELCO

Invitees

Shana Duval, VELCO