

## VERMONT SYSTEM PLANNING COMMITTEE

### MEETING MINUTES MARCH 14, 2012 DOUBLE TREE, BURLINGTON

A regular meeting of the Vermont System Planning Committee (VSPC) was held March 14, 2012, at the Double Tree, Burlington, Vermont. Deena Frankel called the meeting to order at approximately 9:42 a.m.

Steve Litkovitz moved approval of the minutes of the December 14, 2011, VSPC meeting, Munir Kasti 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.

#### **Regional/ISO-NE Updates**

##### **Status of VT/NH solutions**

Hantz Pr sum  reported that an update of the Vermont/New Hampshire Needs and Solution Study will be presented at the March 15 Planning Advisory Committee (PAC) meeting. The latest ISO-NE results use an updated load forecast, which put the results more in line with VELCO's analysis in the Long-Range Transmission Plan (LRTP). The original study had reported the timing of certain reliability deficiencies as imminent. The updated study reports less urgency than originally anticipated. ISO-NE will start the process again for a 2012 VT/NH study to be completed by the end of the year. This study will take into account the new forecast coming out in April and other updates in generation and demand response resources (DR) that clear the Forward Capacity Auction. Changes in ISO-NE's study have been incorporated into the current version of VELCO's LRTP. DR is not incorporated because it is an emergency resource and VELCO designs the system to be able to meet all load. ISO-NE and other reliability organizations are treating DR similarly to a generator, meaning ISO-NE can call on it to be dispatched. VELCO takes credit for DR by subtracting the amount of the DR in Vermont, which reduces Vermont's load. FERC Order 745 now requires Regional Transmission Organizations (RTOs) and Independent System Operators (ISOs) to begin paying DR resources the Local Marginal Price if the DR resource can balance supply and demand and the DR resource is cost-effective from the perspective of a real-time energy operating cost. Mr. Pr sum  pointed that DR is unlike energy efficiency in that it will move in and out of the market based on how financial attractive it is for a customer to reduce load. ISO-NE has proposed a transition period from June 2012 to June 2016, after which it will fully integrate DR. The implications of Order 745 are: (1) price-responsive DR will be treated like a generator in the energy market; (2) DR is modeled equally across Vermont in the LRTP; and (3) DR is modeled at a constant level of 40 MW based on the last Forward Capacity Auction.

##### **Long-Term Energy Efficiency (EE) in the Demand Forecast**

Michael Wickenden of Efficiency Vermont (EVT) presented the 2015-2020 Energy Efficiency Forecast as presented at ISO-NE's Energy Efficiency Forecast Working Group (EEFWG) February 24, 2012. ISO-NE is working to account for energy efficiency (EE) in its forecasts. ISO-NE is looking at EE forecasts state by state and trying to determine the amount of money being spent on EE and the magnitude of load reduction projected from the expenditure. The effort compares the observed savings to estimated savings developed from historical data. The EE forecast could be used in studies looking beyond the Forward Capacity Market such as long-term transmission planning studies and economic planning studies. The EE forecast is completed during the normal forecasting cycle and will be included in ISO-NE's Regional System Plan. ISO-NE is putting together a working group consisting of state representatives and program administrators to provide ongoing input on EE forecast assumptions and methodology. Mr. Wickenden reviewed the annual energy production costs for each state and each New England utility. Mr. Wickenden will submit Vermont's revised energy efficiency forecast to the EEFWG by mid-March. The

EEFWG has been very receptive to suggestions and comments. The final EE forecast will be presented to the EEFWG in mid-April.

## **Subcommittee reports**

### **Energy Efficiency & Forecasting (EE&F)**

TJ Poor, subcommittee chair, reported that EE&F has not met this quarter, but a meeting will be scheduled for April. He then provided an update on the VSPC's geotargeting recommendations submitted to the Public Service Board (PSB) in December. The PSB approved, consistent with the VSPC recommendation, the geotargeting areas of St. Albans and the Susie Wilson Road in Essex, and the continued monitoring of identified areas annually. The VSPC, through the EE&F subcommittee will need to have a process to look at those areas and provide a report to the PSB annually. The host utilities (GMP & CVPS) were directed to provide comprehensive plans developed in conjunction with EVT to include a description of the constrained costs and resources available. The plans are due to the PSB by March 16, 2012 and should be updated annually with EVT's annual plan. The PSB also requested that the VSPC provide a recommendation or status update on its evaluation of appropriate funding sources and budgets for geotargeted areas by July 6, 2012. The subcommittee will bring a recommendation to the VSPC for discussion at the June quarterly meeting.

### **Ad Hoc Improvement Reform Group**

Asa Hopkins reported that the Process Improvement group has met twice with a focus on administrative tasks and reviewing the VSPC process. The group discussed what is working or not working, what external factors have changed since the MOU was written, and what it all means to the VSPC process. The idea is to take a fresh look at the VSPC from a big-picture perspective. The next meeting is scheduled for March 16.

### **Technical Coordinating Subcommittee**

Ms. Frankel reported on the action items in the PSB Order approving the Docket 7081 MOU amendments. The Order retains the requirement that VELCO identify the lead distribution utility in its long-range plan updates. VELCO has to file for PSB approval either revised language for paragraph 28 retaining the identification of the Lead Distribution Utility or justify why the requirement should be deleted. VELCO agrees that the identification of the lead distribution utility is necessary to the process and this requirement should not be eliminated. VELCO proposes restoring the relevant language concerning the designation of a lead from paragraph 28.

MOTION TO APPROVE A RECOMMENDATION TO THE PSB TO RESTORE THE LANGUAGE OF PARAGRAPH 28 REGARDING THE IDENTIFICATION OF THE LEAD DISTRIBUTION UTILITY BY VELCO. Mr. Litkovitz moved and Mr. Pr sum  seconded. The motion passed unanimously.

Ms. Frankel added that the PSB declined to designate the SPEED Facilitator as voting member. The SPEED Facilitator is currently under contract with the Board and therefore, does not function independently of the Board. The PSB commented that it is unclear on what basis and under what authority the SPEED Facilitator would exercise its VSPC voting rights. Ms. Frankel contacted John Spencer to emphasize the importance of the SPEED Facilitator's participation at the VSPC despite not being a voting member because it is vital to have the generation sector involved. Mr. Spencer recommended having a generation sector whose representatives are appointed in the same manner as the residential, commercial and environmental sectors. Ms. Frankel recommends sending this to the Ad Hoc Process Improvement Group to address. Terry Cecchini commented on generation being a very large arena and questioned whether this specific representative would accurately represent all generation. There was a general discussion on the role of the SPEED Facilitator and recent legislation. The Ad Hoc Process Reform Group will address this matter and make a recommendation to the full VSPC.

The PSB also seeks clarification of the VSPC's proposal of self-reporting contained in the amendment to paragraph 51. The VSPC intends for the members conducting or overseeing the NTA analysis to provide regular updates to the full VSPC. This is expected to be done in the same manner as members providing project updates or committee reports. The PSB has requested that this clarification be provided to the PSB by April 30, 2012.

MOTION FOR VELCO TO DRAFT A FURTHER AMENDMENT TO PARAGRAPH 51 THAT CLARIFIES THE QUARTERLY REPORTING TO THE VSPC IS FROM THE UTILITIES THAT ARE RESPONSIBLE FOR THE NTA ANALYSIS AND SOLUTION ACTION STEPS. THE VSPC WILL REPORT ANNUALLY TO THE BOARD AND DEPARTMENT. Mr. Litkovitz moved and Ms. Jones seconded. The motion passed unanimously. The proposed language will be circulated for comment before being filed with the PSB.

### **NW & Central VT NTA Study Group**

Douglas Smith reported that the group has been looking at non-transmission alternatives for the northwestern and central Vermont areas in a collaborative approach among the Vermont distribution utilities and VELCO. Central Vermont has emerged as a core area of focus. To the extent that generation can be added to northwestern Vermont, it also helps central Vermont. The study effort included an initial public outreach to entities knowledgeable about the energy sector to help identify potential resources. The group is currently screening both demand and supply side alternatives. The Gorge Gas Turbine, which is an existing 50 year old generator, is one of the options. Estimates of initial costs of installing additional generation are being developed. Market conditions are challenging at this time. As it appears now, a peaking plant costs \$10 per KW month to own and operate and \$7 is covered by the market leaving a gap of \$3 representing an extra cost being that would need to be paid by someone other than the market participant to make the project economically viable. The screening and analysis work will help determine if it is Gorge or some other generator or combination of resources can be a viable solution. The group will complete the public outreach process and meet with ISO-NE, and will provide a written report to the VSPC in the fall. The group wants to get ideas to the table before the transmission solution is chosen by default. GMP has engaged the Essex Partnership to assist the group in the analysis. Meetings are being scheduled with energy stakeholders such as Beaverwood and All Earth Renewables. Vermont may be faced with the question of whether to pursue an NTA if it is least-cost for New England, but not for Vermont.

### **NTA Screening Tool Revisions**

Bruce Bentley reported that participants met to discuss changes to the NTA screening tool. The screening tool was created to be easy to fill out and avoid costly studies in cases where NTAs are not viable. The group has drafted changes to the screening tool and is working to finalize it. Dr. Hopkins added that the group has been struggling with defining “uneconomic,” which poses a challenge because the cost of a project is not known until it is complete. The group will bring something back to the VSPC in June for consideration.

### **Presentation on Microgrids by Jeff Mack, CEO, Northern Reliability and Bob White of Telequity**

Mr. Mack, CEO of Northern Reliability, a company that designs, builds and services stand-alone power systems presented on the benefits of microgrid technology. Northern Reliability has partnered with Telequity, a leader in the transformation and growth of businesses, to identify potential business opportunities. Microgrids are designed to augment the bulk electricity grid and improve the quality, reliability and security of service. Northern Power received PSB approval for a 350 KW unit in Waitsfield, Vermont. The project was expected to serve 17 home and five businesses. The project was disrupted by Northern Power’s 2008 bankruptcy. This project was a good example of the cooperative initiative by a Vermont-based business, a Vermont utility and the State and Federal government. Northern Reliability and Telequity believe that all the partners in these projects benefit through cooperation: costs, quality, expertise, and sense of accomplishment. These companies are looking for partners to embrace microgrids as a solution to electric energy challenges.

### **Old Business**

#### **2012 Long-Range Transmission Plan Update**

Mr. Pr sum  provided an update on the 2012 Long-Range Transmission Plan (the Plan). Participants were provided version 4 of the Plan, and indicated that they had had an opportunity to review version 3. Mr. Pr sum  reviewed the comments received from GMP and CVPS and the most recent changes to the Plan. GMP replaced CVPS as the lead utility in the Central Vermont region and CVPS replaced GMP in the Connecticut River Valley region. GMP replaced CVPS as the lead utility in the Colchester area and is an affected utility, together with BED. A transmission

planning study is being done in that area and at this time a non-transmission solution will remain as a potential solution at least until the transmission analysis is complete. GMP believes a viable transmission solution at a cost of less than \$2 million may be possible to address the loads identified between Gorge and McNeil, and therefore this particular project is not ripe for an NTA. In order to screen this project out on the basis that the transmission solution does not exceed the cost threshold, a specific cost estimate will be needed.

Ms. Jones recommended that an explanation of why PV20 is the preferred solution in the northwest Vermont area should be included. Mr. Pr sum  and Ms. Frankel will work to incorporate this into the Plan. Mr. Bentley expressed concerns with the chart depicting load forecast with energy efficiency and demand response. Mr. Bentley is concerned that showing loads as flat or declining is not an accurate representation. Mr. Cecchini recommended using a larger scale to help maintain context.

Mr. Pr sum  also added demand response (DR) is now accounted for in the forecast in the same manner as energy efficiency. ISO-NE's 10-year analysis included the effects of the demand response that cleared the last Forward Capacity Auction. Beginning in 2016 DR resources will be obligated to bid in the energy market, which may result in more frequent calls for participants to shut off their loads. It is unclear how DR will respond to this market change and, it is likely that some DR will leave the market. In the absence of data to base an alternative assumption, the Plan assumes that DR will remain relatively constant over time.

Other changes included statements made regarding Vermont Yankee (VY). The statements in the 2012 Plan are consistent with the 2009 Plan. ISO-NE asked for edits on the text related to VY. ISO's suggestions were incorporated in modified form, while making clear that VELCO's position has not changed since 2009; except for reconductoring one piece of line connecting Vermont to Massachusetts, no new transmission will need to be installed if VY retires.

The group also discussed the shift of Vermont peak from winter to summer.

MOTION TO CLOSE THE VSPC COMMENT PERIOD ON THE LONG-RANGE TRANSMISSION PLAN AS OF TODAY. Mr. Bentley moved and Mr. Litkovitz seconded. The motion passed unanimously.

Ms. Frankel presented the tentative public outreach schedule for the Plan. Open houses are planned for Burlington on May 1 and Rutland on May 8. A public hearing will be held in Montpelier on May 10. Mr. Scudder expressed concern that the venues were too far from Southern Vermont. The group discussed ways to increase public participation. The public tends to become more involved when the projects are in their area. Ms. Frankel stated that a location in Southern Vermont would be considered. (Note: a southern Vermont session was held on April 24 in West Dover to provide access to the Bennington and Brattleboro stakeholders.)

### **PV-20 Action Plan**

Paul Renaud reported that ISO-NE's VT/NH Study and VELCO's Plan identified several transmission needs in northwest and central Vermont. A major driver of these transmission needs is the assumption, new to the 2012 plan, of 0 MW flowing over the PV-20 tie between Plattsburgh and Sand Bar. Imports over the PV-20 reduce the need for transmission additions in both central and northwest Vermont. In order to restore a planning assumption of power over PV-20, several things will need to happen: (1) NYPA will need to reconfigure its Moses-Willis line and eliminate the double circuit tower (DCT) single contingency; (2) NYISO must allow deliveries to Vermont across PV-20; (3) ISO-NE must recognize deliveries over the PV-20 in planning studies; and (4) ISO-NE must formally modify VT/NH needs/solutions. Deliveries over the PV-20 may require an emergency operating agreement or market agreement between NYPA, VELCO, ISO-NE and NYISO. VELCO has been discussing these issues with NYPA since last September regarding the DCT and deliveries to Vermont. NYPA is actively pursuing a transmission rearrangement project that would remove the double tower contingency. However, the timing of this is uncertain. VELCO also continues to talk with ISO-NE regarding the impacts of zero flows over the PV-20. Flows over the PV-20 solve some of Vermont's reliability deficiencies. A meeting is scheduled for March 23 with ISO-NE to continue these discussions. VELCO will also continue to work with the Vermont distribution utilities to explore market options, and will actively participate in the NTA Study Group.

## **Project Updates**

### **Kingdom Community Wind (KCW)**

Mr. Litkovitz reported that the project is under construction and going well due to mild weather.

### **Jay Area Reliability Project (VEC)**

Kris Smith reported that VEC is currently looking at cap banks and some power factor corrections. The Mosher Tap switches have been automated.

### **St. Albans**

Ms. Jones reported that CVPS is in the process of updating the NTA spreadsheets with economics.

### **Ascutney/Hartford Area**

Ms Jones reported that the draft transmission report is complete. Three alternatives are being considered and the NTA is underway.

### **Queen City, West Rutland & Ascutney Capacitor Banks**

Mr. Pr sum  reported that there is no need for the Queen City capacitor banks for the first 10 years. Cap banks have been installed in West Rutland and Ascutney.

### **Georgia, Ascutney, & Bennington Substation**

Mr. Pr sum  reported that the Georgia substation construction is planned for later this year. Ascutney and Bennington permitting is underway with construction planned for later this year.

### **Reactors**

Mr. Pr sum  also reported that VELCO is experiencing delivery delays.

### **Highgate Converter**

Mr. Pr sum  reported that the project is on schedule, and should be completed by the end of 2012. Everything is proceeding as planned. VELCO meets weekly with the vendor looking at various studies and new controls. Everything is going well and there are no issues to report. VELCO is preparing for the scheduled outage and is having discussions with CVPS to understand the effects of the line outages in the St. Albans area.

## ***OTHER BUSINESS***

The next meeting is scheduled for June 13 to be held at the Capitol Plaza in Montpelier.

## **Adjournment**

The meeting was adjourned at approximately 3:40 p.m.

## ATTENDANCE

\*Indicates voting member at this meeting

\*\*Indicates Alternate

### Public Sector

\*Jenny Cole – Residential

\*\*Hervey Scudder – Residential

\*Johanna Miller – Environmental

### Transmission Utility (VELCO)

\*Hantz Pr esum e, VELCO

Cleveland Richards, VELCO (via phone)

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

\*Steve Litkovitz, GMP

Terry Cecchini, GMP

\*\*Kim Jones, CVPS

Morris L. Silver, CVPS (via phone)

\*Kris Smith, VEC

### Large Transmission-Dependent Distribution Utilities (BED and WEC)

\*Munir Kastl, BED

\*Bill Powell, WEC (via phone)

### Transmission Dependent Distribution Utilities (Municipals)

Melissa Bailey, VPPSA

Proxy for Village of Hyde Park

Proxy for Town of Hardwick

Proxy for Village of Enosburg Falls

### Non-Voting Members

Walter Poor, DPS (via phone)

Michael Wickenden, Efficiency Vermont

### Staff

Deena Frankel, VELCO

Kimberly Pritchard, VELCO

### Guests

Jeff Mack, Northern Reliability

Rob White, Telequity