

VERMONT SYSTEM PLANNING COMMITTEE

MEETING MINUTES
JUNE 12, 2013
CAPITOL PLAZA, MONTPELIER

The Vermont System Planning Committee (VSPC) held a regular quarterly meeting on June 12, 2013, at the Capitol Plaza, Montpelier, Vermont. Deena Frankel called the meeting to order at 9:36 a.m.

Steve Litkovitz moved approval of the March 13, 2013, minutes, Hantz Presume 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.

SUBCOMMITTEE REPORTS

GEOGRAPHICAL TARGETING SUBCOMMITTEE

Walter (T.J.) Poor, formerly Energy Efficiency & Forecasting Subcommittee (EE &F) chair and now chair of Geographical Targeting (GT), reported that the subcommittee charters to separate EE&F into two subcommittees—GT and Forecasting—was approved by the VSPC at its last meeting. The change recognizes the disproportionate size of the task previously assigned to EE&F and the value of focusing greater attention on GT and Forecasting respectively. The change also acknowledges the increased role of the VSPC with regard to geographical targeting of both energy efficiency and standard offer projects outside the annual cap. Mr. Poor has agreed to chair GT and Mr. Litkovitz will serve as assistant chair. Andrew Quint (GMP) and Carole Hakstian (VEIC) will serve respectively as chair and assistant chair of the Forecasting Subcommittee.

The PSB charged the VSPC with two responsibilities related to geotargeting; standard offer resources outside the annual program cap and energy efficiency. The GT subcommittee is seeking to better coordinate these two processes for the sake of efficiency. Discussions are ongoing as to how system constraints will be identified and screened. The subcommittee is also trying to coordinate the process with the Project-Specific Action Plans required by the 7081 MOU.

At the September VSPC meeting, the GT committee will present a process map to clearly articulate a proposal for a process that better coordinates the two GT processes and the Docket 7081 process going forward. Because optimal coordination of processes may require modification of some existing Public Service Board (PSB) deadlines, the process analysis may lead to a request to the PSB to modify previously adopted deadlines, which would require the opportunity for public comment and ultimately a board decision.

FORECASTING SUBCOMMITTEE

Mr. Poor gave an overview of the Forecasting Subcommittee's work. The subcommittee discussed the ISO-New England (ISO-NE) forecast and how it relates to Vermont and utility-specific forecasts. The subcommittee is currently trying to determine of how to treat "decay" of energy efficiency measures. In 2020, when the federal lighting standards take effect, Efficiency Vermont (EVT) and Burlington Electric Department (BED) will no longer be able to acquire the same savings from lighting energy efficiency

measures as they have in the past, significantly reducing savings. The subcommittee also wants to ensure that new appliance standards are appropriately reflected on the load forecast.

PUBLIC PARTICIPATION SUBCOMMITTEE

George Twigg reported on the Public Participation Sub Committee's re-energized efforts. Several public members and utility personnel understanding of public outreach have joined the subcommittee, which has finalized changes to its charter to reflect how the role of the committee will be carried out. Changes were made to ensure communication between the subcommittee and utilities were invoked when projects begin. The subcommittee will meet on a regular basis to help support the VSPC's work. The subcommittee is also addressing a request from the PSB to help recruit additional letters of interest from potential public members to fill the vacant Business Alternate slot. The subcommittee will develop a letter outlining the role of the Public Participation Subcommittee and soliciting letters of interest to go to a number of business groups.

Johanna Miller moved adoption of the amended charter. Mike Wickenden seconded. The motion was approved without objection.

AD HOC PROCESS IMPROVEMENT SUBCOMMITTEE

Ms. Frankel reported on behalf of Asa Hopkins, subcommittee chair. For the past two years, the subcommittee has worked on process reforms to increase efficiency and effectiveness of the VSPC. The effort culminated in changes to the MOU that were adopted by the PSB in January 2012. Following adoption of the MOU changes, the group turned its attention to adjustments needed in the subcommittee structures, including the reorganization of EE&F into GT and Forecasting, as reported earlier in the meeting. The idea that projects could be identified outside the Vermont Long-Range Transmission Plan Cycle has not yet been incorporated into VSPC process flowchart, but Ms. Frankel proposed tabling this change until the next meeting to incorporate final suggestions that came in this week. There was no objection to tabling the item until the September meeting.

Ms. Frankel reported the status of the proposal to dissolve the Transmission Subcommittee, which was part of the original VSPC structure, but had not been meeting for some time. At previous meetings, it was agreed to table action on the dissolution of the Transmission Subcommittee until the VELCO Operating Committee officially formed a transmission subcommittee under its auspices. The intention is for the VELCO Operating Committee's Transmission Subcommittee to serve as place for engineers and other subject matter experts to look closely at proposed transmission solutions.

Paul Renaud reported that, in March, the Operating Committee chartered a transmission subcommittee. Operating committee members can appoint members to the transmission subcommittee, which will be chaired by VELCO and will meet at least twice a year and more often as needed. The purpose of the subcommittee will be to review projects as they arise early to obtain meaningful input on design issues, not just system planning issues. The subcommittee's role is advisory to VELCO and distribution utility projects. The intent is to hold a first meeting August 7 or 8 and VELCO has asked the distribution utilities to identify representatives to participate in the group. A transmission project will be brought to the first meeting as a template of how the group will work through projects.

Ms. Frankel reminded the Committee there is a formal component of the MOU that requires affected utilities to provide quarterly updates to the VSPC and annual updates to the PSB concerning transmission projects identified in the VELCO Long-Range Transmission Plan.

Mr. Litkovitz moved and Ken Nolan seconded the resolution to formally disband the VSPC transmission subcommittee. The resolution was approved without objection.

TECHNICAL COORDINATING SUBCOMMITTEE

Ms. Frankel reported that the PSB requested the VSPC's input on the request by Renewable Energy Vermont (REV) for a public seat on the VSPC. Following consultation with committee members, the staff drafted and circulated a letter to the Board, solicited edits, and obtained VSPC member sign-off on by email. The letter was filed prior to the PSB deadline in May. The substance of the VSPC's recommendation was to fully implement a recommendation made in the 2012 MOU amendment filings. At that time the VSPC proposed to create a new sector for supply and demand resources with two kinds of members: (1) energy efficiency utility representatives, and (2) a representative of generation developers. At the time, the committee proposed that John Spencer, the SPEED Facilitator, represent generators. The PSB approved the language establishing the sector but declined to appoint the SPEED Facilitator to the generation seat because he is a contractor to the Board, which they regarded as a conflict. The VSPC recommendation filed in May in response to REV's request asks the Board to formally creation the generator seat and treat the seat as a public member seat with 5-year term and an open process for soliciting candidates. The Board has not yet taken action on the recommendation. The MOU will likely require an amendment to effectuate the recommendation. The Board's general counsel advised that the VSPC could draft and submit it to the Board. Ms. Frankel suggested proceeding the manner as previous amendments; VELCO will draft the amendment and seek sign support of MOU signatories and VSPC members to represent to the PSB that VELCO's filing has the support of all parties.

Following discussion regarding the appropriate role for the VSPC versus the individual parties in the amendment drafting, Hervey Scudder moved and Mr. Litkovitz seconded a motion that the VSPC support in concept VELCO filing a proposed amendment to the Docket 7081 MOU necessary to effectuate the creation of the generator seat structured like the public member seats (five-year term, open process for soliciting candidates and for Board appointment). VELCO will circulate the draft to all parties (VSPC and Docket 7081) to obtain input before filing. The motion was adopted without objection.

REGIONAL/ISO-NEW ENGLAND UPDATES

INTERCONNECTING WIND GENERATION

Tom Dunn provided an overview of how Vermont's wind generation interconnection process works and the potential impacts of additional generation in northern Vermont. (His presentation is posted in on the VSPC websites.)

UPDATE ON DOCKET NO. 7873/7874

Mr. Poor updated the group on the status of Docket 7873/7874, which implements changes made to the Vermont standard offer program by the 2012 Vermont General Assembly. Three generation projects were selected through the Request for Proposal process defined through the docket. Two of the selected projects are 2MW and one is 2.2 MW, ranging in prices from \$.13.4/kwh to \$.14.4/kwh. They are located in Bennington, Sudbury and Middlebury. Under the previous iteration of the program Vermont paid \$.24/kwh for solar projects. The RFP has resulted in a significant cost reduction. In its March order, the Board did not rule on the utilities' gap analysis submitted in January, but rather they asked the utilities to follow the requirements of the Docket's Attachment I screening framework,

including submitting the reliability plan required on April 1. The utilities filed the required document, and ultimately the Board accepted the filing as compliant with the requirement of the screening framework and guidelines. They ruled that no solicitation outside the caps was required this year.

Stakeholders are continuing to work on defining what variables should be considered in determining “sufficient benefit” in the future and how to value those variables. PSB wants to resolve this question before next year’s solicitation deadlines.

Ms. Frankel added that Maine has an analogous requirement for the consideration of non-transmission alternatives to analyze whether a project can be avoided or deferred through generation or energy efficiency. Central Maine Power’s (CMP) Maine Power Reliability Program (MPRP) includes a transmission component that is being deferred by an NTA. CMP has finished its RFP process and the shape of its NTA is now known. Ms. Frankel sought feedback on the concept of holding a workshop at which CMP would talk about its NTA and implementation process. The event could also include a representative from New England State Committee on Electricity (NESCOE) to describe its NTA-related initiatives. Based on the expressed interest of group members, staff will proceed to work with Ed McNamara of PSD, and others to organize a half-day workshop in September or early October.

FERC ORDER 1000

Frank Etori reported that the Federal Energy Regulatory Commission (FERC) responded to the New England compliance filing of October 2012 required by FERC Order 1000. FERC rejected several aspects of the New England filing. Compliance with FERC’s ruling will dramatically change execution of transmission planning in the ISO-NE region. First, Order 1000 will eliminate transmission owners’ “right of first refusal” (ROFR) and implement a competitive planning process for reliability projects the need for which is more than three years in the future. Transmission owners will retain the right to build any upgrades to their own facilities. Second, NESCOE will identify transmission needs driven by federal and state public policies, and ISO-NE will be responsible for evaluating and selecting the preferred public policy transmission upgrades. Third, interregional planning between control areas needs to be done to look at project alternatives. FERC directed ISO-NE and transmission owners to file further compliance response by mid-September.

ISO-NE CONSIDERATION OF LOAD SHEDDING IN ISO-NE PLANNING

Mr. Etori reported how load shedding is being incorporated into ISO NE’s long-term planning studies. There are three types of load interruptions: consequential load interruption, non-consequential and cascading load loss. ISO-NE is focusing in the planning guidelines on consequential load interruption, which is designed to isolate a fault on the system. Load interruption will be part of transmission design criteria. The guidelines require public outreach to inform customers of the potential for load shedding. VSPC may have a bigger role especially in the LRTP effort to make the public aware that the situation exists. ISO wants to adopt the new load shedding guidelines, but the door is still open for comments. The issue is on the agenda of the next PAC meeting.

VT/NH NEEDS ASSESSMENT UPDATE

Mr. Presume reported that ISO-NE is updating the 10-year study for the VT/NH Needs Assessment. The studies confirm that action on the central Vermont area reliability deficiency can be deferred. ISO plans to discuss the preliminary results at the next PAC meeting on June 19.

INCORPORATION OF DISTRIBUTED RENEWABLES INTO ISO-NE PLANNING

Mr. Presume discussed the fact that Vermont trends are showing small-scale renewable project have potential to defer transmission needs. Vermont is working with ISO-NE to find a way to model small-scale renewable energy in the ISO planning process. Next week at the PAC meeting, ISO will describe the progress and likely establish a working group of stakeholders to determine how to incorporate small-scale renewables into forecasting going forward, analogous to the work that was done over the past several years to incorporate energy efficiency into the forecast.

PROJECT UPDATES

Rutland: Mr. Litkovitz reported GMP is revising the Rutland analysis to include SPEED resources. No other changes to report.

Central Vermont: Doug Smith noted that, as reported by Mr. Pr sum , ISO-NE is confirming the conclusion of the Central Vermont Study Group that action on the Central Vermont deficiency can be deferred at this time. The study group will meet soon to finalize its next steps.

Southeast VT: Mr. Pr sum  reported that this project is on hold.

Connecticut River Valley: Mr. Pr sum  reported that VELCO will petition for a CPG for this the project at the end of the year. I.3.9 (Proposed Plan Application) studies for approval will be complete in the fall.

Northern area: Mr. Pr sum  reported that the studies are complete for this deficiency. The work must be documented and shared with Vermont Electric Cooperative.

Highgate: Mr. Pr sum  reported this project has been completed and is in service, and therefore will be taken off the list for quarterly reporting.

Vernon Road: Mr. Litkovitz reported that the project is under construction and will be completed by September 2013.

St. Albans/ East Fairfax: Mr. Litkovitz reported that GMP is coordinating with VELCO for a joint Section 248 filing in September 2013.

Hartford/Ascutney: Mr. Litkovitz reported that GMP will re-conductor 10 miles of 46 kV between Taftsville and Wilder and install a new 4.5 MVA capacitor.

DR. AHMAD FARUQUI PRESENTATION EXCERPTS, "THE NEW NORMAL"

Kerrick Johnson provided an overview to the presentation, "The Slowdown in Sales Growth and the Prospects for Transmission" by Ahmad Faruqui, Ph.D., from the Brattle group describing trends in the electric industry. Sales growth is less than 1% which is being caused by a weak economy, demand-side management, codes and standards, distributed generation and fuel switching. The new normal is changing human behaviors and manifesting its way into the grid. Distributed generation combined with net metering could lower demand significantly which could make going off the grid the least-cost alternative. Behavior modifying programs will give consumers the power to further alter consumption behavior. It is no longer true that electric utilities produce "something we use regardless of economic

conditions.” There are significant implications of slower sales growth on transmission investments bringing greater scrutiny to the industry.

VELCO STRATEGIC PLAN

Mr. Johnson presented the VELCO strategic plan that focuses on three initiatives including making VELCO lean by cutting costs, fighting for electricity customers at ISO-NE, and transforming VELCO’s workplace. Transmission costs are projected to increase from \$75 to \$115 per kW-year over a 5-year period based on approved investments. This trend line makes the initiative of fighting for electricity customers at ISO-NE particularly critical.

NEW BUSINESS

The VSPC reviewed and informal approved proposed meeting dates and locations for 2014. Consistent with recent practice, staff will send Outlook invitations for these dates.

ADJOURNMENT

The meeting was adjourned at approximately 3:15 p.m.

NEXT MEETING

Quarterly meeting to be held on September, 2013, at the Holiday Inn, Rutland, VT at 9:30 a.m. Dates for the Maine NTA workshop to be announced.

ATTENDANCE

*Indicates voting member

**Indicates alternate

PUBLIC SECTOR

- *Hervey Scudder, Residential
- **James Wilbur, Residential Alternate
- *Johanna Miller, Environmental
- *Michael Kirick, Commercial & Industrial

TRANSMISSION UTILITY (VELCO)

- *Hantz Pr sum , VELCO
- **Frank Etori, VELCO

DISTRIBUTION UTILITIES PROVIDING TRANSMISSION (GMP, VEC)

- *Steve Litkovitz, GMP
- **Doug Smith, GMP

LARGE TRANSMISSION-DEPENDENT DISTRIBUTION UTILITIES (BED, WEC)

- *Ken Nolan, BED
- *Bill Powell, WEC

TRANSMISSION DEPENDENT DISTRIBUTION UTILITIES (MUNICIPALS)

- *Melissa Bailey, VPPSA

SUPPLY & DEMAND RESOURCES

- *Michael Wickenden, VEIC
- Gillian Eaton, VEIC
- Carole Hakstian, VEIC
- George Twigg, VEIC

NON-VOTING MEMBERS

- Walter Poor, DPS

STAFF

- Deena Frankel, VELCO
- Shana Duval, VELCO

GUESTS

- Lea Belair, Coaching Center of Vermont
- Dan Campbell, AGP LLC
- Liz Dallas, Coaching Center of Vermont
- Tom Dunn, VELCO
- Bernadette Fernandes, VELCO
- Matt Levin, Vermonters for a Clean Environment
- Carole Hakstian, VEIC
- Kerrick Johnson, VELCO
- Paul Renaud, VELCO
- Cort Richardson, VELCO Board of Directors
- Annette Smith, Vermonters for a Clean Environment
- George Twigg, VEIC
- Robert White, Consultant
- Mark Whitworth, Energize Vermont