

VERMONT SYSTEM PLANNING COMMITTEE

**MEETING MINUTES
MARCH 10, 2010, 9:30 AM
VERMONT TECHNICAL COLLEGE, RANDOLPH**

A regular meeting of the Vermont System Planning Committee (VSPC) was held on March 10, 2010, at the Vermont Technical College in Randolph, Vermont. Deena Frankel called the meeting to order at 9:40 a.m.

INTRODUCTIONS

Participating members introduced themselves. A list of attendees by sector appears on page 8 of these minutes.

ACTION ITEMS

Recommended Subcommittee Charter Changes

Ms. Frankel presented the proposed charter changes of the Generation and Public Participation Subcommittees. The Generation Subcommittee recommended that its charter be more sharply focused on reviewing generation-related assumptions in specific non-transmission alternatives (NTA) analyses for reasonableness in light of then-available information. The Generation Subcommittee will need to more fully flesh out specific language for their charter change so the change can be considered for adoption by the VSPC.

The Public Participation charter change consisted of specific language recommended by the Public Participating Subcommittee, enabling the VSPC to take action at this meeting. Subcommittee chair Jenny Cole explained that the change in the Public Participation Charter from "Providing oversight of communications . . ." to "Facilitating communications . . ." was intended to increase Public Participation Subcommittee involvement in VSPC communications.

MOTION TO ADOPT THE CHANGES RECOMMENDED BY THE PUBLIC PARTICIPATION SUBCOMMITTEE. Ms. Cole moved and Ken Nolan seconded that the VSPC approve the Public Participation Subcommittee charter change as distributed. The Motion was approved unanimously.

Mr. Nolan offered to contact James Gibbons to organize a meeting of the Generation Subcommittee to deal with the subcommittee's charter change. There was a discussion regarding the proposed changes to the Generation Subcommittee Charter and the challenge in providing generation options a fair opportunity for consideration as transmission alternatives. These projects must be able to ride through a system disturbance. The discussion included the role of SPEED in the process. John Spencer as the SPEED Facilitator is a member of the VSPC and a member of the Generation Subcommittee. It was decided that the discussion should continue with the Generation Subcommittee; however given the discussion includes identifying where generation can help with more than one project, the assistance of the Transmission Subcommittee may be required. Mr. Nolan and Doug Smith offered to inform Mr. Gibbons on the discussions held at this meeting.

SUBCOMMITTEE REPORTS

Energy Efficiency & Forecasting

T.J. Poor, chairperson, reported that the Energy Efficiency & Forecasting Subcommittee (EE&F) has been working on two main issues. The full committee has been aware of the first issue concerning the requirement in the Docket 7081 Memorandum of Understanding (MOU) that the VSPC sponsor, via request for proposal (RFP), a statewide demand-side management potential study. The VSPC is seeking approval by the Public Service Board (PSB) to accomplish a portion of this requirement through a sole source contract rather than by an RFP. Ms. Frankel had previously prepared and circulated a draft request letter to the PSB for approval by the signatories to the Docket 7081 MOU and needs to hear back from all signatories before sending the letter to the PSB. The letter was previously approved by the VSPC. Mr. Silver expressed CVPS's approval of the letter and the other members indicated that they would follow-up accordingly with their organizations¹.

The EE&F's second issue is coordination of load forecasts. Committee members are documenting the assumptions used such as: economic variables; what's already included in the load forecasts; energy efficiency; demand response resources; and Smart Grid. The goal is to create a document, such as a white paper, to present to the full VSPC.

Generation Subcommittee

There was no report of the Generation Subcommittee.

Public Participation Subcommittee

There was no report of the Public Participation Subcommittee.

Critical Energy Infrastructure Information (CEII) Update

Kim Pritchard reported that no signed Non-Disclosure Agreements (NDA) have been received from VSPC members to date. The NDA will be re-circulated to members for consideration. If members do not intend to sign the NDA, they should indicate accordingly. Ms. Pritchard also reported that the ISO Regional Working Group continues to meet to discuss challenges and best practices. The Local Utility Working Group is meeting to review public outreach materials used during the Southern Loop process for CEII implications. This will help assess the impact of the CEII regulations on the public outreach process.

Technical Coordination Subcommittee

There was no report of the Technical Coordinating Subcommittee.

Transmission Subcommittee

There was no report of the Transmission Subcommittee.

OLD BUSINESS

Project Priority List (PPL)

Hantz Pr sum  provided an update on the 2009 PPL including more detailed information on the projects and an update on the process going forward. Several projects require NTA studies and study groups will be formed. Some of the projects have the transmission analysis completed while

¹ The required approval was received from the 7081 parties and the letter was filed with the PSB on March 30, 2010 and can be found in the Reports and Correspondence section of the VSPC website: <http://bit.ly/moumod>

others require more detailed analysis and then the selection of the transmission solution. In the process of conducting NTAs, the lead utilities will form study groups. Affected utilities will automatically be included in these study groups Mr. Pr sum  provided a review of each project on the PPL.²

Kim Jones reported that CVPS has completed the NTA for the Georgia/St. Albans project and determined that non-transmission alternatives are not viable to address this reliability deficiency. Ms. Frankel will coordinate a meeting with CVPS to provide an analysis of the NTA to those interested.

There was a discussion on whether there should be a full VSPC discussion on the NTA analysis. It has been the practice to have a separate meeting with those interested. Ms. Frankel will check the MOU and get back to the VSPC on whether the VSPC votes on the NTA.

There was a brief discussion on the Champlain Wind Link (CWL). The developer of the project has notified ISO-NE that it is proceeding with this project and would like it studied to determine impact on both the New England & New York systems. Mr. Smith participated in a working group to provide input to the VELCO Board regard whether favorable power purchase opportunities would become available in connection with development of the CWL. In part based on results of the working group's study, the VELCO Board determined not to proceed with CWL as an economic project. If it is determined by ISO-NE that some part of the project is needed to address reliability concerns, then the economic project would be withdrawn. Mr. Pr sum  stated he was unsure of the process going forward from that point. VELCO is no longer seeking an economic upgrade in connection with this project; however there are other interested parties looking into it. ISO-NE will make the determination on whether this is a reliability project for New England.

Bruce Bentley added that, in theory, a given project that addressed both reliability and economic issues could be conceivable. The process is complicated by regional processes that are out of VSPC control. Vermont will need to work with ISO-NE to obtain available reliability benefits if and when a developer constructions economic projects in the state.

Mr. Pr sum  explained that ISO-NE must coordinate the regional analysis and make sure we aren't doing something that could be avoided. Mr. Pr sum  further explained that projects are decided based a number of factors with the first being performance. Other factors considered are costs, longevity, constructability, feasibility and permitting issues.

Regional Transmission Planning

Ms. Frankel reported that this item was added to the agenda because it has been repeatedly recognized that there is a series of factors outside of Vermont that affect VELCO's long range transmission planning.

Mr. Pr sum  outlined ISO-NE's and the transmission owners' responsibilities per regional agreements. The transmission operating agreement (TOA) defines the responsibilities of ISO-NE as the Regional Transmission Operator (RTO) and the Participating Transmission Owners (PTOs). Operational authority also includes planning. ISO-NE has operational authority over the PTOs'

² Details can be found at: <http://www.vermontspc.com/VSPC%20Meetings/VSPC-slides100310.pdf> . The Timing of Project Steps can be found at page 4 and the Specific Project Activity Plan begins on page 7.

transmission facilities. ISO-NE is responsible for system planning within the ISO-NE region subject to certain rights and obligations of the PTOs. The PTOs own, physically operate and maintain their transmission facilities and local control centers. The regional planning process is described in Attachment K of the Open Access Transmission Tariff (OATT) and provides that ISO-NE shall conduct the regional system planning process for the Pooled Transmission Facilities (PTF) in coordination with the PTO.³ The PTOs are responsible for the local system planning process for the non-PTF in the New England transmission system.

Mr. Pr sum  explained that ISO-NE conducts a regional study to include Vermont, New Hampshire and Massachusetts. It looks at the Vermont needs report to document regional concerns with an update of the Vermont solutions and analysis. The study considers reliability with an assumption of two regional resources unavailable. ISO-NE is considering studying the system with flows over the PV-20 assumed at 0 MW. This parameter will be studied due to reliability concerns that New York has with the line. In order for New York to export wind power to New England it will have to address this issue. ISO-NE is also considering the potential impacts of Vermont Yankee retiring. The group discussed the impact of increased transmission costs and how the utilities should address concerns with ISO-NE, as well as the fit for this issue within the mission of the VSPC. The group discussed whether Act 61 obligates the utilities to advocate on the issue of transmission costs. Ms. Frankel will put the PV-20 issue on the agenda as an information item.

NTA Analysis

The group discussed the appropriate timing to involve utilities in NTA analysis. CVPS stated its intention to continue informing the Affected Utility in the beginning of the NTA analysis and to let the utilities decide at what level they wish to participate. Steve Litkovitz pointed out that the MOU requires the participation of all Affected Utilities, rather than making it an option. The group discussed the MOU provision that places responsibility for NTA analysis on the distribution utilities rather than VELCO. The group reviewed that the final list of Lead Utilities and Affected Utilities for all projects were previously negotiated and published in the 2009 Long-Range Transmission Plan.⁴

CVPS will send notice to all Affected Utilities, identifying the problem and the proposed solution, Since CVPS is the Lead Utility in the upcoming projects, it will set a schedule with the necessary deadlines to accomplish the required tasks.

Docket 7081 Evaluation – Next Steps

Ms. Frankel presented the recommendations from the Docket 7081 evaluation process. The goal of this meeting to decide what the next steps are. The recommendations were discussed as follows:

1. **Continuing the process and further evaluation:** no action plan required beyond normal operation.
2. **VSPC authority to make recommended changes:** no action required.

³ A flowchart of the ISO-NE Planning Process can be found on slide 7 of the meeting slide package found on the VSPC website: <http://www.vermontspc.com/VSPC%20Meetings/VSPC-slides100310.pdf>.

⁴Link to the final Affected and Lead Utility determination: <http://bit.ly/awoiEC>

3. **Leaving Docket 7081 open:** Procedures Subcommittee will address, as necessary, if the Public Service Board does not agree with the request made by the VSPC to leave Docket 7081 open.
4. **Public engagement:** Ms. Cole reported that the Public Participation Subcommittee was addressing the recommendation relating to increase public representation in the VSPC. The strategies developed by the Public Participation Subcommittee include: indentifying people who are likely to be interested in the process; creating a means for participation that does not necessarily involve or initially involve having to attend full VSPC meetings; and increasing visibility of the process through increased public information. The group discussed the current structure and how to fill the public member vacancies. The matter will remain with Public Participation and involve the Procedures Subcommittee as necessary.
5. **CEII:** The group discussed continuing to educate on CEII requirements and to develop clear policies and procedures. VELCO currently has been managing these discussions and Ms. Frankel questioned whether the VSPC wanted more involvement. VELCO will continue with its efforts and periodically update the VSPC.
6. **Making the process as efficient as possible:** The recommendations in this area were directed to Technical Coordinating with the assistance of Procedures if necessary.
7. **NTA screening tool:** The group discussed the issues associated with the use of the screening tool and the recommendations included in the evaluation. Mr. Bentley agreed to convene a group to work on these recommendations. Richard Suitor volunteered for the committee. Mr. Bentley will contact Sandra Levine and Mr. Litkovitz will consider his participation once he assumes his new position at GMP. Someone from VELCO planning will also participate.
8. **Broad versus narrow mission:** The group discussed this recommendation but reached established no action plan.
9. **Charter changes:** These issues previously addressed in the meeting.
10. **Public member cost allocation methodology:** This item is awaiting Public Service Board action.

PROJECT UPDATES

Economic Projects

Mr. Smith presented the results of the utility working group that studied the power supply potential of the Champlain Wind Link (CWL). The CWL was a potential merchant transmission project expanding the PV-20 path. Merchant, or so-called “economic” projects are projects designed to bring power supply to market, rather than to address a reliability need although such projects can also have reliability benefits. The CWL might also produce a reduction in congestion, another possible benefit. While the project offered multiple possible benefits, the working group reviewed the project strictly from a power supply perspective. They inventoried the benefits and risks unique to power imported over the CWL. Requests for proposal seeking up to 150 MW of long-term resources (wind and firming power) were distributed to potential suppliers in December, 2009, on behalf of the Vermont distribution utilities. The working group quickly recognized that the more wind they wanted, the more firm power was required, resulting in increased cost. The RFP results showed that the New York sources were not cheaper than the New England sources. The transaction concept of pairing wind with firming power from New York is quite complex to evaluate and implement. Projects crossing different market areas face unique commercial challenges requiring significant resources including time and costs. Transmission and markets staff indicated that a smaller project, such as making the PV-20 more robust, would not produce adequate benefits. Based on these findings, the VELCO Board determined not to pursue CWL as an economic project.

Jay Area Reliability Project (VEC)

David Hallquist, CEO of Vermont Electric Cooperative (VEC), called into the meeting to introduce the Jay Area Reliability project. Mr. Hallquist stated that the Jay project is needed independent of the proposed Kingdom Community Wind (KCW). The KCW project could take two to three years to be permitted. Jay Peak has a very aggressive schedule, including a new hotel with an ice rink and water park now under construction. The development is moving faster than originally anticipated. Jay Peak has made considerable investment in energy efficiency, and probably has done everything it can in this regard.

Harry Abendroth reported that the Jay project involves VEC's 46kV system between Highgate, Newport and Irasburg consisting of approximately 60 miles. VEC identified the need for 46kV capacitor banks in the vicinity of Jay Peak in its 2008 Integrated Resource Plan (IRP). VEC filed for Section 248 approval to construct the Jay Peak Switching Station. Mr. Abendroth further explained that VEC and VELCO will initiate a study to: determine reliability concerns; identify the best transmission solution; and assess whether NTAs can postpone reliability concerns. VELCO will perform the necessary studies and make recommendations. The group discussed how the Docket 7081 MOU relates to projects that were not included in the 2009 Long-Range Transmission Plan. The MOU does anticipate that there would be projects outside the Plan. VEC is the only utility so far impacted by the project. Mr. Mason recommended that if there is any potential for other utilities to be impacted that they be brought in to the process sooner rather than later. Periodic status reports will be provided to the VSPC.

Gorge Area Reinforcement

Mr. Smith indicated there was nothing new to report.

Middlebury Reliability Project

Ms. Jones reported that the 248 filing has been made and the parties are awaiting notice from the PSB.

North Rutland/Cold River

Ms. Jones reported that CVPS and VELCO have been meeting to coordinate the project and will continue to meet every two weeks. CVPS expects to meet the June deadline for the NTA analysis.

St. Albans

Ms. Jones reported that the transmission solution has been selected and CVPS will move forward with public outreach.

Lyndonville Electric Department Project

Ms. Mason reported that the Section 248 filing was made on September 1, 2009, with a site visit and public hearing in November. Mr. Mason anticipates having a Final Order and CPG by March 16 in time for a required vote in Lyndonville .

Southern Loop:

Mr. Pr sum  had no further report.

OTHER BUSINESS

There was no other business to report.

ADJORNMENT

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

NEXT MEETINGS:

- Quarterly Meeting to be held on June 9, 2010 at the Capitol Plaza, Montpelier, Vermont, at 9:30 a.m.

ATTENDANCE

*Indicates voting member at this meeting

**Indicates Alternate

Public Sector

*Jenny Cole, Public Member- Residential

Transmission Utility (VELCO)

*Hantz Pr sum , VELCO

Distribution Utilities Providing Transmission (CVPS, GMP, VEC)

*Doug Smith, GMP

*Bruce Bentley, CVPS

**Kim Jones, CVPS

Morris Silver, CVPS

*Harry Abendroth, VEC

David Hallquist, VEC (via phone 1:30 – 1:50 for
agenda item 5d)

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

**Ken Nolan, BED

Transmission Dependent Distribution Utilities (Municipals)

*Richard Suitor, Village of Northfield Electric

Proxy for Village of Enosburg Falls

Proxy for Village of Hyde Park

Proxy for Village of Morrisville

Proxy for Village of Swanton

Proxy for Village of Stowe

*Kenneth Mason, Village of Lyndonville Electric

*Jack Collins, Village of Ludlow Electric

Non-Voting Members

Steve Litkovitz, DPS

George Nagle, DPS

Walter Poor, DPS (via phone 9:30 – noon)

Staff

Deena Frankel, VELCO

Kimberly Pritchard, VELCO