

GEOGRAPHIC TARGETING PROCESS MEMO

Introduction

This spring and summer, the Geographic Targeting Subcommittee (GTS) of the Vermont System Planning Committee (VSPC) sought to identify ways to improve Vermont's electric infrastructure reliability planning process, with regard to the analysis and implementation of cost-effective alternatives to infrastructure investments. The GTS proposes improvements that seek to coordinate three Public Service Board established regulatory timelines and processes:

- Reliability planning for the transmission and distribution system through the Docket 7081 Memorandum of Understanding (7081 MOU) and Distributed Utility Planning (Docket 6290).
- Geographic targeting of energy efficiency, which includes recommendations developed through the VSPC process and filed by the VSPC for areas to be geographically targeted each year.
- Recommendation of areas where standard offer generation projects could provide "sufficient benefit to the operation and maintenance of the grid" to warrant capacity above the annual program cap, as determined through the Docket 7873 Attachment II Screening Framework.

VSPC participants recognized that the three processes are not completely coordinated and, in fact, include some potentially conflicting requirements. The GTS undertook, therefore, to map the existing processes and attempt to coordinate them more effectively. The goals of the effort were to:

- Develop a timeline that harmonizes the three processes as efficiently as possible.
- Eliminate duplication of effort wherever possible.
- Identify conflicting requirements and describe any changes in law, Board order, VSPC procedure or practice needed to optimize the process.
- Communicate the process clearly to a wide variety of stakeholders, including all participants in the process.

Participants in the process analysis and recommendation effort included: Green Mountain Power (GMP), Public Service Department (PSD), Renewable Energy Vermont (REV), Vermont Electric Power Company (VELCO), Vermont Energy Investment Corporation (VEIC), Vermont Public Power Supply Authority (VPPSA), VSPC public members, and Washington Electric Cooperative (WEC).

The group produced three documents:

1. **VELCO Long-Range Plan Process Map.** This flowchart depicts the timing and roles in the drafting, publication and review cycle for VELCO's Long-Range Transmission Plan, and their interrelationship to the geotargeting processes for standard offer and energy efficiency. This flowchart is important to understanding the process because it is the primary process by which reliability deficiencies on the bulk transmission system are identified and screened for the potential to be resolved with non-transmission alternatives. It also provides an illustration of the expected timing of the proposed geotargeting process relative to the Long-Range Transmission Plan.
2. **Geotargeting Process Map.** This document depicts the annual processes for selecting and implementing geotargeting resources, including energy efficiency and standard offer projects that fall outside the statutory annual capacity cap. (The process is actually longer than one year for any given reliability issue.) The process is also presented below in table format. This process map seeks to integrate the two geographic targeting requirements by addressing them during the development of the reliability plan for each reliability issue identified by the utilities.

3. **Process Coordination: Docket 7081 & Docket 7873 Interrelationship.** This graphic depicts the relationship between the “project-specific action plans” required by the Docket 7081 MOU and the “reliability plans” required by the Attachment II Screening Framework in Docket 7873.

Assumptions

The processes in question focus solely on Vermont’s approach to reliability planning and do not include economic or market-driven transmission projects related to getting power from specific generators to the grid. This narrow view strikes some stakeholders as an artificial limitation that inhibits a more holistic view of Vermont’s electric system, particularly in light of statutory goals for 75% of electricity generated from renewable sources by 2032. Nevertheless, the focus on reliability planning is necessary and appropriate given the current statutory and regulatory structure and programs.

The reliability issues under discussion in these processes are those that have “screened in,” meaning that they have been determined to have the potential to be resolved through energy efficiency and/or alternatives such as generation or demand response (or a hybrid of transmission with efficiency and/or generation). “Screened in” refers to the application of one of two screening tools. For bulk and predominately bulk transmission issues, the relevant screening tool is the one adopted by the VSPC and submitted to the PSB in Docket 7081. For distribution issues, the relevant screening tool is the one adopted in Docket 6290, Distributed Utility Planning. For sub-transmission issues, the relevant screening tool could be either one of the two aforementioned tools. Under this proposal, the affected utility will need to select the appropriate tool and justify use of that tool to the VSPC.

The process analysis and recommendations seek to coordinate and implement current policies—least-cost planning consistent with directives for geographic targeting of energy efficiency and standard offer that provides “sufficient” reliability benefit. The group discussed, but did not focus on, whether changes in those policies would produce better coordination or improved outcomes. We note that the three policy streams have been developed somewhat independently, leading at times to significant coordination challenges, and that future efforts could benefit from greater integration of mandates.

The timing of processes described in this analysis reflects the default or expected timing and sequence. A given reliability issue may require deviation due to its specific circumstances. Such deviations will be documented in the VSPC annual report.

VELCO Long-Range Transmission Plan Process Map Overview

The following section presents the VELCO LRTP Process Map in table form and identifies the changes proposed in the existing process.

Key: ■ *Proposed changes from current process (red text, italic type)*

T	transmission	LRTP	VELCO Long-Range Transmission Plan
D	distribution	GTS	VSPC Geotargeting Subcommittee
subT	subtransmission	GT	geographic targeting
EE	energy efficiency		

# (from flowchart)	Description	Timing
1	EEU provides updated EE forecast as required by Docket 7081 MOU	Forecast created via the EEU Demand Resource Proceeding
2	VELCO performs studies (with ISO) to identify bulk and predominantly bulk system deficiencies	Year 1—July-December

# (from flowchart)	Description	Timing
3	DUs provide information about subsystem deficiencies to VELCO for inclusion in LRTP	Year 1—July-September
4	VELCO publishes VSPC draft of LRTP. <ul style="list-style-type: none"> IDs reliability deficiencies Applies VSPC screening tool to determine need for full NTA analysis/Reliability Plan 	Year 1—December
5	Full VSPC reviews and provides feedback on LRTP including: <ul style="list-style-type: none"> System level designation (bulk, predominantly bulk, subsystem, predominantly subsystem) NTA screening results 	Year 1—December through Year 2—February
6	VSPC confirms affected and lead utility determination	Year 2—March <i>Change: screening and lead/affected utility designation moved up from Sept to March VSPC meeting so they occur based on the VSPC draft of the LRTP and allow sufficient time for reliability plan development</i>
7	VELCO incorporates VSPC input into LRTP, publishes public draft, conducts outreach, incorporates public input, files final LRTP with PSB	Year 2—March through July 1 (filing deadline)
8	Affected utilities draft Project-Specific Action Plans (PSAPs)	Year 2—June-September
9	VSPC reviews PSAPs	Year 2—September quarterly meeting

GT Process Map Overview

The following section presents the GT Process Map in table form and identifies the changes proposed in the process.

Key: ■ *Proposed changes from current process (red text, italic type)*

T	transmission	LRTP	VELCO Long-Range Transmission Plan
D	distribution	GTS	VSPC Geotargeting Subcommittee
subT	subtransmission	GT	geographical targeting
EE	energy efficiency		

# (from flowchart)	Description	Timing
1	Identification of system constraints.	
1a	DU identifies D constraint DU identifies subT constraint	Can occur at any time. DUs often identify constraints as part of Integrated Resource Planning process VELCO seeks subT info from DUs in summer of year preceding each LRTP update. See LRTP Process Map

# (from flowchart)	Description	Timing
1b	VELCO identifies bulk T or predominantly bulk T constraint	VELCO identifies in preparing LRTP. See LRTP Process Map
2	VSPC reviews screening of constraints (in for full analysis/reliability plan; out for T and/or D solution)	<ul style="list-style-type: none"> • <i>January-May.</i>
2a	VSPC GTS reviews and makes recommendation with regard to screening designation to full VSPC. For bulk and predominantly bulk, only if necessary due to dispute or issue complexity	<i>May for distribution and subT</i> <i>January-February for T (if needed)</i> Change: New Item
2b	Full VSPC receives and acts on any GTS recommendation. Full VSPC confirms or revises “affected utility” and “lead utility” designation for T.	<i>March meeting for T</i> <i>June meeting for distribution and subT</i> <i>March.</i> Change: moved from Sept to March VSPC meeting to allow sufficient time for reliability plan development
3	Utilities & EEU update forecast and GT analysis	
3a	Utilities update load forecast and analysis of need for previous GT areas and propose new GT areas (if any) (VELCO/DUs for bulk/predominantly bulk T; DUs for subT and D)	<i>May through early September</i> Change: extend from August to September to ensure peak day is included in VELCO/DU/EEU review
3b	EEU, in consultation with DUs and VELCO, develops (if requested) or provides feedback on Max. Achievable EE Savings Potential. Develops (if requested) high-level estimated costs for areas identified by utilities. Provides status and cost savings updates for current EE GT areas.	<i>May through early September</i> Change: extend from August to September to be consistent with 3a.
3c	VSPC GTS reviews output of 3a and 3b in consultation with VSPC Forecasting Subcommittee. Recommends continuing or stopping EE GT for current areas. Recommends whether development of Reliability Plans in constrained areas is appropriate.	<i>September</i> Change from mid-late August consistent with 3a and 3b. <ul style="list-style-type: none"> • Recommendation for developing Reliability Plan is new, consistent with D 7873
3d	Full VSPC reviews recommendations of GTS for (1) areas needing new Reliability Plans, (2) stopping EE GT in any areas where analysis shows EE GT is no longer appropriate. VSPC makes recommendation to PSB.	<i>October special meeting</i> Change: Advance VSPC recommendation regarding current area geographic targeting from December to October to inform EE program activity for following year, DU need to develop/update Reliability Plan

# (from flowchart)	Description	Timing
3e	PSB receives and acts on full VSPC recommendation.	<i>Late October/ Early November</i> <i>Change: Advances PSB decision timeframe to inform EE program activity for following year (current areas); utility requirements to develop Reliability Plans</i>
3f	PSB issues order.	<i>Late October/ Early November</i> <i>Change: See 3e.</i>
4	Reliability plan development	<i>The process described in this section is newly developed to implement D 7873 Attachment II Screening Framework</i>
4a	Affected utilities (led by lead DU) develop Reliability Plans with input from VSPC and stakeholders.	<i>October to February</i>
4b	EEU provides more detailed analysis and recommendation EE savings potential and associated costs for GT areas. Any EE GT would be planned to start at the beginning of the calendar year following completion of the analysis.	<i>November to February</i> <i>Change: This removes the GT budget and targets development from the Demand Resource Plan proceeding process. The timing is intended to allow for sufficient EE program design, for programs to be implemented the following year</i>
4c	GTS provides input on reliability plans including detailed EE recommendations. Makes recommendation to full VSPC.	<i>December-February</i>
4d, 4e	VSPC receives and acts on recommendation of GTS.	<i>March quarterly meeting</i>
4f	DUs file reliability plans with PSB	<i>April 1</i>
5	VSPC Annual Report to PSB and PSD	<i>Change: Utilities required to file annual status reports with the PSB on any areas targeted with Energy Efficiency. The Reliability Plan status reports described in 5a and 5b are intended to replace these EE GT reports.</i>
5a	DUs prepare status updates on all Reliability Plans/Project-Specific Action Plans for inclusion in VSPC annual report	<i>Mid-December</i>
5b	VSPC drafts, reviews and submits Annual Report including status of Reliability Plans, Project-Specific Action Plans and EE GT	<i>Mid-December-Feb. 15 (deadline)</i>
6	Reliability plan implementation	
6a	PSB receives DU reliability plans including standard offer and EE GT components	<i>April 1</i>

# (from flowchart)	Description	Timing
6b	Stakeholders comment on reliability plans and funding mechanism for energy efficiency implementation	May 1
6c	Board issues decision on whether and how much GT generation to solicit outside the standard offer cap including amount, cost and targets for EE GT for the next year	June 1 <i>Change: Costs and Targets for EE GT are determined 7 months in advance of implementation, allowing for sound program design</i>
6d	RFP issued by Board for standard offer outside the cap	July 1

Process Coordination: Docket 7081 & Docket 7873 Interrelationship Overview

The following section explains the Process Coordination graphic, which depicts the relationship between the process required by Docket 7081 (least-cost planning for transmission) and the process required by Docket 7873 with respect to geographical targeting of standard offer outside the annual cap.

The large outer circle depicts the process established in the Docket 7081 MOU. The smaller, inner circle depicts the reliability plans required by Docket 7873 Attachment II Screening Framework. The purpose of this graphic is to help stakeholders (including regulators, utilities, developers, VSPC members, and the public) understand these two complex and interdependent process. It is not a representation of how they interact.

The following observations about the process are represented in the graphic:

- The Docket 7081 process is initiated by the identification of bulk and predominantly bulk system reliability deficiencies in the VELCO LRTP every three years. Deficiencies could also be identified outside the LRTP cycle through studies by ISO-New England, VELCO or some other entity.
- The Docket 7081 MOU (and 30 V.S.A. §218c) specify a three-year update cycle that started with the 2006 VELCO LRTP. Therefore the depicted cycle begins July 1 of 2012, 2015, etc., with the publication of the Plan update.
- Distribution and sub-transmission constraints are not subject to the Docket 7081 process, but are subject to the Docket 7873 process. Therefore the center circle, but not the outer circle, is relevant to distribution and sub-transmission constraints.
- Project-specific action plans, required by the Docket 7081 MOU, describe a **process** for moving a deficiency from identification through to implementing a solution. Reliability plans describe the **substance** of the least-cost solution to solve a given reliability constraint.
- In the case of transmission deficiencies, the term “reliability plan” is synonymous with non-transmission alternatives or NTA analysis. Since there is no comparable term for distribution or sub-transmission alternatives analysis, we have adopted the generic term “reliability plan” to refer to both NTA and non-distribution alternatives analyses. It would cause confusion to use NTA and NDA, since NDA is normally associated with non-disclosure agreements. In addition, it is semantically more useful to talk in terms of what the plans *are* rather than what they are not.

- A reliability plan is required for any transmission deficiency that screens in for full analysis using the Docket 7081 screening tool. This applies to bulk and predominantly bulk deficiencies that VELCO screens as a requirement of the LRTP or otherwise identifies and screens.
- A reliability plan is required for distribution constraints identified by DUs in their IRPs or otherwise that screen in for full analysis using the Distributed Utility Planning (DUP) screening tool from Docket 6290.
- A reliability plan is required for sub-transmission deficiencies using either one of the two aforementioned tools. Under this proposal, the affected utility will need to select the appropriate tool and justify use of that tool to the VSPC.
- The right-hand side of the large circle describes the milestones required by the Docket 7081 MOU that follow the completion of the reliability plan. These steps move a given reliability issue from the reliability plan (NTA analysis) through to resolution, including solution selection, cost allocation, public outreach and an implementation plan.