

**STATE OF VERMONT
PUBLIC SERVICE BOARD**

Docket No. 7081 Investigation into Least-Cost)
Integrated Resource Planning for Vermont Electric)
Power Company, Inc.'s Transmission System)

PREFILED TESTIMONY OF DEENA L. FRANKEL

ON BEHALF OF VELCO

November 21, 2011

The purpose of Ms. Frankel's testimony is to explain: (i) the modifications to the Docket 7081 Memorandum of Understanding for which VELCO, with the support of the Vermont System Planning Committee, seeks Board approval; (ii) the need for the proposed modifications; (iii) how the proposed modifications will make the Docket 7081 process more effective; and (iv) the process by which the proposed modifications were developed.

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Exhibits

Exhibit VELCO-dlf-1: Résumé of Deena L. Frankel

Exhibit VELCO-dlf-2: Proposed revisions to the Docket 7081 Memorandum of Understanding

Exhibit VELCO-dlf-3: Evaluation of the Docket 7081 Planning Structure, 12/21/2009

**STATE OF VERMONT
PUBLIC SERVICE BOARD**

**PREFILED TESTIMONY OF
DEENA L. FRANKEL
ON BEHALF OF VELCO**

1 **Introduction**

2 Q1. Please state your name, occupation, and business address.

3 A1. My name is Deena L. Frankel. My business address is Vermont Electric Power
4 Company, Inc. (VELCO), 366 Pinnacle Ridge Road, Rutland, Vermont 05701. My title is
5 Strategic System Planning Facilitator and I have the lead responsibility for VELCO's role
6 in supporting the Vermont System Planning Committee (VSPC) and ensuring VELCO
7 compliance with the Docket 7081 Memorandum of Understanding (MOU). I have
8 specialized training and experience in public engagement, facilitation, effective group
9 process and utility regulatory compliance.

10

11 Q2. Please describe your education and employment background.

12 A2. My résumé is attached as Exh. VELCO-dlf-1.

13

14 Q3. Have you previously provided testimony before the Vermont Public Service Board (the
15 Board)?

16 A3. I provided testimony in many cases while employed by the Vermont Department
17 of Public Service (1997-2005); I have not previously testified on behalf of VELCO.

18

19 Q4. What is the purpose of your testimony?

1 A4. VELCO, with the support of the VSPC, is seeking Board approval of ten
 2 modifications to the Docket 7081 MOU. My testimony will detail the proposed
 3 modifications, explain the need to make the changes, and describe how the proposed
 4 modifications will make the Docket 7081 process more effective. I will also describe the
 5 process by which the modifications were developed.

6

7 **Proposed modifications**

8 Q5. What are the proposed modifications to the MOU?

9 A5. Exhibit VELCO-dlf-2 consists of a redline/strikeout version of the Docket 7081
 10 MOU. It includes ten proposed amendments, summarized in the following table:

Amend-ment	On Exh. 2 Page	MOU ¶ Amended	Description
1	3	¶1	Amends Step 9 of the Transmission Planning Process flowchart to reflect changes proposed in subsequent amendments.
2	4	¶4	Better aligns the Vermont system planning process with the expanded role of ISO-NE in Vermont system planning.
3	5	¶6	Acknowledges the expanded role of ISO-NE as it exercises its responsibility to analyze the Vermont system.
4	5	¶6	Establishes two categories of reliability deficiencies. The significance of the two categories is to better focus the VSPC’s work on reliability issues that have the most promise to be addressed with non-transmission alternatives. This paragraph sets up the categories that are then applied in Amendment 6, which amends ¶51.
5	12	¶28	Simplifies the required components for the Long-Range Transmission Plan to those items required by statute, plus the scope of analysis required by ¶4, the 20-year planning horizon required by ¶5 and the categorization of projects required by ¶6. The statute [30 V.S.A. §218c(d)(1)(A)-(F)] requires significant detail, including six prescriptive requirements.
6	22	¶51	Strikes the “project priority list” concept and substitutes a requirement that the VSPC develop project-specific action plans for those deficiencies where non-transmission alternatives may be feasible.

Amendment	On Exh. 2 Page	MOU ¶ Amended	Description
7	35	¶73	Creates a new voting sector including the energy efficiency utilities (EEUs) and the SPEED ¹ facilitator. The Board order approving the Docket 7081 Memorandum of Understanding acknowledged the need to address the EEUs' voting status in the VSPC in the event of a shift to an order-of-appointment model. The circumstances where VSPC votes are required are limited to four questions, two of which are advisory.
8	37	¶75	Acknowledges Critical Energy Infrastructure Information (CEII) as a specific type of information that may potentially be exempted from open meetings requirements. This action follows significant work with DPS and the Board on utility compliance with FERC CEII requirements.
9	40	¶88	Adjusts the voting procedure to align with the changes in Amendment 7 (¶73).
10	40	¶89	Changes the due date for the VSPC annual reports from January 15 to February 15 to avoid the need for a special VSPC meeting to review and approve the report during December.

1 **Need for modifications**

2 Q6. Why are modifications needed?

3 A6. The VSPC determined that the Docket 7081 process required modifications to
4 the MOU because of two main concerns:

- 5 • The current process is inadequately aligned with that of ISO-NE, which has
6 responsibility for regional planning of New England's transmission system,
7 including Vermont's bulk power system.
- 8 • The current process is insufficiently nimble to adapt to changing conditions in
9 the transmission planning environment and to provide the most meaningful, up-
10 to-date information possible to inform full, fair and timely consideration of NTAs.

¹ SPEED: Sustainably-Priced Energy Enterprise Development, the program established under 30 V.S.A. §8005(b).

1 Q7. What does the need for these changes imply about the effectiveness of the process thus
2 far?

3 A7. The Docket 7081 process has produced many positive benefits, as documented
4 in the evaluation submitted by the VSPC to the Board on December 21, 2009 (see
5 Exhibit VELCO_dlf-3). Among these benefits, the evaluation noted enhanced
6 communication among utilities and other stakeholders, a sharpened focus on
7 transmission issues that previously may have gone unaddressed, and increased public
8 engagement.

9 In December, 2009, when the evaluation was submitted, VELCO had just
10 published (7/1/09) the first LRTP update under the MOU. The introduction to the
11 evaluation observed, “[t]he one area of overall consensus (not unanimity) is that the
12 process is too new to draw conclusions about its fundamental effectiveness.”

13 (Evaluation of the Docket 7081 Planning Structure, 12/21/2009, p. 2)

14 The need for change has arisen—in fact, become pressing—as a result of two
15 factors: (1) the increased role of ISO-NE as it exercises its full authority and responsibility
16 for bulk system reliability planning in Vermont, which had not yet fully emerged at the
17 time the MOU was negotiated, and (2) the experience of nearly one full cycle of the
18 process established by the MOU, which has demonstrated the need for a more flexible,
19 less process-driven mechanism to better focus limited resources on the most promising
20 areas for NTA development.

21 The first factor emerged clearly in the first full planning cycle under the MOU. It
22 has become clear that the Vermont-controlled planning process contemplated in the

1 MOU does not adequately coordinate with or acknowledge the large role ISO-NE now
2 plays in system analysis and solution selection. Although FERC gave ISO-NE responsibility
3 for regional planning in 2004, ISO had not fully assumed this responsibility in 2007,
4 when the MOU was approved, or in 2008, when Vermont analyzed its system for the
5 2009 Long-Range Transmission Plan (LRTP) update. By 2010, ISO-NE's planning function
6 was fully staffed, and undertook the VT/NH Needs Assessment, which not only models
7 the Vermont system, but also the New Hampshire system and a small area of
8 Massachusetts, placing Vermont in the context of the rest of the region. Consideration
9 of solutions at the regional level is now underway.

10 The second factor emerged as the parties gained experience with implementing
11 the MOU through a full three-year planning cycle. Throughout that period, the process-
12 oriented milestones established in the MOU for moving projects from identification to
13 resolution have proven less than optimally adaptable to environmental changes and do
14 not as effectively support public outreach and collaboration among stakeholders as we
15 believe they can with the proposed modifications.

16 The changes now proposed to the MOU are intended to further strengthen a
17 process that has had well-documented benefits.

18
19 Q_. What is the basis for the conclusion that ISO-NE has greater authority over and
20 responsibility for Vermont system planning than it did when the MOU was approved?

21 A_. In 2004, FERC gave ISO-NE responsibility for regional planning. In 2005, ISO-NE
22 and the region's Participating Transmission Owners (PTOs) entered into a Transmission

1 Operating Agreement (TOA)² that defines the responsibilities of ISO-NE, as the Regional
2 Transmission Organization (RTO), and the Participating Transmission Organizations
3 (PTOs), in Vermont’s case, VELCO, Central Vermont Public Service, Green Mountain
4 Power, Vermont Electric Cooperative, the Vermont Public Power Supply Authority, and
5 Vermont Transco. The TOA gives ISO-NE responsibility for system planning within the
6 ISO region, subject to the rights and obligations of the PTOs to physically operate and
7 maintain their transmission facilities and local control centers.

8 The TOA cites ISO-NE’s FERC-approved Open Access Transmission Tariff (OATT)
9 for details regarding regional grid operation. The specific process to be used for regional
10 planning is defined in Attachment K of the OATT, which states:

11 The ISO shall conduct the regional system planning process for the PTF in
12 coordination with the transmission-owning entities in, or other entities
13 interconnected to, the New England Transmission System and
14 neighboring systems, consistent with the rights and obligations defined in
15 the Tariff, applicable transmission operating agreements and this
16 Attachment....

17 The regional system planning process described in this Attachment
18 provides for the ISO to undertake assessments of the needs of the PTF
19 system on a systemwide or specific area basis. These assessments shall
20 be referred to as Needs Assessments, as described in Section 4.1 of this
21 Attachment. The ISO shall incorporate market responses that have met
22 the criteria specified in Section 4.2(a) of this Attachment into the Needs
23 Assessments or the Regional System Plan (“RSP”), described below.
24 Where market responses incorporated into the Needs Assessments do
25 not eliminate or address the needs identified by the ISO in Needs
26 Assessments or the RSP, the ISO shall develop or evaluate, pursuant to
27 Section 4.2(b) of this Attachment, regulated transmission solutions
28 proposed in response to the needs identified by the ISO....
29

² Transmission Operating Agreement between ISO-NE and Initial Participating Transmission Owners (including VELCO), 2/1/2005.

1 The RSP shall address needs of the PTF system determined by the ISO
2 through Needs Assessments initiated and updated on an ongoing basis by
3 the ISO to: (i) account for changes in the PTF system conditions; (ii)
4 ensure reliability of the PTF system; (iii) comply with national and
5 regional planning standards, criteria and procedures; and (iv) account for
6 market performance and economic, environmental and other
7 considerations as may be agreed upon from time to time. (ISO New
8 England Inc. FERC Electric Tariff No. 3 Open Access Transmission Tariff
9 Section II – Attachment K, Regional System Planning Process, Original
10 Sheets No. 6229-6230)

11
12 At the time VELCO produced the three-year update to the 2009 Long-Range
13 Transmission Plan, the planning authority had already been delegated to ISO-NE by
14 FERC, but ISO-NE’s planning function and activities were not yet at the capacity they are
15 today. Consequently, VELCO, in collaboration with ISO-NE and the neighboring
16 transmission owners, performed the system analysis that identified the reliability
17 deficiencies and likely transmission solutions in the 2009 update.

18 By contrast, in 2010-2011, ISO-NE, with participation of VELCO and other
19 affected transmission owners, performed a 10-year study—the Vermont/New
20 Hampshire Needs Assessment—that will be incorporated into the New England Regional
21 System Plan when the solutions phase is complete. This study analyzed not only the
22 needs in Vermont, New Hampshire and a portion of Massachusetts, but also the
23 interdependencies among the states. Under its authority for regional system planning,
24 ISO-NE’s VT/NH study establishes the reliability issues to be solved, and the transmission
25 solutions to address them, if viable non-transmission solutions do not emerge.

26
27 Q. Why is it important to make the current process more nimble and adaptable?

1 A. Increasing public engagement in transmission planning was one of the key
2 objectives of the Docket 7081 MOU. Feedback from the public during the 2009 LRTP
3 update process, as well as the 2009 Docket 7081 evaluation, underscores that the public
4 engages when the information provided in a planning process is relevant and actionable.
5 The VSPC experience to date has shown that, the greater the transparency, relevance
6 and currency of information, the greater the engagement and the more likely it is to
7 lead to full, fair and timely consideration of cost-effective NTAs.

8 The challenge for the VSPC process is how to comply with a structured, step-wise
9 planning cycle while still adapting to changing environmental conditions. The proposed
10 amendments are designed to create a more flexible process that adjusts more readily to
11 changing economic, policy and social conditions. This increased flexibility will enhance
12 the potential for NTA solutions by promoting collaborative, creative thinking across
13 transmission, generation and demand-side management sectors, and will more
14 effectively include the many community-level resources that are emerging around the
15 state.

16
17 **Purpose and rationale for each amendment**

18 Q_. Please explain Amendment 1.

19 A_. Amendment 1 modifies the flowchart called “Transmission Planning Process
20 Including Non-Transmission Alternatives” that appears in paragraph 1 of the MOU.
21 Specifically, the amendment changes the text of Step 9 as follows:

- 1 • Original: Step 9: Solution Selection and Determine Cost Allocation (Affected
2 Utilities/VELCO w/VSPC and Public Involvement Process).
- 3 • Proposed amendment: Step 9: Develop project-specific action plan with critical
4 path and milestones (affected utilities/VELCO w/VSPC and public involvement.)

5
6 The purpose of this amendment is to align the flowchart with changes that are
7 contained in amendments 3 and 5, discussed below.

8
9 Q_. Please explain Amendment 2.

10 A_. Amendment 2 modifies the Step 1 title to align with the text of the paragraph
11 that follows by inserting the words “required” and “plan.” This language change is not
12 substantive.

13 The substantive amendment is to paragraph 4, which would be amended to
14 read:

15 VELCO will take the lead in performing an analysis of Transmission related
16 needs and create a draft Plan ~~document~~ and shall incorporate relevant
17 analyses by ISO-NE into the draft plan. VELCO’s analysis in preparing the
18 draft Plan will include identification of potential Reliability Deficiencies
19 for the Bulk Transmission System and Subsystem.

20
21 The purpose of this amendment is to recognize that ISO-NE, with the
22 participation of VELCO and other transmission owners, now has responsibility for
23 analyzing Vermont’s system, and that the analysis incorporated into the LRTP should not
24 duplicate, but rather should incorporate this work, both to ensure regional process
25 coordination and efficiency.

1 By amending the MOU to direct that VELCO’s draft plan should incorporate the
2 ISO-NE analysis, rather than substitute the ISO plan for its own, we acknowledge ISO-
3 NE’s planning role and product, as well as three requirements that cannot be completely
4 fulfilled by ISO-NE’s reliability assessment: the 20-year planning horizon, preliminary
5 NTA analyses and the analysis of Vermont subtransmission system. It should be noted
6 with respect to the first of these requirements that we are not proposing to change the
7 MOU requirement that VELCO analyze the Vermont system using a 20-year planning
8 horizon rather than the 10-year horizon typically used by ISO-NE. While Vermont law
9 (30 V.S.A. §218c(d)) requires “at least” a 10-year horizon, and the MOU acknowledges
10 the low levels of certainty associated with forecasts beyond ten years, the MOU
11 requires the VELCO LRTP to look out 20 years (MOU ¶15), which is consistent with the
12 distribution utilities’ Integrated Resource Plan planning horizon.

13 The primary effect of the proposed amendment is to recognize the central role
14 of ISO-NE’s analysis of the Vermont system while retaining VELCO’s responsibility to
15 create and update Vermont’s plan, including the analysis of years 11 through 20 and of
16 the subtransmission system, and a more complete preliminary NTA analysis, under the
17 structures (including public involvement) set out by Vermont statute and the Docket
18 7081 MOU. Our intention is that VELCO not duplicate the extensive system modeling
19 and analysis timely prepared by ISO-NE with the input of VELCO and other stakeholders
20 throughout Vermont and New England.

21
22 Q_. Please explain amendment 3.

1 A_. The purpose of Amendment 3 is similar to Amendment 2 as described above.

2 The amendment modifies MOU paragraph 6 and reads as follows:

3 In preparing the plan, VELCO will be responsible, to the extent not
4 incorporated into ISO-NE's analyses, for assessing forecasted demand,
5 supply conditions, system configurations, and usage levels of the Bulk
6 system and Subsystem in determining whether Reliability Deficiencies
7 exist or will arise, accounting for local or regional changes in load with
8 implications for the assessment.

9
10 The amendment is intended to acknowledge and incorporate the ISO-NE system
11 assessments, as discussed above, wherever they meet Vermont's system planning
12 needs, in order to coordinate effectively with the regional process and to avoid
13 inefficient duplication of effort. Where ISO-NE has not completed work required by the
14 MOU, it will remain VELCO's duty to carry out that analysis.

15 VELCO intends to continue carrying out its own demand forecasting. In this area,
16 differences in methodology can result in varying results, and disagreements persist
17 about how to incorporate demand-side resources. Further, one of the most productive
18 outcomes of the MOU has been increased coordination between the supply-side and
19 demand-side forecasting efforts. Finally, VELCO's forecasts are important elements of
20 the determination of need in Certificate of Public Good proceedings under 30 V.S.A. §
21 248. For these reasons, VELCO will continue to do demand forecasting as needed to
22 reconcile the varying forecasts among ISO-NE, the EEU, and the distribution utilities,
23 even though ISO routinely carries out demand forecasting for Vermont and the region.

24 A further amendment to paragraph 6 is the insertion of the word "reasonably" in
25 the following sentence, to recognize the practical limitations of the various forecasting

1 processes and the need to move forward in a timely manner with the LRTP even in times
2 when a high level of uncertainty and volatility exists in the environment:

3 In preparing its own forecast to use in making the assessment VELCO will
4 use the best data reasonably available, and may utilize demand and
5 supply forecasts, and related information, prepared by other entities,
6 such as DPS, DUs and ISO-NE, as well as demand-side savings projected
7 by the EEU.

8
9
10 Q_. Please explain amendment 4.

11 A_. Amendments 4 and 6 are interrelated, with Amendment 4 setting up two
12 categories that are applied in Amendment 6. The purpose of these changes is to focus
13 the effort of NTA development on the reliability deficiencies that have the greatest
14 potential to be solved with energy efficiency and/or generation. Concomitantly, the
15 change will create a more efficient process for addressing reliability deficiencies that are
16 immediate or cannot realistically be addressed with NTAs.

17 Amendment 4 adds a section (a) to MOU ¶16, establishing two categories of
18 reliability deficiencies:

- 19 i. Projects for which need dates are imminent or have passed, or for
20 which non-transmission alternatives are clearly impracticable
21 and/or uneconomic;
22 ii. All other projects.

23
24 The category established in proposed ¶16(i) closely tracks the existing language in
25 ¶21, which establishes the screening process for preliminary NTA analysis. This
26 paragraph allows screening in consideration of “whether NTAs can be implemented in a
27 timely manner to address the Reliability Deficiency,” and establishes the intent to
28 “screen from further analysis only those projects that have no reasonable likelihood of

1 being cost-effectively addressed by NTAs.” In practice, however, the breadth of this
2 criterion led to the expenditure of significant resources in NTA screening on projects
3 with little or no NTA potential and not enough focus on groups of deficiencies with a
4 longer planning horizon and significant potential, especially when considered together,
5 for effective NTA solutions. Amendment 4 could, potentially, have been accomplished
6 within the existing language in ¶21, but the explicit articulation of the binary criteria,
7 taken together with Amendment 6, will help to focus and direct effort of the full VSPC to
8 solve deficiencies and groups of deficiencies through cost-effective NTA solutions.

9 In broadening ¶6, we recognize the need to ensure criterion 6(i) is not used
10 excessively. To this end the VSPC has already discussed the need to revisit and
11 potentially revise the NTA Screening Tool that it adopted in compliance with MOU ¶21.
12 If revision of the tool is needed, the VSPC will file the revised document with the Board.

13
14 Q_. Please explain amendment 5.

15 A_. Amendment 5 simplifies the requirements for the contents of the LRTP by
16 striking subparagraphs (a) through (k) of paragraph 28, substituting the following
17 requirements by reference:

- 18 • The six prescriptive requirements contained in 30 V.S.A. §218c(d)(1)(A)-(F) are
19 incorporated by reference, where they were previously repeated in ¶28(a)-
20 (d)(iv).
- 21 • MOU paragraph 4, which requires VELCO to prepare the plan as required by 30
22 V.S.A. §218c(d).

- 1 • MOU paragraph 5, which imposes the 20-year planning horizon.
- 2 • MOU paragraph 6, concerning VELCO’s obligations for forecasting.

3 The deletion of subparagraph 28(d)(v) through 28(k) keeps the plan
4 requirements consistent with the changes proposed in Amendment 6 below and
5 simplifies the language of the MOU without removing the core, substantive
6 requirements for the contents of the LRTP.

7

8 Q_. Please explain Amendment 6.

9 A_. Amendment 6 is central to the goal of focusing VSPC effort on the best prospects
10 for NTA development. The original MOU contains a highly structured process that
11 requires the same set of milestones and process steps for every project. The intent of
12 Amendment 6 is to create a more flexible process that better allows participants to
13 define appropriate critical paths for developing NTAs where they can resolve reliability
14 deficiencies. At the same time, the proposed process retains accountability for progress
15 through quarterly reporting to the VSPC and annual reporting to regulators.

16 The proposed amendment achieves these ends by modifying MOU paragraph 51
17 to remove the concept of a “project priority list” and substitute a “project-specific
18 action plan that describes a non-generic critical path from identification [of reliability
19 deficiencies] to resolution, including, but not limited to, dates for key milestones and
20 coordination with anticipated regulatory and stakeholder processes.” Such a plan would
21 be developed by the VSPC for any reliability deficiency that is classified under paragraph
22 6(b), that is, any project for which NTAs are screened in as potentially viable. The

1 amendment would require the VSPC to “select areas for focused NTA consideration and
2 draft specific plans for moving that development forward,” reporting progress in
3 relation to the action plan to the VSPC quarterly and to the Board and Department
4 annually, including accountability for changes in previously adopted milestones.

5
6 Q_. Please explain Amendment 7.

7 A_. Amendment 7 is designed to address the change in Vermont’s Energy Efficiency
8 Utilities from a contract model to an order of appointment model. It achieves this
9 objective by creating a new voting sector for supply and demand resources, specifically
10 the EEU and the SPEED Facilitator. Where an entity is both a distribution utility and an
11 EEU, the DU will be entitled to a voting participant in each sector, with the
12 representative to the new sector required to be a person primarily engaged in energy
13 efficiency activities.

14 This amendment is responsive to language on the topic in the Board’s order in
15 Docket 7081 approving the MOU:

16 Paragraph 73 of the MOU provides that the EEU shall designate a
17 representative to the VSPC to be a non-voting participant. We determine
18 that, as long as the EEU is a contractor to the Board, it is appropriate for
19 it to be a non-voting participant in the VSPC.

20
21 We note, however, that Vermont policymakers have recently discussed
22 whether this model should be changed such that the EEU would become
23 an independent entity, no longer under contract to the Board. If such
24 change were to occur, we hereby put the parties to this proceeding on
25 notice that it may be appropriate to revisit some aspects of the role of
26 the EEU in the transmission-planning process set forth in the MOU. In
27 particular, it may be appropriate to consider whether the EEU should
28 remain a non-voting participant in the VSPC, or whether it should be
29 given voting status, and if so, what effect that might have on the VSPC's

1 voting structure. (PSB Docket 7081 order approving the MOU, 6/20/2007,
2 p. 37)

3
4 The change also further solidifies the importance of coordination between the VSPC
5 process and those who bring to the table the greatest expertise on both supply and
6 demand side NTAs and how they may be developed.

7
8 Q_. Please explain Amendment 8.

9 A_. Amendment 8 modifies MOU paragraph 75 to acknowledge the potential need
10 for the VSPC or its subcommittees to conduct an executive session when considering
11 Critical Energy Infrastructure Information. The original MOU language allowed executive
12 session for information that qualified under the public records exemptions in 1 V.S.A. §
13 317(c). While CEII may arguably already be covered in the statutory exemptions, the
14 addition of an explicit reference recognizes the obligations of the utilities to comply with
15 FERC CEII requirements, and the frequency with which CEII issues arise in any discussion
16 of specific reliability deficiencies and, therefore, in the VSPC context.

17 Despite the significant impact of the CEII issue on utilities' obligations and
18 information handling processes, to date, no VSPC meeting has gone into executive
19 session because we have been able to secure CEII Non-Disclosure Agreements with
20 interested persons who wished to attend the limited number of sessions in which CEII
21 was critical to the conversation.

22
23 Q_. Please explain Amendment 9.

1 A_. Amendment 9 modifies MOU paragraph 88 to adjust the VSPC voting procedure
2 to accommodate the new sector established in Amendment 7. If the amendment is
3 approved, a majority vote will go from three of five to four of six sectors. Votes
4 concerning adoption or modification of VSPC rules of procedure will require a vote of
5 five of six sectors, rather than the current four of five sectors.

6

7 Q_. Please explain Amendment 10.

8 A_. Amendment 10 modifies MOU paragraph 89 to establish February 15, rather
9 than January 15, as the due date for the annual report of the VSPC to the Board and
10 Department. This modest change in timing better coordinates the submittal date with
11 the timing of VSPC meetings and seasonal holiday considerations, and should enhance
12 the quality of the report.

13

14 **Process by which the proposed modifications were developed**

15 Q_. How were the proposed modifications developed?

16 A_. The modifications were developed through a year-long collaborative process
17 that involved a widely representative ad hoc committee as well as the full VSPC. At its
18 September 8, 2010, quarterly meeting, the VSPC considered the following problem
19 statement:

20 Since the July 1, 2009, VELCO Long-Range Transmission Plan update was
21 [filed], and the VSPC subsequently filed its Project Priority List, much has
22 changed. The recession materially reduced electric demand, changing the
23 need date for some projects. Political developments affected the
24 assumptions in the Plan regarding Vermont Yankee. ISO-NE is now taking
25 a greater direct role in transmission planning in areas that were

1 previously delegated to the transmission operators. In short, many of the
2 conclusions in the July 1, 2009, plan are no longer accurate, raising
3 concerns among some stakeholders that the VSPC process as currently
4 constituted may not be sufficiently nimble nor sufficiently aligned with
5 regional planning realities. (9/8/2010 VSPC meeting materials)

6 To address the stated problem, the VSPC defined a work plan for developing
7 modifications to the Docket 7081 MOU. The task was defined as follows:

8 To determine, with stakeholder input and consensus, how to better align
9 the Docket 7081 process with emerging changes at the regional level. The
10 alignment effort will seek to maintain and further strengthen the ability
11 of the process to fulfill the core goal established by the Board: “full, fair
12 and timely consideration of cost-effective non-transmission alternatives.”
13 At the same time, the effort will seek better coordination with regional
14 requirements and a more nimble means of updating and reporting.
15 (9/8/2010 VSPC meeting materials)

16 The VSPC formed an ad hoc group to develop a proposal for modifying the
17 Docket 7081 process in accordance with the defined task and to bring the proposal back
18 to the full VSPC. Prior to the start of meetings of the ad hoc group, I met informally with
19 a number of participants who were involved with the original MOU negotiation,
20 including representatives of the Vermont Department of Public Service (DPS), Central
21 Vermont Public Service Corporation (CVPS), Green Mountain Power Corporation (GMP)
22 and Vermont Public Power Supply Authority (VPPSA), to gather their advice and
23 perspectives.

24 The ad hoc group membership included: Bruce Bentley (CVPS), Jenny Cole (public
25 member), Dave Lamont (DPS), Steve Litkovitz (GMP), David Mullett (VPPSA), Hantz
26 Pr sum  (VELCO), Richard Sutor (GMEU), and me as facilitator. The group met twice for
27 half-day workshops in November 2010. The result was a set of conceptual level
28 recommendations to the VSPC at its December 8, 2010, meeting.

1 The VSPC accepted the conceptual recommendations and asked the ad hoc
2 group to develop draft amendments to the Docket 7081 MOU. Following meetings held
3 on March 30, 2011, and May 16, 2011, for the purpose of drafting and reaching
4 consensus on language, the ad hoc group presented a proposal at the June 8, 2011,
5 quarterly meeting. The VSPC accepted several recommendations and provided feedback
6 in two areas for additional drafting. At the September 14, 2011, quarterly VSPC meeting,
7 the full VSPC accepted revisions to the areas that initially lacked consensus. The
8 successful motion, adopted unanimously, was “to approve the recommendations of the
9 ad hoc process reform group for Docket 7081 amendments, as amended, and to ask
10 that VELCO file the proposed changes for PSB approval within 30 days [of the VSPC
11 meeting] requesting expeditious approval by the Board.”

12

13 Q_. Does this complete your testimony?

14 A_. Yes.