

VERMONT SYSTEM PLANNING COMMITTEE

MEETING MINUTES

MARCH 13, 2013

LANGEVIN HOUSE, VERMONT TECHNICAL CENTER, RANDOLPH

A regular meeting of the Vermont System Planning Committee (VSPC) was held on March 13, 2013, at the Langevin House, Vermont Technical Center, Randolph, Vermont. Deena Frankel called the meeting to order at 9:34 a.m.

Hantz Pr sum , moved approval of the minutes of the December 12, 2012, VSPC meeting, Hervey Scudder seconded and the minutes were approved without objection.

Introductions

Participants introduced themselves. A list of attendees by sector appears on page 6 of these minutes.

Subcommittee reports

NW & Central VT Study Group

Doug Smith reported that the work of the study group is aimed at the Central Vermont reliability deficiency identified in the 2012 Vermont Long-Range Transmission Plan. The magnitude of the deficiency has changed dramatically since the group began. During its study the group came to recognize the impact renewable distributed generation (DG) is having on Vermont's forecast. The deficiency does not appear to require a transmission solution at this time. Lower load forecasts at both ISO-NE and VELCO, driven by slower than previously anticipated economic recover among other factors, has decreased the reliability gap. For the remaining gap, core resources are being procured through existing Vermont initiatives and policies, such as the standard offer, net metering, SPEED projects, merger-related commitments by GMP and increased funding of energy efficiency. The NTA study is nearly complete, but it is on hold pending ISO-NE's update of the VT/NH needs assessment. The NTA study results and the collaborative process have proven very useful. The group has used its study information for the basis for utility recommendations in Dockets 7873/7874 at the Public Service Board (PSB) concerning how to implement changes to Vermont's standard offer (feed-in tariff) program enacted by the 2012 legislature. The study group also developed multiple desk-top tools usable for future analysis such as the Alternative Resource Configuration (ARC) analysis tool and energy efficiency (EE) analysis tool that can estimate availability and cost of additional EE resources across the 16 load zones. Next, the group will complete a summary status report for interested stakeholders. Further analysis will be done following the publication of the updated VT/NH needs assessment by ISO-NE.

Energy Efficiency & Forecasting (EE&F)

Walter (T.J.) Poor, EE &F chair, reported the subcommittee submitted recommendations on behalf of the VSPC for geographical targeting (GT) of EE in 2013, as requested by the PSB. These recommendations were developed by EE&F and were adopted by the VSPC at its December 12 quarterly meeting. The subcommittee recommended continued GT of the St. Albans and Susie Wilson Road areas. It did not make any recommendation on potential funding of these geotargeted areas. It recommended that the St. Albans solution be classified as distribution and the Susie Wilson Road be classified as sub-transmission. Several parties requested a workshop to discuss the

funding mechanism. The PSB has not yet responded to the VSPC filing or the request for a workshop.

Ad Hoc Process Improvement Group

Draft Charters Review

Ms. Frankel on behalf of Asa Hopkins presented four charters for the newly and restructured Forecasting, Geotargeting, Public Participation and Coordinating subcommittees. All of the charters contain provisions to enhance public participation. Mr. Poor summarized the new Forecasting charter. The purpose of the Forecasting subcommittee is to provide a forum for discussion of forecasts developed by VSPC members, ISO-NE and others. Its objective is to enhance the ability to provide well-vetted forecasts for use in the VELCO long-range transmission plan and NTA studies. Next, Mr. Poor explained the Geotargeting subcommittee charter. The objective of the Geotargeting subcommittee is to act as a forum for consideration of various NTA resources, ensuring coordinated consideration and equal treatment of these resources relative to transmission and distribution infrastructure solutions. The subcommittee is responsible to provide direction and feedback on the development of Reliability Plans (required by Docket 7873/7874), Project-Specific Action Plans (required by Docket 7081) and analysis of NTA Study Group assumptions. It will also issue recommendations to the VSPC on specific distribution and transmission geographic areas to be targeted with energy efficiency. The subcommittee will develop draft documents for VSPC approval with recommendations related to energy efficiency geotargeting prior to the December quarterly meeting to meet deadlines set by the PSB. Mr. Poor stated the concern that his service as subcommittee chair could potentially raise a conflict should the Department of Public Service (DPS) take a position different from the VSPC position in a particular matter. Michael Wickenden recommended that the dates in the calendar be for adopted for illustrative purposes only so as not to constrain better alignment of processes.

MOTION TO APPROVE THE FORECASTING AND GEOTARGETING SUBCOMMITTEES CHARTERS AS PRESENTED AND AMENDED WITH THE GROUP BRINGING LEADERSHIP RECOMMENDATIONS TO THE FULL VSPC AT THE JUNE QUARTERLY MEETING. Munir Kasti moved and Steve Litkovitz seconded. The motion passed unanimously.

Next, Ms. Frankel presented the Coordinating subcommittee charter. The purpose of the Coordinating subcommittee is ensuring the smooth functioning of the VSPC. The subcommittee is responsible for the timely preparation and distribution of the agenda and meeting materials prior to each quarterly meeting of the VSPC.

MOTION TO APPROVE THE COORDINATING SUBCOMMITTEE CHARTER AS PRESENTED. Mr. Pr sum  moved and Mr. Kasti seconded. The motion passed unanimously.

Ms. Frankel then presented the proposed charter of the Public Participation subcommittee. Ms. Frankel reported that no meetings were held in 2012. The necessity to revitalize this subcommittee was recognized throughout the VSPC. Public participation is a vital objective of the Docket 7081 process. A goal of the subcommittee is to make the activities of the VSPC more accessible to the public and to bring the VSPC process to those interested in a way that is relevant and meaningful. Jenny Cole previously led this subcommittee, but with her departure, the chair seat remains open. Ms. Frankel reported that Johanna Miller and George Twigg had each agreed to serve on the subcommittee, and Mr. Twigg has agreed to chair. Other interested subcommittee members include Shana Duval and Dotty Schnure. Mr. Poor will see if the DPS will appoint someone to participate. Ms. Frankel recommends the group provide comment on the draft charter and then provide an opportunity for the subcommittee to formally meet and review the charter. The subcommittee would present the proposed charter at the June quarterly meeting for approval.

MOTION TO APPOINT GEORGE TWIGG AS CHAIR OF THE PUBLIC PARTICIPATION SUBCOMMITTEE. Mr. Pr sum  moved and Ms. Miller seconded. The motion passed unanimously.

Transmission Subcommittee Issue

Next, Ms. Frankel reported that at the last meeting a resolution was presented to discontinue the Transmission subcommittee. Several members expressed concerns at that meeting about the dissolution of the subcommittee, and the item was tabled for further off-line discussion. Ms. Frankel reported that the VELCO Operating Committee has agreed in concept to form a Transmission Subcommittee that will meet at least twice a year. This subcommittee will include engineers and planners and will report periodically to the Operating Committee. The charter will be presented to the Operating Committee at its March meeting for consideration. An update and opportunity to take a final vote on the resolution to discontinue the Transmission Subcommittee will be provided at the June quarterly meeting. Ms. Frankel noted that affected utilities will continue to provide quarterly project updates to the VSPC. **Revised Process Flowchart**

Ms. Frankel presented a revised flowchart of the VSPC process recognizing the possibility of a reliability deficiency being identified outside the VELCO planning cycle. The ten step process identified in Docket 7081 assumed that reliability deficiencies would be identified by either VELCO or a distribution utility. A step is proposed to be added at Step 7 to recognize that a reliability deficiency could be identified by an entity other than VELCO or one of the Vermont distribution utilities such as the VT/NH needs assessment prepared by ISO-NE. The NTA Study Group was formed because of a reliability deficiency identified in the VT/NH needs assessment. Participants acted on a draft of the VELCO Long-Range Transmission Plan rather than wait until final publication because time was of the essence to study the deficiency to see if a viable non-transmission alternative existed. Mr. Pr sum  pointed out that the box should be between steps six and seven to provide time for an NTA screening to determine whether it is appropriate to continue. Ms. Frankel will redraft the flowchart based on comments by the group. The revised flowchart will be presented at the June quarterly meeting for review and consideration.

Technical Coordinating

Ms. Frankel, subcommittee chair, reported that the group met to set the agenda for today's meeting. As previously discussed, terms for public members expired on October 5. The VSPC requested that the PSB re-appoint Ms. Miller and Mr. Scudder. The PSB appointed Ms. Miller and Mr. Scudder on an interim basis until the selection process is concluded. Outreach is underway to identify additional public representative candidates to fill the commercial representative seat formerly held by IBM (which declined re-appointment), and to fill all three vacant alternate positions. The PSB will advertise the availability of all positions and are encouraging current members to reapply.

Old Business

Annual Report

Ms. Frankel reported that the 2012 Annual Report was filed with the Public Service Board on February 12. This report details activities of the VSPC during 2012 and the status of the VSPC work on the reliability deficiencies identified in the 2012 Vermont Long-Range Transmission Plan. The lead utilities developed the first "project-specific action plans" for the Annual Report as established by amendments to the Docket 7081 MOU approved by the PSB in January. Ms. Frankel is seeking comments from members on the Annual Report process.

Update on Docket No. 7873

Mr. Poor reported that the PSB issued its order on March 1 in Dockets No. 7873/7874¹, regarding changes to the standard-offer program required by Act 170 of the 2012 Vermont General Assembly. In its order, the PSB implements significant changes that include a market-based mechanism for setting standard-offer prices for each renewable energy category. The SPEED facilitator is to issue an RFP on April 1 of each year, and establish avoided costs to serve as caps on the standard-offer prices solicited through the market-based mechanism. The PSB is required to issue standard offer contracts to new renewable plants until a cumulative capacity amount of 127.5 MW is reached. The standard offer program currently maintains a waiting list for any unused portion of the initial 50 MW program cap. The PSB was convinced that ending the current waiting list will encourage timely development of standard-offer projects at the lowest feasible cost. The current waiting list ceases April 1, 2013, with the issuance of an RFP for the 5 MWs of capacity available in 2013. Projects on the current list will be eligible to participate in the April 1, 2013, RFP. During workshops the utilities advocated that the opportunity to obtain a contract outside the annual program cap for generators that provide “sufficient benefit” to the operation and maintenance of the grid be limited to projects that avoid or defer a transmission or subtransmission upgrade. The PSB adopted the utilities’ recommendation to require upgrade deferral as the test of sufficient benefit, but included distribution constraints as well as transmission and subtransmission. The PSB adopted a screening framework and guidelines based largely on the “straw proposal” submitted by GMP that harmonizes the annual SPEED geotargeting process with the Docket 7081 process. A “reliability plan” is required for each constraint identified in VELCO’s long-range transmission plan. It is designed for utilities to provide “adequate information regarding the constrained areas” where generation could provide sufficient benefit. Docket 7873 was remanded to Board staff in order to conduct additional proceedings as necessary to develop a sufficient benefit test for future projects, develop a model RFP for projects outside the cap, develop revised avoided costs for utility projects, and investigate technology allocations. Next, Ms. Frankel summarized the implications of the order on the VSPC process. The screening framework and guidelines contemplate the use of the existing VSPC process. The VSPC is to recommend constraints within the electric grid, and the potential for NTAs to mitigate those constraints by January 1 of each year or more often if analysis is completed within the year. The Geotargeting subcommittee will be charged with further defining and implementing the process adopted by the PSB.

Regional ISO-NE update

Revisions to definition of bulk electric system

Mr. Pr sum  reported that the Federal Energy Regulatory Commission (FERC) issued a final rule revising the definition of the bulk electric system. The new definition is based on recommendations by the North American Electric Reliability Corporation (NERC). NERC is the electric reliability organization (ERO) certified by FERC to establish and enforce reliability standards for the bulk power system. Key revisions to the current definition remove language allowing for broad discretion across reliability regions and establish a “bright-line” threshold that includes all facilities operated at or above 100 kV. The rule establishes a seven-factor test for determining whether a facility is a local distribution or transmission facility. The impact on VELCO is that all of its transmission facilities fall under the new definition.

Scope of VT/NH Needs Assessment Update

¹ Docket 7873 concerns programmatic changes, and Docket 7874 addresses pricing and market mechanisms.

Mr. Pr sum  reported that ISO-NE is performing another ten-year Vermont/New Hampshire needs assessment and is in the process of finalizing the study scope. The scope will include new NERC requirements. Mr. Pr sum  does not expect any new deficiencies to be identified for Vermont, but the new NERC standards may prompt new bulk transmission projects in surrounding areas.

Incorporation of distributed renewables into ISO-NE Planning

Mr. Smith reported that he presented on the importance of incorporating distributed renewables in transmission planning to the ISO-NE Participant's Advisory Committee at its meeting in January. The presentation highlighted the importance of capturing Vermont's standard offer program given the contractual certainty of the program. It also explained potential implications of the growth in solar installations. Overall, Vermont is experiencing exponential growth in distributed renewables. It is important to appropriately model meaningful renewables in transmission planning.

Long-term Energy Efficiency (EE) in ISO-NE Load Forecast

Mr. Wickenden reported that ISO-NE completed its EE forecast for the 2016-2022 period. The forecast estimates reductions in energy and demand from state-regulated utility EE programs in the New England control area by region and state. Program Administrators provide data for the previous three years. The EE forecast is based on averaged production costs, peak-to-energy ratios and projected budgets of state regulated utility EE programs. The EE forecast is used in ISO studies looking beyond the three-year Forward Capacity Market timeframe. ISO will use the 2012-2022 PSB-approved budget. Vermont production costs are based on the average of 2009-2011 data. Vermont is more active in ISO's EE forecast than other states. VELCO is ahead others in gaining an understanding of the impacts of renewables on load forecasting.

Project Updates

Hartford/Ascutney (GMP)

Ms. Kim Jones reported no additional work since the project-specific action plan was filed with the Annual Report. A full NTA analysis was completed in 2011 and the study concluded the EE and/or generation could not feasibly and economically resolve the deficiency. A transmission solution has not yet been identified. The NTA analysis will be presented to the VSPC by November 2013.

Rutland

Ms. Jones reported that GMP is in the process of re-scoping the project to determine the best approach given the installation of new generation in the Rutland area and the effect of other SPEED projects. A preferred transmission alternative will be presented at the June quarterly meeting.

Southeast Vermont

Mr. Pr sum  reported that this project requires rebuilding the Vermont portion of the Vernon to Northfield 345 kV line. The project is on hold until the retirement of Vermont Yankee.

Connecticut River Valley

Mr. Pr sum  reported that preparation for a 248 filing is underway. The preferred solution is the construction of a

second 115 kV line between the Coolidge and Ascutney substations.

Northern area

Mr. Pr sum  reported that VELCO plans to confirm the need for the next upgrade that is required at the Jay substation. This project calls for completion of a number of upgrades based on load growth.

IBM area

Mr. Pr sum  reported that VELCO is evaluating the transmission alternatives. The analysis is scheduled to be completed in June 2013.

Colchester

Mr. Litkovitz reported that GMP is pursuing several interrelated projects with respect to its 34.5 kV system. The company is finding the acquisition of necessary easements challenging and is currently navigating the regulatory process. The project requires taking a line out of the Winooski River and moving it onto land. GMP is experiencing opposition to its proposal. After the line is repaired, it will be possible to unload the area and install a new distribution line into the City of Winooski and reconductor the line from McNeill to the Gorge substation.

St. Albans/East Fairfax

Ms. Jones reported that this project involves installation of a 115/34.5 kV transformer at the Georgia substation. GMP plans to file testimony in October 2013 with plans to begin construction the summer of 2014.

Vernon

Ms. Jones reported that this project consists of installing a 115 kV breaker at the Vernon Road substation. Construction is expected to begin later this month and complete by September 2013.

Adjournment

The meeting was adjourned at approximately 3:45 p.m.

Next Meeting: Quarterly meeting to be held on June 12, 2013, at the Capitol Plaza, Montpelier, Vermont at 9:30 a.m.

ATTENDANCE

*Indicates voting member at this meeting

**Indicates Alternate

Public Sector

**Hervey Scudder, Residential

*Johanna Miller, Environmental

Transmission Utility (VELCO)

*Hantz Pr sum , VELCO

Kerrick Johnson, VELCO

Transmission Dependent Distribution Utilities (Municipals)

*Melissa Bailey, VPPSA

Proxy for Village of Enosburg Falls

Proxy for Village of Johnson

Proxy for Village of Ludlow

Proxy for Town of Hardwick

Proxy for Swanton Village

Proxy for Village of Morrisville.

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

*Steve Litkovitz, GMP

**Doug Smith, GMP

Kim Jones, GMP

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

*Munir Kastl, BED

*Bill Powell, WEC (on the phone)

Supply and Demand Resources

*Michael Wickenden, EEU

Non-Voting Members

Walter Poor, DPS

Al St. Peter, DPS

Staff

Deena Frankel, VELCO

Kimberly Pritchard, VELCO

Guests

Eric Wilkinson, ISO-NE