

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 X 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 make 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. There was a general discussion among members on the role of the VSPC and concerns on the timing and completion of work. Members agreed that the VSPC is an appropriate place for these discussions. EE&F's recommendation is that the VSPC discuss and select areas for geographic targeting of efficiency services, and authorize EE&F to develop and use template to assess potential areas. EE&F will make recommendations to the full 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 group which include maintaining and strengthening the purposes of the 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 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 worked with the existing MOU and presented recommended changes to the MOU.¹ Members discussed in detail the proposed changes and determined that several recommendations needed further work. In addition to requested clarifying changes, concerns included whether to make the 20-year planning horizon discretionary, and how to appropriately categorize projects. David Mullett offered to make changes to address the concerns of members.

MOTION TO APPROVE THE RECOMMENDATIONS FROM THE AD HOC REFORM GROUP WITH THE INCORPORATION OF LANGUAGE AS DISCUSSED AND A DRAFT TO BE RECIRCULATED FOR REVIEW. IF THERE IS ANY OBJECTION, CHANGES WOULD BE RECONSIDERED. Mr. Mullett moved and Mr. Bentley seconded. The motion passed unanimously.

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

A meeting is scheduled with Stephen Rourke of ISO-New England for June 15 at 9:30 a.m. to be held 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 look at NTAs. Members of the PSB and Department of Public Service (DPS) will be attending.

Plan for 2012 Long-Range Plan Update

The 2012 Long-Range Plan (the Plan) is due on July 1, 2012. In order to complete the Plan, VELCO must obtain 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 collects comments of its members and conveys the same to VELCO to be incorporated 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. Statutory requirements² include 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 prepared and filed with the PSB and the DPS. The Plan has to include a discussion of the principal contentions made at the meetings. Assumptions about the Plan include using ISO-New England's VT/NH Needs Assessment as the bulk system analysis for year 1-10 and VELCO will analyze years 11-20 and the subtransmission system. VELCO has formally requested that the DUs submit any relevant subsystem analyses early in the process.

The Plan will be a non-CEII public documents 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

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)

by December 15, 2011. The VSPC comment period runs until February 28, 2012. The public draft will be issued by April 1, 2012 with public input period ending June 1, 2012. Public meetings will be held between April 15 –30, 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 next month.

Regional Update

Hantz Pr sum  updated the group on ISO-NE's analysis to evaluate system performance in Vermont and New Hampshire with the 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 has the potential of addressing Vermont and New Hampshire concerns more cost effectively. ISO-NE is also considering the longevity of the options and conducting NTAs. There are a number of preferred transmission solutions and alternatives being studied. Final solutions will be presented at the July PAC meeting. The evaluation is using the assumption that there will be no flows over the PV 20 line. It is to the benefit of Vermont to have flow over the PV-20; however, there are physical and market constraints that need 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 provided various approaches to funding to the ISO-NE board. In general regional transmission owners do not support this level of funding. Examples of potential NTA solutions were presented to illustrate why resolution at the regional level is critical to viability of NTA solutions to bulk transmission issues. Under the rules in place today, if an NTA solution is found, Vermont pays the entire cost even though the region benefits. There are a number of potential approaches to funding NTAs. Socializing some portion of deferral savings may enhance the cost-effectiveness of achieving reliability objectives in some situations. VELCO is gaining traction in this area as demonstrated by the increasing number of questions and interest on the topic from ISO-NE.

Mr. Pr sum  also reported that VELCO continues to advocate for the adoption of a regional cost estimation methodology. It is beneficial to have transmission owners use the same cost estimation methodology. Transmission costs are going up and stakeholders are pushing ISO-NE to control costs from the estimating stage to completion. If one approach is used by all, stakeholders will understand how the analysis was done and there would be less of a variance between the estimate and the final cost. The cost estimation methodology needs to be incorporated into an ISO-NE Planning Procedure to have it uniformly applied throughout the region.

Project Updates

Kingdom Community Wind (KCW)

Steve Litkovitz reported that the project will consist of a 3 MW turbine model resulting in 63 MW total project. The 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 1st. An appeal and motions for reconsideration are expected but hopefully will not interfere with scheduling.

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 1st, 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 also 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 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 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

*Johanna Miller, VNRC - Environmental

Transmission Utility (VELCO)

*Hantz Pr esum e, 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 Kastl, 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