



MEETING MINUTES  
JULY 23, 2014  
CAPITOL PLAZA, MONTPELIER

The Vermont System Planning Committee (VSPC) held a regular meeting on July 23, 2014, at the Capitol Plaza Hotel, Montpelier, Vermont. Deena Frankel called the meeting to order at 9:35 a.m.

Steve Litkovitz moved approval of the April 30, 2014, minutes, Hantz Pr sum  seconded and the minutes were approved without objection.

#### INTRODUCTIONS

Participants introduced themselves. A list of attendees by sector appears on page 7 of these minutes.

#### UPDATE ON NEW ENGLAND GOVERNORS' INFRASTRUCTURE INITIATIVE (GII) AND POWER IMPORT ALTERNATIVES

##### STATUS UPDATE ON NESCOE RFP AND REGIONAL PROCESS

Ed McNamara from the Public Service Department presented on the New England Governors' Infrastructure Initiative (GII), which addresses natural gas pipeline constraints in New England. There is insufficient pipeline capacity to serve the increasing demand for natural gas to heat homes and businesses and to generate electricity. The GII proposes to bring new gas capacity into the region, and to build electric transmission to import additional renewable power. Proposed Massachusetts legislation would require utilities to enter long-term contracts with renewable resources. (The outcome of the Massachusetts legislation was unknown at the time of this meeting and the legislation subsequently died at the end of the legislative session. The New England Governors' jointly committed to address the gas constraints. If Massachusetts legislation does not pass, states will reconvene to focus efforts on demand response and energy efficiency as an interim solution.

Kerrick Johnson, VELCO Vice President of Communications, Systems and Strategy, reported on VELCO's role in GII. VELCO supports a regional grid and power supply portfolio that is reliable, clean and affordable. The company remains engaged, but questions whether the analysis conducted to date is adequate for the initiative's pace, scope and impacts. VELCO hired La Capra Associates to perform a study on the benefits for Vermont. Mr. Johnson stated that VELCO has pressing questions that have no answers yet, nor a clear path to obtaining answers.

##### REPORT OF THE PUBLIC PARTICIPATION SUBCOMMITTEE DISCUSSION

Ms. Frankel reported that the sense of both the Coordinating and Public Participation Subcommittees was that the VSPC should not be taking a position on the GII, at least at this time. The VSPC can take a role to communicate the story, and promote the broader use of NTAs in the region. Not enough is

known at this time to conduct any public information activities, but the committee will continue to monitor the situation. It may be appropriate for the VSPC to conduct some form of public information as details become clearer in the fall.

## VSPC ROLE REGARDING THE GII

The Coordinating Subcommittee offered the following proposal in response to the direction given by the full VSPC at the April meeting. The subcommittee recommends that the VSPC continue to stay informed through quarterly updates and electronic communication between meetings, but does not take a public position regarding the merits of the GII. The rationale for this recommendation is that a unified position among members would be unlikely given the different interests serving on the committee. The VSPC should, however, encourage the development of non-transmission alternatives before transmission solutions are selected to address reliability deficiencies, consistent with Vermont public policy. If opportunities arise within the context of GII to advance Vermont's policy of encouraging cost effective NTAs before transmission solutions go forward, then we should use the opportunity to embed it into regional policy.

The group agreed with the conceptual framework proposed, but also decided that a motion was not necessary to take this course of action. No motion was advanced.

## SUBCOMMITTEE REPORTS

### GEOGRAPHICAL TARGETING SUBCOMMITTEE

Mr. Litkovitz gave an overview of the GT subcommittee meeting on July 13. Consistent with the screening framework and guidelines established in Public Service Board Docket 7874, the VSPC is asked to consider whether or not standard offer projects can address transmission, subtransmission and distribution deficiencies. GMP brought its deficiency list and analysis to the subcommittee for discussion. Each project has a detailed description of the deficiency, the threshold load levels, the need, the timeline, and the NTA screening. Mr. Litkovitz highlighted three projects that need further discussion. The Hinesburg area may need a significant upgrade that would require a new VELCO substation, providing a new source into the area. Upon first screening, generation and standard offer would not be helpful. It was agreed to revisit the deficiency and come back with further data.

The 3309 subtransmission line at the GMP Gorge Station in Colchester has been identified as a deficiency. GMP recommends addressing it with operational procedures. VELCO's analysis differs somewhat from GMP's conclusions and the deficiency will be reviewed again to resolve the differences.

The Rutland area deficiency is ongoing. A reliability plan is being developed and a more in-depth analysis should be available at the next quarterly meeting.

The Public Service Department requests that other utilities, other than GMP participate in this process, as required by the Docket 7874 screening framework and the Docket 7081 MOU. The subcommittee is developing a check list to simplify compliance.

## FORECASTING SUBCOMMITTEE

Ms. Frankel gave an progress report regarding subcommittee input on the load forecast to be used for the Vermont Long-Range Transmission Plan, and development of a data repository on the VSPC website. Eric Fox of Itron, VELCO's contracted resource for developing the load forecast, has been working with the subcommittee. Itron presented its forecast approach and sought VSPC assistance on modeling net metering, distributed generation, and other factors that need to be incorporated into the forecast.

A more substantive report will be available at the next meeting. The Forecasting Subcommittee will meet again on August 5 and September 4 to discuss the draft forecast.

## COORDINATING SUBCOMMITTEE

Before giving a coordinating subcommittee update, Ms. Frankel brought up a few housekeeping items. Staff proposes to cease printing large quantities of quarterly meeting materials in order to reduce paper waste. Many copies are generally discarded at the conclusion of meetings. The change in practice will require that participants bring their own copies if they want paper versions. There were no objections to the change. A reminder will be sent out prior to the October quarterly meeting.

The subcommittee membership needs to be updated. Membership is by self-selection. The new website has tools that can track communication preferences. Staff will survey members prior to the next VSPC meeting to gather subcommittee preferences and tailor notifications.

VSPC quarterly meeting dates have been set for 2015-2016. These dates align with the new cycle we established to coordinate with the process improvement work done last year.

The proposed dates are:

- January 28, 2015—Randolph (previously approved date)
- April 29, 2015—Randolph
- July 22, 2015—Montpelier
- October 14, 2015—Rutland
- January 20, 2016—Burlington

The committee had no objection to proposed dates. The January 28 meeting is important as it will be the official review of the VSPC draft of the Vermont Long-Range Transmission Plan.

## PUBLIC PARTICIPATION SUBCOMMITTEE

Ms. Frankel reported that the subcommittee reviewed the outreach plan for the Vermont Long-Range Transmission Plan. By statute VELCO is mandated to conduct robust outreach for required three-years updates. The subcommittee provided input and suggestions to improve outreach, more effectively use social media and leverage the new VSPC website.

## 2015 VERMONT LONG-RANGE TRANSMISSION PLAN

Mr. Pr sum  gave an overview of the Vermont transmission planning process and reported on the development of the 2015 study plan. The first draft of the load forecast will be ready for the August forecasting meeting. The 2015 plan will not include a load flow analyses for years 11-20 due to long-range forecast uncertainties and projections of flat or declining load. The forecast will be finalized as late as possible to ensure the information is valid at the time of publication.

The public outreach plan recognizes that it is difficult to get the public to attend meetings on reliability planning. The outreach approach includes going out to other groups, such as planning commissions, to publicize the plan. This year's approach will include working with the Vermont Energy and Climate Change Action Network (VECAN) as an important strategy to get message out.

New NERC standards require planners to perform long-range plan system studies with all facilities in service, then to take one element out, adjust the system, and take another element out of service. This is done under stressed conditions (extreme weather or 90/10 method). The ISO study process models two generators out of service. Regional transfers are overlaid. Transmission outages are examined.

West to east transfer capability was increased by 1000MW as a result of the New England East West Project. VELCO does not yet know what load assumption will apply, but will have a better idea following the next Forecasting Subcommittee meeting in August. VELCO's analysis includes all Vermont energy efficiency. The PV20 line will be modeled at 0MW and 100 MW. Generation assumptions will change to all lines in and with one facility with a 200 MW capacity out of service. Vermont Yankee will be modeled out of service.

The VSPC draft of the Plan will be distributed to VSPC members in early January and presented and discussed at the January quarterly meeting.

## REGIONAL/ISO-NEW ENGLAND UPDATES

### PAY FOR PERFORMANCE FERC COMPLIANCE FILING

Cheryl Jenkins of Vermont Energy Investment Corporation (VEIC), presented on the Forward Capacity Market (FCM) and ISO-New England's recent FERC compliance filing for the pay-for-performance program. ISO-NE recently undertook modifications to the FCM to address performance concerns with generators by adjusting the price signals to incent appropriate performance. In January 2014, ISO and NEPOOL submitted two separate proposals to FERC to address the performance issues. ISO-NE's proposed new market design was a two settlement design. Under its proposal, forward capacity obligations would be sold at auction as in the current FCM and a new pay-for-performance component would be included to incent or penalize performance during actual shortage events. The NEPOOL proposal recommended more immediate incentives.

ISO's proposed pay-for-performance program would provide the ability to bid into the FCM and pay monthly based upon actual commitment and the price. Performance payments will be given based on a performance score times a performance rate.

FERC rejected both proposals, but directed ISO to file a two-settlement capacity market design based largely on the ISO pay-for-performance design with a few revisions:

1. Revisions reflecting higher Reserve Constraint Penalty Factor
2. Revisions to the treatment of energy efficiency resources
3. Revisions to address intra-zonal constraints

The design as filed had consequences for energy efficiency resources. If a shortage occurred during non-peak hours, energy efficiency resources would have a performance of zero, therefore the performance score would always be negative guaranteeing a penalty. FERC recognized the issue and ordered an energy efficiency exception. This required a compliance filing by ISO to assess EE resources only during capacity hours. More work needs to be done on performance during off-peak hours.

#### UPDATE ON DISTRIBUTED GENERATION FORECAST WORKING GROUP (DGFWG)

Mr. Pr sum  updated the group on the DGFWG. Although ISO-NE is not ready to use DG in addressing resource adequacy, it is considering using DG in transmission planning. The focus has been mostly on solar power, however, they consider other types of DG. ISO performed surveys to gather quantitative data on PV installation across New England to project forward the next ten years. ISO-NE predicts an installed capacity of 1806.5 MW of solar DG for New England. The new model assumes solar resources provide 4% of their nameplate capacity during peak. Currently, the number has been set to 15%. The new Capacity, Energy, Load and Transmission (CELT) forecast will come out in May with the updated calculations. Vermont is pushing to include PV in resource adequacy determination as well. ISO is concerned that state interconnection standards need to be updated to require smart inverters that will allow these resources to ride through system fluctuations when appropriate. ISO-NE recommends that state technical specifications be revised for inverter-interfaced DG to incorporate “grid-support” functionalities, which could provide autonomy and avoid retrofits. Next steps include further discussion on interconnection issues.

#### STATUS REPORT ON ISO-NEW ENGLAND VT/NH NEEDS STUDY UPDATE

Mr. Pr sum  reported that the two-part study is close to completion. The need portion is complete and the draft report was posted on the Participant Advisory Committee site in July with a 30-day comment period. At the same time, ISO is performing the solutions assessment to evaluate transmission solutions, which will be complete by September. The group is close to presenting the draft results to the PAC. The Connecticut River Area is the only deficiency that needs to be resolved in Vermont.

#### WINTER 2014-2015

During winter 2013-2014, ISO-NE implemented a winter reliability program and paid for fuel during natural gas shortages to mitigate reliability issues. Originally characterized as a one-time, out-of-market expense, ISO-NE plans to develop a similar out-of-market program for winter 2014-2015. ISO’s program for this winter will assure generators that it will cover the cost of increased oil that remains unused at the end of winter, as well as including the carrying cost of LNG storage and providing longer term incentives for generators to provide dual-fuel capability.

#### CAPACITY ZONE PROPOSAL APPROVED BY FERC

FERC has approved an increase in the number of ISO-NE zones. Eight zones will be used in the next FCM, with Vermont included in a single zone with Western Massachusetts and New Hampshire.

## Project Updates

### PROJECT-SPECIFIC ACTION/RELIABILITY PLANS FOR PROJECTS THAT SCREENED IN FOR NTA ANALYSIS

**Rutland:** Ms. Jones reported that the reliability plan for Rutland was filed with the PSB in April. GMP has been working with VEIC to determine how much energy efficiency is available in the Rutland area, and at what cost. In parallel, an RFP will be sent out to consultants to look at the cost effectiveness of gasification technology and to look at other alternatives to determine what is the least cost solution for GMP to address the 2-to-3 MW reliability gap.

**St. Albans/East Fairfax:** Ms. Jones reported the project has completed technical hearings in the Section 248 process and GMP is currently waiting for a Certificate of Public Good (CPG) to be issued.

### DISTRIBUTION RELIABILITY PLANS (AS REQUIRED BY DOCKET 7873 SCREENING FRAMEWORK; NOT A DOCKET 7081 REQUIREMENT)

**St. Albans Distribution Reliability Plan:** Ms. Jones reported that GMP continues to monitor the area.

### STATUS UPDATE OF REMAINING DEFICIENCIES

**Newport:** Mr. Pr sum  reported that VELCO will file a permit by the end of the year.

**Connecticut River Valley:** Mr. Pr sum  reported the project still needs to be addressed. More details at the next quarterly meeting.

**Northern area:** Mr. Pr sum  reported that the area will be restudied as part of the LRTP to see if the issues still need to be addressed.

**PV 20:** Mr. Pr sum  reported that VELCO needs to determine what type of cable to employ in the project. Currently, two types of cables are in use. VELCO would like to use a single cable with three conductors. VELCO's intention is to file for a CPG by the end of this year. The PV20 is an asset condition project, not a reliability project.

**IBM area:** Mr. Pr sum  reported that the project is on hold because the potential transmission projects that connect to Vermont could have a significant effect in the Essex area. More information is needed before moving forward with IBM/Essex area modification, thus this project is on hold

**Colchester:** Mr. Litkovitz reported that a subtransmission line washed out by Hurricane Irene is under reconstruction and GMP hopes to have it in service by the end of summer 2014. The second project involves a distribution feeder into the Winooski area to unload the subtransmission system in the area. The Section 248 petition is currently in process.

**Hartford/Ascutney:** Ms. Jones reported that the project will be completed in August.

### ADJOURNMENT AND NEXT MEETING

The meeting was adjourned at approximately 2:25 p.m. The next quarterly meeting is scheduled to be held from 9:30 a.m. to 4:00 p.m. on October 8, 2014, at Holiday Inn in Rutland.

## ATTENDANCE

\*Indicates voting member

\*\*Indicates alternate

### PUBLIC SECTOR

\*Michael Kirick, Commercial & Industrial  
\*Johanna Miller, Environmental  
Jim Wilbur  
Hervey Scudder

### TRANSMISSION UTILITY (VELCO)

\*Hantz Pr sum , VELCO  
Kerrick Johnson, VELCO

### DISTRIBUTION UTILITIES PROVIDING TRANSMISSION (GMP, VEC)

\*Steve Litkovitz, GMP  
Kim Jones, GMP

### LARGE TRANSMISSION-DEPENDENT DISTRIBUTION UTILITIES (BED, WEC)

\*Bill Powell, WEC (via phone)  
Ken Nolan, BED

### TRANSMISSION DEPENDENT DISTRIBUTION UTILITIES (MUNICIPALS)

\*Melissa Bailey, VPPSA  
David Mullett, VPPSA

### SUPPLY & DEMAND RESOURCES

### NON-VOTING MEMBERS

Al St. Peter, DPS  
George Naugle, PSB

### STAFF

Deena Frankel, VELCO  
Shana Louiselle, VELCO

### Guests

Gabrielle Stebbins  
RJ Pack (via phone)  
Dean Dennis (via phone)  
Bernadette Fernandes  
Kelsey McGlashan  
Gillian Eaton  
Eric Wilkinson  
Cheryl Jenkins  
Ed McNamara  
Johanna Miller