

VERMONT SYSTEM PLANNING COMMITTEE

MEETING MINUTES JANUARY 21, 2009, 9:30 AM VERMONT TECHNICAL COLLEGE, RANDOLPH

APPROVAL OF THE SEPTEMBER AND DECEMBER, 2008 MEETING MINUTES

A special meeting of the Vermont System Planning Committee (VSPC) was held on January 21, 2009, at the Vermont Technical College located in Randolph, Vermont. Deena Frankel called the meeting to order at 9:35 a.m. Bruce Bentley moved and Richard Suitor seconded approval of the minutes of the September and December meetings, which were approved without objection.

INTRODUCTIONS

Members present in person and by phone introduced themselves. A list of attendees by sector appears on page 6 of these minutes. Ms. Frankel introduced Heidi Klein of the Snelling Center for Government. VELCO has contracted with Snelling for assistance with the public outreach portion of the 2009 Long Range Transmission Plan (LRTP) update.

ACTION ITEMS

Approval of the VSPC Annual Report

Ms. Frankel presented the VSPC Annual Report, which must be filed with the Public Service Board and Department of Public Service. Dean LaForest moved and Mr. Suitor seconded the approval of the Annual Report. Steve Litkovitz presented his comments forwarded via e-mail dated January 15, 2009.

- Priority 3: Loss of St. Johnsbury Transformer: The table (located on page 7) suggests that implementation of solutions to the Lyndonville/St. Johnsbury deficiencies are complete. It is Mr. Litkovitz' understanding that the cost allocation is complete but the implementation of solutions has not been completed. There was a general discussion regarding the difference between solution selection and implementation strategy. Ms. Frankel read paragraph 54¹ of the MOU. It was decided to amend the paragraph to read: "Implementation *strategy* and cost allocation."
- Priority 9: Loss of PV20 (bottom of page 8): This priority indicates that long term loss of the PV20 underground causeway cable with many other outages can cause severe and widespread voltage/concerns and the 2008 Project Priority List calls for this reliability deficiency to be studied in the 2009 LRTP. Mr. Litkovitz raised the concern that there was no specific analysis or discussion of this deficiency in the 2009 LRTP. Hantz Pr sum  indicated that this statement was in reference to the 2006 LRTP. There are distinct differences between the 2006 LRTP and 2009 LRTP. Since the 2009 LRTP is not yet complete, excerpts from that plan regarding this project priority are not

¹ 54. An implementation strategy for a solution to a Reliability Deficiency should include, without limitation, consideration of the appropriate entity or entities to implement the solution and to coordinate such implementation, the necessary timing and deployment of resources, ongoing monitoring and evaluation of the performance of the selected solution in resolving the deficiency, and appropriate measures to ensure that the selected solution meets cost and performance expectations. *Docket 7081 MOU at page 21.*

available. It was agreed that an introductory paragraph would be added to clarify that the 2006 LRTP described this project priority.

- Jenny Cole identified a minor edit on page 2.

There were no objections to these three amendments and the Annual Report was approved without objection. The report will be filed on or before January 30, 2009, with the Public Service Board and Department of Public Service.

Review of 2009 VELCO Long-Range Transmission Plan Update

Ms. Frankel provided background on the process to date. The purpose of this meeting is to provide an opportunity to identify and discuss any areas of potential controversy that may require a vote of the VSPC at the February 23, 2009 meeting.

Mr. LaForest provided an update of an issue that has been previously identified regarding the definition of Affected Utility. Mr. LaForest reported that the issue was discussed at a VELCO Operating Committee meeting. The Operating Committee is comprised of representatives of VELCO and multiple distribution utilities. During the course of those discussions a proposed change was offered to VELCO by distribution utilities for how to identify Affected Utilities. VELCO is reviewing the recommendation and its application. If the Operating Committee agrees with this new definition, and utilities that are not part of the Operating Committee agree, it would also resolve the issue for the VSPC. The current classification of Affected Utility does not make a distinction on a cost basis. The solution that has been presented creates a new category for "Indirectly Affected Utility," although the distinction is simply for the purposes of identifying utilities, whose systems are not affected, except financially. The MOU definition of Affected Utilities would apply to this group. As the LRTP was originally drafted, utilities were only affected if the deficiency physically affected their system or was affected by it. The alternative would regard a utility as "affected" if it would share in the cost of the solution. Ms. Frankel noted that not all utilities participated in the discussions at the Operating Committee meeting; however, efforts are being made to reach out to all utilities and not just those that participate in the Operating Committee. There was a general discussion regarding the implications of another category. If the Operating Committee settles on a new definition, VELCO will submit a new chart identifying the Affected Utilities and it will be in the next draft of the LRTP.

Ms. Frankel identified the two potential items subject to vote at the February 23, 2009 meeting: (1) Affected Utilities; and (2) Designation of whether the reliability deficiency is Bulk System, Predominantly Bulk System, Subsystem, or Predominantly Subsystem.

Ms. Frankel inquired whether the utilities had identified controversy on any these issues or objections to the system level characterizations in the draft LRTP that may need to come before this group in February. Harry Abendroth indicated that, depending on where the definition of Affected Utility goes, there may need to be clarifying verbiage added for some of the projects where VEC is identified as a lead utility, but is actually more an agent with the responsibilities being shared between multiple distribution utilities.

Kim Jones raised a concern initiated during the last meeting where an upgrade such as the St. Johnsbury upgrade is categorized as predominately bulk; however, the load impacted is sub-transmission and the bulk system itself is not negatively impacted other than possibly needing some cap banks. Ms. Jones would like something added to the LRTP clarifying the system that is impacted the most. As the LRTP is unfolding now, it would appear that a lot of the proposed upgrades are impacting the bulk system when in fact it will not roll up and affect the bulk system. Mr. LaForest took the comment under advisement and will look into it further. He wants the document to be something that people can read and understand.

Mr. Suitor seconded the concern to make this readable for non-engineers and recommends adding a glossary. Ms. Frankel reported that VELCO is working with Bob Bellemare of UtiliPoint which specializes in translating complex concepts into plain English. Mr. Bellemare is working on a summary document. Ms. Frankel was hoping to have this document for this meeting, but it is undergoing an additional edit and was not ready in time. VELCO's intention is to get that summary out to the VSPC in early February so it can be discussed at the February 23, 2009 meeting. Mr. Bellemare's summary would be a separate summary and would not replace the Executive Summary. It should help the general public to comprehend the LRTP and address some of the issues of larger context that are not explored in depth in the technical report. Ms. Cole recommended that guidance should be given to the public as to what kind of input they are being asked to provide to the VSPC.

Ms. Jones requested clarification of why the section referencing N-1-1 as applied to the subtransmission issues was included. Mr. Pr sum  responded that it was included to show how the systems are impacted. There were no solutions addressed in this section and they were not referred to as deficiencies. The information was provided by VELCO so the distribution utilities could understand how VELCO came to its conclusions. Ms. Jones recommended either a clarification paragraph be added or to provide the information as an attachment. Ms. Jones would like the paragraph to be clarified that these are the results of applying VELCO's criteria which may not be the same criteria used by the distribution utilities.

Mr. LaForest indicated that when VELCO designs its system, it has to accommodate and document when the sub-transmission is not up to the same standards as VELCO's system. Mr. LaForest indicated that the comments would be taken under advisement and efforts will be made to clarify this section. There was a general discussion about whether or not N-1 is the most commonly used criteria used by utilities in Vermont.

Morris Silver raised the point that the MOU states that the Affected Utilities will define the subsystem criteria. Mr. Silver reminded the group of discussions from the previous meeting wherein concerns were raised about the draft LRTP being used in a non-VSPC proceeding and/or by parties that do not have the knowledge to properly interpret the plan. This report is in fact a planning report but it has a life beyond its use by planners. Understanding that in order for this document to accomplish what the engineers need it to do by defining the violations of the study criteria; however it has to be done in a way that doesn't go so far as to call these things reliability deficiencies when the MOU has a different process for doing that.

Mr. LaForest respectfully disagreed citing that reliability deficiency means an existing or forecasted violation – they are seen as the same thing. If the distribution utilities do not agree, they have the opportunity to provide VELCO with a statement of the reasons for its determination that the potential reliability deficiency does not constitute a reliability deficiency. There was a general discussion of the definition of reliability deficiency and criteria to be applied.

Mr. Bentley raised that point that it seems if the bulk system criteria is going to be applied to the subsystem then there are two choices (1) either protect the subsystem from the bulk system or (2) design the subsystem to meet bulk system standards which would result in everything eventually being part of the bulk system. Mr. Bentley opposed statements that a distribution utility was not meeting the bulk system criteria at the subsystem level because there are two distinctly different systems with different standards.

Mr. LaForest reported that there are two possible locations for the study methodology piece and the description piece of the sub-transmission. It may be helpful to identify that it is a screening criterion used in the analogy and that the distribution utilities have not yet had an opportunity to review and apply their own criteria. Mr. LaForest will add clarifying language. There continued to be a discussion regarding

items categorized as reliability deficiencies and the calculated year of need. Mr. LaForest agreed to have discussions offline with CVPS and the other distribution utilities in an effort to resolve the issue. There may be a means by which VELCO can recognize and include the alternatives presented by the distribution utilities and still meet the requirements of the MOU noting that there are solutions and alternative solutions.

VELCO will either change the LRTP to incorporate the comments or Appendix A will contain the questions that did not get resolved and were not incorporated into the report.

Ms. Frankel reminded the group that at the end of the year there is an evaluation process. She recommended members to keep a list of issues that should be included in the process. For example, if the MOU resulted in a VSPC input period that does not allow for the time the distribution utilities need to respond to VELCO's draft that is something we should address in the evaluation.

Participants agreed on a deadline to submit comments on the LRTP by February 13, 2009. Comments will be posted upon receipt. This gives participants an opportunity to review and either withdraw previously submitted comments or provide reply comments before the next meeting scheduled for February 23, 2009. The comment period ends February 27, 2009; however, VELCO respectfully requested that participants not wait until the February 27 deadline to provide comments as it needs time to incorporate the comments before the public outreach process. If participants provide substantial comments by the February 13 deadline, it also gives other participants an opportunity to provide reply comments.

Update of Outreach Process for the LRTP

Ms. Klein reported on the assistance being provided by the Snelling Center to VELCO in public outreach on the LRTP. The Snelling Center draws from a variety of tools and approaches to citizen participation and public engagement. Ms. Klein is reviewing the expectations of the LRTP; how to best approach the public outreach process; and what kind of public input would be most valuable.

Ms. Klein anticipates that there will be five points of engagement based on overlaying the anticipated reliability deficiencies with where there are individuals with interest in electricity and energy issues. The public outreach will include sharing the LRTP and having VELCO engineers and local distribution utilities available to the public for questions. They are also looking at ways to reach people who cannot attend meetings. She anticipates that they will design and provide an interactive website. Target audiences include key leaders and legislative members with a goal of reaching as many people as possible. The Snelling Center uses multiple ways of inviting/contact people including media, individual letters, and phone calls. Ms. Klein anticipates that public outreach will begin April 6 and go through May 26.

Ms. Frankel indicated that the distribution utilities may want to be present for the public meetings held within or near its services territory as there will undoubtedly be questions on the distribution system and not just VELCO's system. An update of the process will be provided at the February meeting.

Mr. Litkovitz questioned whether there is a possibility that the next big transmission line in Vermont may not be included in the LRTP recognizing that there are other places where transmission projects come from such as legislation being discussed in Washington now. Also, there is a potential project on the horizon associated with a DC line coming from Canada through New Hampshire that could have impacts of Vermont. Given that one of the purposes of the VSPC process is to be as transparent as possible, it could be a real tragedy if there wasn't a warning that flagged that possibility. Mr. Litkovitz recommends that

something be added to the LRTP to address economic transmission projects that are outside the scope of the VSPC.

Mr. LaForest agreed with these comments and reported the VELCO is considering a section on issues that are not readily apparent. There are regional drivers that may change how companies invest in transmission. For example, you may want to be able to access renewables in another region. Ms. Frankel indicated that Mr. Bellemare is going to include these considerations in his summary.

A presentation on economic transmission projects and the VSPC process is on the agenda for the quarterly meeting to be held March 11, 2009, at the Vermont Technical College.

NEW BUSINESS

No new business was identified.

ADJORNMENT

The meeting was adjourned at 12:00 pm.

NEXT MEETINGS:

- Special Meeting to be held February 23, 2009, to be held at the DoubleTree Hotel in Burlington, Vermont beginning at 9:30 a.m.
- Quarterly Meeting to be held March 11, 2009, to be held at the Vermont Technical College beginning at 9:30 a.m.

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

Morris Silver, CVPS

**Terry Cecchini, GMP

Ken Couture, GMP

*Harry Abendroth, VEC

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

James Gibbons, BED

*Bill Powell, WEC (via telephone)

Transmission Dependent Distribution Utilities (Municipals)

*Richard Suitor, Village of Northfield Electric

Proxy for Swanton Village Electric

Proxy for Village of Stowe Electric

Proxy for Village of Morrisville

Proxy for Town of Hardwick

Proxy for Village of Enosburg

Non-Voting Members

Dave Lamont, DPS

Bill Jordan, DPS (via telephone)

Steve Litkovitz, DPS

George Nagle, DPS

Staff

Deena Frankel, VELCO

Kimberly Pritchard, VELCO

Invitees

Heidi Klein, Snelling Center for Government