

VERMONT SYSTEM PLANNING COMMITTEE

MEETING MINUTES JUNE 8, 2011 CAPITOL PLAZA, MONTPELIER

A regular meeting of the Vermont System Planning Committee (VSPC) was held on June 8, 2011, at the Capitol Plaza, Montpelier, Vermont. Deena Frankel called the meeting to order at 9:30 a.m.

Ms. Frankel presented the minutes of the March 9, 2011, meeting for approval. Bruce Bentley moved and Hantz Pr sum  seconded approval of the minutes of the March meeting, which were approved without objection.

Introductions

Participating members introduced themselves. A list of attendees by sector appears on page 5 of these minutes.

Subcommittee reports

Energy Efficiency & Forecasting (EE&F)

T.J. Poor, chairperson, reported the results of recent discussions on geotargeting. EE&F recommends the VSPC as a venue for discussing potential geotargeting areas and making recommendations to the Public Service Board (PSB), giving consideration to the location, need and timing in the constraint area; funding needed and deferral benefit; and the benefit and cost allocation. The subcommittee discussed the role of the VSPC and concerns about the timing and completion of work, and ultimately agreed upon the VSPC venue. EE&F recommends that the VSPC propose areas for geographic targeting of efficiency services to the PSB based on a process to be developed by EE&F including the development of a template to assess potential geographic targets. EE&F expects to offer recommended targets to the VSPC at the September meeting.

MOTION FOR VSPC TO ADOPT THE RECOMMENDATIONS OF EE&F. Mr. Bentley moved and Mr. Pr sum  seconded. The motion was adopted unanimously.

Generation Subcommittee

No report.

Procedures Subcommittee

No report.

Public Participation Subcommittee

No report.

Technical Coordinating Subcommittee

No report.

Transmission Subcommittee

No report.

Old Business

Ad Hoc Process Reform Group

Ms. Frankel summarized the objectives of the ad hoc process reform group, which include maintaining and strengthening the purposes of the Docket 7081 process, coordinating more effectively with the regional regulatory process at ISO-NE, and providing a more nimble means of updating stakeholders about reliability issues and potential transmission system upgrades. The ad hoc group initially assessed whether or not a statutory amendment would be necessary and determined that key process changes could be made without any statutory amendments. The group has developed recommended changes to the MOU.¹ VSPC members discussed in detail the proposed changes and suggested further clarification of whether to make the 20-year planning horizon discretionary, and how to appropriately categorize projects. David Mullett offered to make changes to incorporate concepts raised by the VSPC.

MOTION TO APPROVE THE RECOMMENDATIONS FROM THE AD HOC REFORM GROUP WITH MODIFICATIONS AS DISCUSSED AND A DRAFT TO BE RECIRCULATED FOR FINAL REVIEW. Mr. Mullett moved and Mr. Bentley seconded. The motion passed unanimously.

Preparation for June 15 VSPC Meeting with Stephen Rourke, ISO-New England

On June 15 at 9:30 a.m. the VSPC will convene in a special meeting with Stephen Rourke of ISO-New England at Vermont College of Fine Arts in Montpelier. The purpose of the meeting is gain an understanding of ISO-New England's interpretation of FERC planning standards and the issues the standards raise for Vermont stakeholders, and an update on ISO-New England's strategic planning initiatives, including its consideration of NTAs. Members of the PSB and Department of Public Service (DPS) will attend as well.

Plan for 2012 Long-Range Plan Update

The 2012 Long-Range Plan (the Plan) is due to be filed with the PSB by July 1, 2012. In order to complete the Plan, VELCO must obtain any available forecast updates from the DPS and distribution utilities (DUs), coordinate planning assumptions with the DPS, the DUs and the EEU, provide working drafts of the Plan to ISO-New England and confer with the DUs to obtain information and comment. VELCO then provides the draft plan including all assumptions, forecasts and analysis to the VSPC. After consultation with the VSPC, VELCO and the DUs determine whether each reliability deficiency identified is bulk transmission system, predominantly bulk system, predominantly subsystem or subsystem. The VSPC makes a preliminary determination of the likely affected utilities for each reliability deficiency identified. Within 60 days after VELCO's submission of a complete draft Plan to the VSPC, the VSPC submits its comments to VELCO, which must incorporate them into the draft Plan or provide an explanation why they are not incorporated. The MOU requires VELCO, in consultation with the VSPC, to design and conduct a public outreach process that engages the public in a deliberative format involving dialogue and a response to public comments. The statute requires² that, prior to the adoption of the Plan, VELCO must hold at least two public meetings and facilitate a discussion to identify and evaluate nontransmission alternatives. A verbatim transcript of the meetings must be filed with the PSB and the DPS. The Plan must also include a discussion of the principal contentions made at the meetings. VELCO will use the ISO-New England's VT/NH Needs Assessment as the bulk system analysis for year 1-10 and will perform additional analysis for years 11-20 and the subtransmission system. VELCO has formally requested relevant subsystem analysis from the DUs.

The Plan will be a non-CEII public document that is based on the underlying technical analysis. VELCO will deliver the preliminary results to DUs for comment in September with a draft incorporating those comments to the VSPC by December 15, 2011. The VSPC comment period runs until February 28, 2012. The public draft will be issued by April 1, 2012, with the public input period ending June 1, 2012. Public meetings will be held between April 15 –30,

¹ Process Reform Ad Hoc Group recommended changes can be found on the VSPC website at: <http://www.vermontspc.com/VSPC%20Meetings/7081%20mou%20redline%20to%20vspc.pdf>

² 30 V.S.A. § 218(c)

2012. VELCO will incorporate public input in June and submit the final Plan to the PSB by July 1, 2012. Further details on the public engagement process will be provided within the coming months.

Regional Update

Mr. Pr sum  updated the group on ISO-NE's analysis of system performance in Vermont and New Hampshire, including potential retirement of Vermont Yankee. The needs assessment is complete, and both regional and local solutions are being considered. Potential solutions include a 345 kV line from Deerfield-Webster and Deerfield-Webster-Coolidge, which may address Vermont and New Hampshire concerns more cost effectively. ISO-NE is also considering the longevity of the options and evaluating non-transmission alternatives. A number of possible transmission solutions and alternatives are being studied. ISO-NE and the transmission owners will present preferred solutions at the July PAC meeting. The analysis assumes no power will flow over the PV-20 line. Although delivery of power over the PV-20 or siting local transmission in Chittenden County may be more cost effective than the transmission solution, physical and market barriers to this these NTAs remain to be resolved. Parties are working to resolve these issues.

VELCO continues to advocate for regional level changes to provide partial support for cost-effective, non-transmission alternatives and has proposed various conceptual approaches to funding to the ISO-NE board. These concepts do not yet enjoy wide support among other transmission owners. Examples of potential NTA solutions were presented to illustrate why resolution at the regional level is critical to ensuring least-cost solutions to bulk transmission issues. Under the rules in place today, Vermont pays the entire above-market cost of a non-transmission alternative even if that alternative avoids a more expensive transmission solution that would be socialized regionally. A potential way of funding NTA above-market costs might be to socialize some portion of deferral savings. VELCO and other Vermont stakeholders are making some progress in pursuing regional NTA funding. Mr. Pr sum  reported that VELCO continues to advocate for the full implementation of a common regional cost estimation methodology for transmission projects to ensure that, as transmission costs rise, stakeholders will understand how the cost estimates were reached and less variance will exist between the estimated and actual costs. A common cost estimation methodology has been incorporated into an ISO-NE Planning Procedure but more work is needed to fully implement the procedure throughout the region.

Project Updates

Kingdom Community Wind (KCW)

Steve Litkovitz reported that the project will have a capacity of 63 MW from 21 three-MW turbines. The Certificate of Public Good (CPG) contains 45 conditions many of which must be satisfied prior to construction. Final construction plans have been filed. Construction is scheduled to begin on August 1. An appeal and motions for reconsideration are expected, but hopefully will not interfere with scheduling of construction.

Jay Area Reliability Project (VEC)

Harry Abendroth reported that the technical hearings were held on May 20, 2011. If a CPG is received prior to July 1, a member vote is required. A CPG sometime in July is expected.

Weybridge/Middlebury Project

Rip Kirby reported that the rebuild and upgrade of the Middlebury lower hydro is complete. VELCO is supplying a needed breaker on Seminary Street. Otherwise, all construction is complete.

St. Albans / Georgia

Mr. Kirby reported that this project has received support from ISO-NE. The documents to support a request for a CPG are being drafted.

Rutland

Mr. Kirby reported that the cost analysis is not yet complete. The system study is drafted and almost finalized. The NTA analysis is complete. The next step is to select a solution.

Hartford Transformer

Mr. Pr sum  reported that the Hartford area is being studied as part of the 2012 long range plan.

Newport Capacitor Bank

Mr. Pr sum  reported that this project is also being reviewed as part of the 2012 long range plan.

Queen City, Blissville & Ascutney Capacitor Banks

Mr. Pr sum  reported that the Ascutney capacity banks are still being studied. However, the Queen City and Blissville projects are not needed at this time.

West Rutland Capacitor Bank

Mr. Pr sum  reported that this project has received its CPG and installation is expected in early 2012.

Georgia, Ascutney, & Bennington Substation

Mr. Pr sum  reported that a Section 248 filing should be made this month for the Bennington substation.

Reactors

Mr. Pr sum  also reported that the reactors are scheduled in installation in early 2012.

Highgate Converter

Nothing new to report.

Economic Projects

Mr. Pr sum  reported that the impacts of the Northern Pass are being studied with an analysis expected to be complete in the fall. The 1200 MW injection site is in central New Hampshire.

OTHER BUSINESS

There was no other business to report.

Adjournment

The meeting was adjourned at approximately 2:30 p.m.

Next Meeting: Quarterly Meeting to be held on September 14, 2011, at the Holiday Inn, Rutland, Vermont at 9:30 a.m.

ATTENDANCE

*Indicates voting member at this meeting

**Indicates Alternate

Public Sector

*Hervey Scudder – Residential (Alternate)

*Johanna Miller, VNRC - Environmental

Transmission Utility (VELCO)

*Hantz Pr sum , VELCO

Distribution Utilities Providing Transmission (CVPS, GMP, VEC)

*Steve Litkovitz, GMP

*Bruce Bentley, CVPS

Rip Kirby, CVPS

*Harry Abendroth, VEC

Morris Silver, CVPS

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

*Munir Kastj, BED

Transmission Dependent Distribution Utilities (Municipals)

*David Mullett, VPPSA

Proxy for Village of Hyde Park

Non-Voting Members

Walter Poor, DPS

Michael Wickenden, VEIC

Staff

Deena Frankel, VELCO

Kimberly Pritchard, VELCO

Guests

Eric Stahlin, Extreme Power