

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 7 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 area load zones within Vermont. At the last full VSPC meeting the VSPC adopted the EEF recommendation that the VSPC issue a Request for Proposal (RFP) in 2010 to sponsor the potential study on CHP, and to achieve the DSM study by expanding the scope either of the DPS potential study or Efficiency Vermont's Forecast 20 (F20). The VSPC requested that the Subcommittee consider costs and other factors in order to make further recommendations to the VSPC today.

For the large CHP (>500 kW) and the customer-sited generation study components, EEF recommends that VELCO issue an 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 the two alternatives for accomplishing the energy efficiency potential study, the Subcommittee recommends that it be accomplished by expanding F20 to include remove its budget constraints. Whereas F20 would otherwise measure the energy savings potential given the PSB approved budget, the VSPC would provide funding to expand F20 to also assess the total energy efficiency potential by load zones without budget constraints. The Subcommittee also recommends including small CHP in the expansion of F20. The VSPC would need to seek consensus of all of the parties in Docket No. 7081 if this option is adopted because the Subcommittee recommends accomplishing this component without an RFP. 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.

Further considerations in arriving at this recommendation included the fact that VEIC states it could complete the study within sixty (60) days of F20 whereas the DPS study has a more extended

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and uncertain time frame. Another benefit of working with F20 is that the assumptions are consistent with other VSPC inputs. The DPS study would use a different set of assumptions.

The current year's F20 is scheduled to be completed by October 15, 2009. A presentation of its results will be given to EEF with a later opportunity for review by others. The window for comments will be thirty days long. A draft based incorporating the comments will be completed by November 15, 2009. VEIC will present the results to the VSPC at its December 9, 2009, meeting. This schedule depends upon 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 support of the parties of Docket No. 7081 to request PSB 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

Ms. Frankel reported that the Subcommittee had met, but that she did not have report from the group.

Procedures

Ms. Frankel summarized that the Procedures Subcommittee was charged with developing the confidentiality agreement that evolved from the Information Protocol. The Subcommittee has been working on the confidentiality agreement over the last quarter. Ms. Frankel's reported that a next draft, the product of edits to the first draft following meetings between the subcommittee chairman, DPS and VELCO, would be ready for review by the Subcommittee, with the hope that the draft agreement can come to the full VSPC at the December 9 meeting for final consideration.

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 public outreach prior to the creation of the first draft. Many of the ideas generated in the meeting were not new ones, but it was recognized that efforts need 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 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 present on the state of regional transmission planning and 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 30 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 30, and it was determined that, due to the timing, just ISO-NE would be invited at this time, and that FERC may be involved in a future, follow-up step. It was noted that the Public Service Board and the Public Service Department have been invited to attend the meeting.

Transmission Subcommittee

NTA Screening: The next steps in the MOU are for the VSPC to approve its version of the NTA screening of the projects in the LRTP and for the VSPC to adopt a 2009 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 that screens in to full NTA analysis some reliability deficiencies that VELCO had previously screened out. 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 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 must be updated with each

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

L RTP and filed with the PSB. There was a general discussion among 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 by the Federal Energy Regulatory Commission to be protected. 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 discussed that keeping Docket No. 7081 open would provide a means for the PSB to have jurisdiction and authority to hear challenges to CEII designations.

The group discussed the difficulty of assessing the impact of the new CEII requirements until the stakeholders have greater experience with implementation. VELCO is using a team approach internally to make CEII determinations in order to have different points of view into consideration of CEII designation.

Preparation for Docket 7081 Evaluation Process: The MOU requires that between July 1 and December 31, 2009, 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 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 21. Ms. Frankel reminded the group of the survey that was circulated in mid-

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

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August. There have only been eight responses to date. Ms. Frankel confirmed that the survey is anonymous if respondents choose not to fill in identifying information. Ms. Frankel will recirculate the survey. Mr. Sutor 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 approach is working until projects have been through the full process.

Ms. Frankel indicated that she would organize the feedback from the surveys and circulate a summary 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 did not support going 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 29 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.

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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 yet been a detailed transmission analysis.

St. Albans:

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

Connecticut Project:

Mr. LaForest reported that Northeast Utility (NU) brought this project to the ISO-NE Reliability Committee 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 Reliability Committee for a cost determination. The vote was inconclusive, and NU did not get the necessary 2/3. There are five different voting blocks in the Reliability Committee. NU has provided multiple presentations over the past year and requested \$1.3 billion in Pool Transmission Facility treatment. NU is asking for cost sharing 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 Reliability Committee.

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, South Burlington

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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