

VERMONT SYSTEM PLANNING COMMITTEE

MEETING MINUTES JUNE 10, 2009, 9:30 AM CAPITOL PLAZA, MONTPELIER

A regular meeting of the Vermont System Planning Committee (VSPC) was held on June 10, 2009, at the Capitol Plaza in Montpelier, Vermont. Deena Frankel called the meeting to order at 9:30 a.m. The group agreed without objection to waive the rules regarding voting on action items at the beginning of the meeting, and to address the action items during committee reports.

Ms. Frankel presented the minutes of the March 11, 2009, meeting for approval. Kim Pritchard reported that Ken Nolan had noticed that on the attendance sheet Ken Mason of Lyndonville had been inadvertently placed in the Large Transmission Dependent Distribution Utility sector instead of the Transmission Dependent Distribution Utility sector. Ms. Pritchard indicated that she would correct this error before finalizing the minutes.

Dean LaForest moved and Jenny Cole 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 (EE&F) from its meeting on June 4, 2009. The Subcommittee addressed the requirement for the VSPC to sponsor a statewide DSM potential study (including efficiency measures, combined heat and power and customer-sited generation) broken down by select area load zones within Vermont. It considered a number of options and factors before coming to the recommendation that the task be separated into two parts: (1) an efficiency potential study, and (2) a separate study on the potential for combined heat and power and customer-sited generation. They recommended the VSPC issue an RFP in 2010 to sponsor the combined heat and power and customer-sited generation study. They further recommended that the energy efficiency component be addressed through one of two studies already contemplated: the DPS statewide energy efficiency potential study and Efficiency Vermont's Forecast 20. This approach will require an expansion of scope of whichever study is chosen in order to accommodate the requirements of the VSPC study. Accomplishing part of the VSPC's charge through one of these studies will probably require PSB approval. There was a general discussion regarding the advantages/disadvantages of separating the studies, and the changes in scope of the already-planned studies in order to accommodate the VSPC's charge. Incremental costs of changes in scope would need to be funded by the VSPC through the existing funding mechanism. The Subcommittee will meet reach a specific recommendation concerning whether to use the DPS study or the Efficiency Vermont study based on a cost-benefit analysis, and will present its recommendation at the September meeting. Another agenda item of the committee

for its next meeting is to set a schedule to compare the various load forecasts (ISO-NE, Forecast 20 & VELCO).

MOTION TO ADOPT THE ENERGY & EFFICIENCY SUBCOMMITTEE'S RECOMMENDATION TO ACCOMPLISH THE COMBINED HEAT AND POWER AND CUSTOMER-SITED GENERATION STUDIES THROUGH A VSPC RFP, AND TO ACHIEVE THE ENERGY EFFICIENCY POTENTIAL STUDY EITHER THROUGH THE DPS POTENTIAL STUDY OR EFFICIENCY VERMONT'S FORECAST 20: Mr. Poor moved and Ms. Cole seconded the Motion. The Motion was approved unanimously.

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 not yet been held, but is being scheduled.

Procedures

Ms. Frankel reported that the Procedures Subcommittee met in order to resume work on the confidentiality agreement required by the Informational Protocol adopted last year by the VSPC. The confidentiality agreement is intended to facilitate discussions among members that relies upon information that constitutes Critical Energy Infrastructure Information (CEII)¹ or is otherwise confidential as defined by the Information Protocol. Mr. LaForest reported that the basic concern is to avoid providing to the general public specific electric grid information that potentially places the infrastructure and the customers it serves at risk. In general if details are provided concerning specific facilities, such as reliability deficiencies and the location, then the information is CEII. The technical analysis circulated in December was subsequently removed from the VSPC website on the basis it contained a considerable amount of CEII. The result was the creation of the public review draft which was a more comprehensible, plain language conveyance of the information. Since there was no confidentiality agreement in place, VELCO offered its own non-disclosure agreement for anyone requesting to see the technical analysis to protect the disclosure of its CEII. No members to date have executed the non-disclosure agreement nor made requests for any CEII from VELCO. Mr. Marks will convene a meeting of the Procedures Subcommittee over the summer to finalize the agreement before the September meeting.

Ms. Cole, who also attended the Procedures meeting, added that beyond the agreement there was a discussion on defining what will be deemed CEII and the ways in which the CEII requirements conflict with the transparency requirements of the VSPC. Recognizing that the VSPC deals with reliability deficiencies, which are typically construed as CEII, the group needs to consider how to maintain and foster public involvement while dealing with the protections of CEII.

The group discussed the implications of CEII and agreed that a tutorial would be placed on the agenda for the September meeting.

¹ FERC defines CEII as “specific engineering, vulnerability, or detailed design information about proposed or existing *critical infrastructure* that: (1) relates details about the production, generation, transportation, transmission, or distribution of energy; (2) could be useful to a person in planning an attack on critical infrastructure; (3) is exempt from mandatory disclosure under the Freedom of Information Act, 5 U.S.C. 552 (2000); and (4) does not simply give the general location of the critical infrastructure.” 18 CFR Part 388 (Docket No. RM06-24-000; Order No. 683) – Critical Energy Infrastructure Information (Issued September 21, 2006).

Public Participation

Ms. Cole, chairperson together with Ms. Frankel presented the report of the Public Participation Subcommittee. VELCO, with the assistance of numerous VSPC participants and the Snelling Center, conducted six public engagement meetings throughout the state to gather public input on the public review draft of the 2009 Vermont Long-Range Transmission Plan (LRTP). Portions of the final report by the Snelling Center are posted on the VELCO website. The entire report will be posted by the time the LRTP is filed with the Public Service Board on July 1. Ms. Frankel recognized the many members of the VSPC who participated in the public forums and requested feedback on the process.

Ms. Cole stated that the public forums were well organized but there were few public participants. There was a general discuss regarding public attendance at outreach meetings. Sandra Levine stated that efforts must be made to present the issue as one that people care about. There are ways to allow the public to be more engaged. There was consensus that even though there were a few people who participated, those that did participate were knowledgeable and engaged providing quality feedback. Consideration was given to how to improve the public forums to get more people involved including different types of outreach. There was also a discussion of having public meetings before the initial draft of the Plan in order to use those public discussions to frame the report.

It was acknowledged that there is a tension in that it would be more effective to hold the public forums before drafting the plan, understanding that the law requires at least two public meetings after the release of the draft. Blair Hamilton pointed out that people may think there isn't really much opportunity for their input to be considered since the draft plan is well underway by the time their feedback is requested. Mr. Silver added that when the Docket 7081 process was set up, consideration was given to when in the process it would be right to gather feedback from the public. If there is a better process, the appropriate adjustment should be made. The group urged the Public Participation subcommittee to consider the issue and make appropriate recommendations to the Public Service Board in the upcoming evaluation of the VSPC. Participants also agreed that the process needs to be reviewed for further opportunities to get people involved.

Technical Coordinating

Invitation to ISO-NE: Ms. Frankel, chairperson, presented the report of the Technical Coordinating Subcommittee. The meeting package included a draft invitation for Steven Rourke of ISO-New England to attend the September meeting to discuss parity treatment in regional cost allocation for non-transmission alternatives that address regional system reliability issues. Ms. Levine inquired whether FERC Commissioner Wellinghof should be invited to the meeting also. CLF has been interested in this for a while and had been working with FERC on the issue of resource parity. Ms. Levine indicated that Commissioner Wellinghof is particularly interested in this issue and may be interested in coming to a meeting or sending staff and that this participation may be helpful.

Participants discussed whether an invitation should be extended to Commissioner Wellinghof. Richard Suitor questioned whether there were reasons such an invitation should not be extended. Bruce Bentley furthered that if the invite is going to be expanded, it should include members from the regional generation sector as they may be able to contribute to solution. There was a general discussion about the change in dynamics of the group as attendees/invitees change. Participants decided that Technical Coordinating would discuss the invite with Mr. Rourke and make a decision based on that discussion on whether to include additional invitees.

MOTION TO APPROVE INVITATION TO MR. ROURKE OF ISO-NEW ENGLAND: Mr. Suitor moved and Mr. Nolan seconded the motion to adopt the invitation to Mr. Rourke of ISO-New England. The motion was approved unanimously.

MOTION FOR TECHNICAL COORDINATING TO DISCUSS PROPOSAL DECIDE FOLLOWING DISCUSSION WITH MR. ROURKE WHETHER TO INVITE COMMISSIONER WELLINGHOF TO SEPTEMBER MEETING: Mr. Suitor moved and Terry Cecchini seconded the Motion. The Motion was adopted unanimously.

VSPC Recruitment and Membership: During workshop with Public Service Board in April, 2009, the PSB inquired how it can help fill the empty slots in the VSPC. The limited attendance by business representatives was acknowledged. James Moore, primary environmental group representative, had previously expressed concerns about his limited ability to participate consistently. Mr. Suitor presented his idea for changes in the public sector structure wherein the number of members would increase and a quorum would be required making the structure similar to the municipal sector. Ms. Cole indicated that a good first step would be to find people who want to be involved without changing the structure or the requirements. John Spencer recommended reaching out to the regional commissions to get volunteers. Ms. Levine recommended identifying the barriers to expanded public participation and offered concern regarding the quorum recommendation limiting public participation. Public Participation will consider the ideas and concerns generated and will make a recommendation to the VSPC.

2010 Meeting Schedule: The group approved of the 2010 meeting dates as follows:

- March 10 in Randolph;
- June 9 in Montpelier;
- September 8 in Rutland; and
- December 8 in Burlington

Transmission Subcommittee

Hantz Presume, chairperson presented the report of the Transmission Subcommittee. A meeting will be held in July to discuss the solutions to deficiencies identified in the LRTP and to develop the project priority list.

Non-Transmission Alternative Equivalence: The issue concerning standards for equivalence of non-transmission alternatives has repeatedly come up in VSPC meetings and among members. A shared understanding of the issue is central to confidence in the VSPC process; maintenance of the viability of NTAs as reliability solutions; and the utility of the NTA screening tool. In an effort to develop a common understanding of the questions at stake, Lawrence Mott was invited to help identify a balance of expert resources for future discussions in the VSPC. Mr. Mott, of New Generation Partners, has an extensive background in renewable energy.

In an effort to establish a basis within the VSPC for further discussion of “equivalence” between transmission and non-transmission, Mr. LaForest presented VELCO’s transmission planning interpretation of on the definition of “equivalence”²² contained in the MOU. Mr. LaForest also

²² “Equivalence” means that an option consisting of non-transmission, and potentially Transmission, elements eliminates violations of design and operating criteria for the power system to approximately the same level as the Transmission-only option that otherwise would be constructed to eliminate those violations, for the same set of

presented other key questions transmission planners ask about NTAs such as how the NTA will actually perform and whether the alternative will be online, available and “ride through” an event on the transmission system together with questions specific to generation such as performance during past events; if it has not performed adequately, what are the causes; and the difference between performance of utility-owned generation versus merchant generation. Mr. LaForest broke down the definition of “equivalence” emphasizing that the elements are all worthy of debate.

Mr. LaForest stated that the equivalent NTA must resolve the reliability deficiency to the same level as the transmission solution. Mr. Bentley stated that the advantage of an NTA is that you can get just the right size solution. Mr. LaForest emphasized that viability had to be tested. There was a general discussion regarding VELCO’s interpretation of the elements of “equivalence” and utility practice, and participants agreed that further discussion was warranted.

A discussion was held regarding the assumptions about renewable energy in planning. As an example, Mr. LaForest indicated that planners question how much wind will be available on a hot summer day and this is an issue/concern on planners’ minds. Consideration has to be given as to whether the alternative can ride through the event. It must be available during and after the event.

Mr. Mott provided an example of Green Mountain Coffee Roasters putting in a generation system at the plant so that if there was a transmission failure, the company could be essentially an island and continue to have power for its operations. In that case, the company was not attempting to carry the area load; only to protect its own system. Mr. Mott emphasized that there are technological systems that could aid the balancing of renewable resources which must be under control and operational when they are needed. If the mechanisms are in place to synchronize, then renewable generation can be a viable NTA. Mr. LaForest offered that there are physical limitations that must be considered and viability has to be tested. Mr. Cecchini added that there are two separate issues to consider: (1) how you do the study—what do you assume in your base case; and (2) what do you do once you run that base case and come up with deficiencies—how do you deal with them.

Mr. LaForest indicated that the suggestions would be taken back to the Transmission Committee and a joint meeting would be held with Generation and possibly Energy Efficiency & Forecasting to discuss the issues.

Next Steps—LRTP: Mr. LaForest presented the report on the LRTP. The July 1 filing date will be met. A meeting will be scheduled this summer to review the NTA screenings contained in the LRTP and to develop the project priority list. A draft list will be presented to the Transmission Subcommittee for discussion and will be presented to the VSPC at the September meeting.

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 Coordinating developed a process that was presented to the group last fall on how to approach the evaluation process. Each subcommittee and each sector should meet sometime during the third quarter of 2009 to discuss the strengths and weakness of the process and be prepared for discussion at the September meeting. There are three parts: (1) each subcommittee to meet in July

studied system conditions, over the time the likely transmission-only option would be avoided or deferred. This determination of equivalence will take into account availability of all facilities being considered to address the Reliability Deficiency. Docket No. 7081, Memorandum of Understanding, Definitions, page 45.

or August; (2) each sector to meet; and (3) a workshop meeting for parties of Docket 7081 but not necessarily participants at the VSPC.

MOTION FOR APPROVAL OF TIMELINE AND ASSIGNMENTS FOR DOCKET 7081 EVALUATION: Mr. Bentley moved and Dean LaForest seconded the motion for approval of the Timeline and Assignments for the Docket 7081 Evaluation included in the meeting package. The Motion was approved unanimously.

Mr. LaForest volunteered to convene a meeting of the Transmission Utility Sector. Mr. Bentley volunteered Mr. Smith to convene a meeting of the Distribution Utilities Providing Transmission Sector. Mr. Ken Mason volunteered Mr. Sutor to convene a meeting of the Transmission Dependent Distribution Utility Sector. Ms. Cole volunteered to convene a meeting of the Public Sector. Mr. Nolan agreed to convene a meeting of the Large Transmission Dependent Distribution Utility Sector.

Ms. Frankel asked subcommittee chairs to make the evaluation an agenda item for their next subcommittee meetings. Mr. Sutor recommended that questions be provided to help facilitate discussions among members to evaluate the process.

Ms. Cole questioned how Forecast 20 will be considered with the LRTP. Mr. LaForest responded that it is not yet available and therefore, could not be incorporated into VELCO's LRTP. However, VELCO will work with the parties once the F20 is available, and there will be opportunities to utilize the information before the next LRTP.

The Energy Efficiency & Forecasting Committee is working to synchronize the forecasting schedules. Mr. Bentley recommended revisiting this issue during the current cycle. F20 could impact the detailed study analysis and the project priority list.

PROJECT UPDATES

Gorge Area Reinforcement

Mr. Cecchini reported that the project qualifies for the Forward Capacity Market. The economic analysis has not yet been completed. The non-transmission alternative is new generation at the old site in conjunction with the McNeil generator.

Coolidge Connector, Southern Loop, Tafts Corners and East Avenue

Mr. LaForest reported that construction at Coolidge has begun. Right-of-way clearing for the transmission line has also begun on the Southern Loop. The project is 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 October. Equipment is on site at Tafts Corner. The anticipated on-line date is July 22, 2009.

LED

Mr. Mason reported that LED will be prepared to file its CPG petition for reconductoring by July 1, 2009. VELCO will have its joint filing prepared for a September 1, 2009, filing date. The site visit went well. The new substation will be connected to the Higgins Hill substation. CVPS reducted its lines three to four years ago. LED will need to reductor its line and that is the reason for the separate 248(j) filing. There will be no added poles or additional pole heights required. Consideration was given as to whether or not this project needed to go before the VSPC. It was decided that the reductoring job to be completed by LED did not require VSPC approval

because of its limited scope. The transformer has gone out to bid and it is expected a bid will be selected relatively soon.

Weybridge:

Kim Jones reported that this project is in the CVPS capital budget for 2010-11. CVPS is contacting land owners and has updated the Regional Commission on plans for the project. CVPS anticipates having a public outreach meeting in September or October with an anticipated filing date of December, 2009.

Cold River Project:

Ms. Jones reported that CVPS requested an extension of the transmission analysis for the end of December. This request does not change the end date.

St. Albans:

Ms. Jones reported that CVPS and VELCO have exchanged load flow results and chose the transmission solution that will be used for the NTA screening. This will be discussed at the next Transmission meeting.

NEW BUSINESS

No new business was identified.

ADJORNMENT

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

NEXT MEETINGS:

- Quarterly Meeting to be held September 9, 2009, at the Holiday Inn, Rutland at 9:30 a.m.
- 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.

ATTENDANCE

*Indicates voting member at this meeting

**Indicates Alternate

Invitees

Lawrence Mott of New Generation Partners

Public Sector

*Jenny Cole, Public Member- Residential

**Sandy Levine, CLF - Environmental

Transmission Utility (VELCO)

** Dean LaForest, VELCO

*Hantz Presume, VELCO

***Distribution Utilities Providing Transmission
(CVPS, GMP, WEC)***

*Bruce Bentley, CVPS

**Kim Jones, CVPS

**Terry Cecchini, GMP

*Doug Smith, GMP

Morris Silver, CVPS

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

*Bill Powell, WEC

*Ken Nolan, BED

***Transmission Dependent Distribution Utilities
(Municipals)***

*Richard Suitor, Village of Northfield Electric

Proxy for Village of Barton

Proxy for Village of Enosburg Falls

Proxy for Village of Johnson

Proxy for Swanton Village Electric

Proxy for Village of Morrisville

*Ken Mason, LED

Non-Voting Members

Dave Lamont, DPS

George Nagle, DPS

TJ Poor, DPS

John Spencer, VEPPi

Staff

Deena Frankel, VELCO

Kimberly Pritchard, VELCO