



Vermont System Planning Committee

Ensuring full, fair and timely consideration of non-transmission alternatives to address Vermont electric system reliability challenges.

New electric system planning approach empowers Vermonters

During the past year, the planning process for electric system reliability was radically reformed by the Vermont Public Service Board in an effort to increase openness and transparency, and to ensure alternatives to building new transmission lines get full consideration.

The controversial Northwest Vermont Reliability Project, a 63-mile transmission upgrade from West Rutland to South Burlington, was the first major electric transmission project undertaken in Vermont in 30 years. In approving the project, the Public Service Board reluctantly concluded that the need was compelling, but that timely consideration of alternatives might have delayed or avoided the massive project. The Board ordered VELCO, Vermont's electric transmission company, to develop a way of planning for electric system reliability that would ensure "full, fair and timely

consideration of cost-effective non-transmission alternatives."

In 2007 the Public Service Board approved a new, collaboratively designed process for electric system planning. The cornerstone of this new process is the Vermont System Planning Committee, or VSPC. The VSPC's voting members include all Vermont's electric distribution utilities and VELCO, plus three public members, appointed by the Board to represent residential customers, commercial customers and the environmental community respectively. The Department of Public Service, the statewide Energy Efficiency Utility, and the entity appointed to foster the development of renewable energy contracts, called the SPEED Facilitator, hold non-voting seats. The group meets quarterly to review utilities' analyses, planning and cost allocation proposals to resolve reliability deficiencies identified by the utilities and VELCO.

What is new about the Vermont System Planning Committee process?

The VSPC and related planning process constitute a substantial departure from the previous process, and perhaps an unprecedented approach nationally. The new process has a number of characteristics that transform the way Vermont utilities interact with each other and the public in planning solutions to electric system reliability issues. These characteristics are:

- A transparent process that includes access by the public and participants to all aspects of the VSPC's activities and information through a website and an effective meeting notice process.
- A formal structure for public involvement in the planning committee through Public Service Board appointment of three public members to the VSPC representing the interests of residential consumers, commercial and industrial consumers, and environmental protection respectively.

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- A high level of public involvement in the planning process based on principles of effective public engagement that are spelled out in the settlement that led to the formation of the VSPC.
- A long-term planning horizon of 20 years. While state legislation required a 10-year planning horizon, the Public Service Board recognized the need to go beyond this term, while also acknowledging that forecasts will be more precise in the first half of the 20-year cycle.
- The ability to take advisory votes regarding which utilities are responsible for addressing issues, including costs and implementation, and which solutions make the most sense.
- An explicit process for analysis and explicit standards for evaluation of cost-effective non-transmission alternatives to solving reliability deficiencies.
- A clearly established set of expectations and processes for coordination among stakeholders, including all utilities, public representatives, the DPS, the Energy Efficiency Utility (EEU), and the Sustainably Priced Energy Enterprise Development (SPEED) Facilitator.
- Appropriate consideration of market-based approaches to assessing non-transmission alternatives, including market testing (using requests for proposal or public solicitations of interest), as well as an open door policy for encouraging potential vendors to approach the participants to discuss projects.

Public involvement with electric system planning

There are multiple avenues for public participation in planning to address Vermont's electric system needs.

Steps in the planning process

The planning process is a cycle that begins with a long-range plan. The plan, which is required to be updated and published every three years, looks at Vermont's entire electric system to pinpoint where growth or other factors are projected to make the existing system inadequate.

When the long-range plan identifies a reliability deficiency – a place where the capacity of the system will be inadequate or projected demand for power exceeds a facility's designed capacity – the process of determining the right solution to the problem begins. First, transmission planners at VELCO and local utilities identify what would be the best "transmission solution," involving adding to the electric system's capacity or upgrading its design. Planners then estimate the cost of the transmission solution. With this cost estimate in hand, VELCO, the utilities and the Vermont System Planning Committee determine whether alternatives, such as energy efficiency or local generation, can reliably and cost-effectively address the identified problem.

If transmission is determined to be the best alternative, the responsible companies – VELCO and/or one or more local utilities – will do the detailed planning for building a transmission upgrade, which may



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involve building poles and wires, building or upgrading substations, or both. During this planning, the companies make extensive contact with local communities where the project will be built to provide information and gather input about how to mitigate specific impacts.

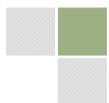
Once transmission project planning is completed, the responsible companies file an application (called a “petition”) with the Vermont Public Service Board seeking approval to construct the project. The process is referred to as the “Section 248 process” for the section of Title 30, Vermont Statutes, which lays out the requirements. The Board is essentially a court, and the process for considering the petition is a formal one. If and when the Board grants approval, in the form of a Certificate of Public Good, the responsible company can begin construction, once it has all other required permits and approvals.

Public input opportunities



Recent changes in the planning process for electric system reliability are intended to greatly increase opportunities for meaningful public input at all stages of the process. The following table shows the stages of public input opportunities

associated with each step in the planning process. The goal is “to have a process that provides an effective means to obtain informed input from affected persons and the public generally and to ensure that all stakeholders have an early, ongoing, and meaningful opportunity to influence the shape of electric reliability planning and projects to meet reliability needs in Vermont economically.” (From the parties’ agreement in Docket 7081, which established the Vermont System Planning Committee.)



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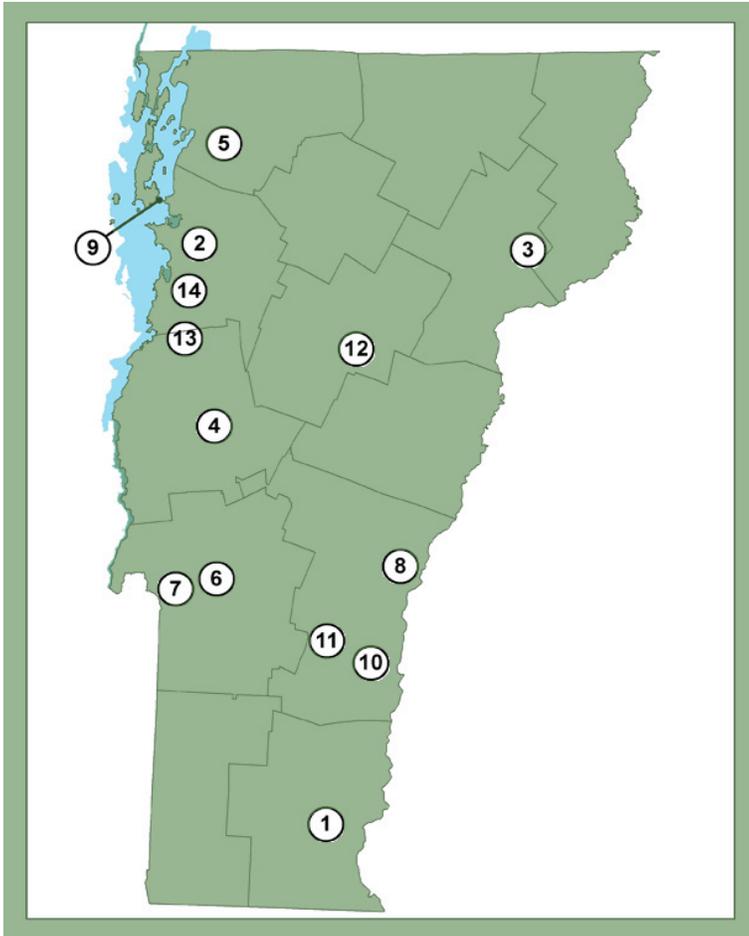
ELECTRIC SYSTEM PLANNING STEP	TIMING	ASSOCIATED PUBLIC INPUT PROCESS
Identification of reliability deficiencies/Development of long-range transmission plan.	Updated every three years Next publication: 7/1/09 VSPC input: Dec 2008 – Jan 2009 General public input period on draft March-May 2009. VSPC review:	All VSPC meetings are open to the public. For info go to www.vermontspc.com . At least two public meetings in proximity to possible transmission solutions are required; more are planned.
Analysis of non-transmission alternatives to address each reliability deficiency identified in the long-range plan.	Conducted for each reliability problem identified in the long-range plan for which alternatives are feasible based on approved screening criteria.	VSPC reviews and provides input on each non-transmission alternative analysis as it is completed.
Transmission project planning.	If it is determined that a transmission upgrade is the best solution, the responsible utility prepares its application for a Certificate of Public Good from the Vermont Public Service Board.	Extensive public outreach to individual landowners who are adjacent to any proposed construction as well as towns where construction will be located. Public input process objectives: inform and gather input regarding the proposal's impacts and ways the impacts may be mitigated.
Formal application for "section 248" approval from the Public Service Board.	When responsible utility has incorporated public input and is ready to make a formal application.	Members of the public can become formal "parties" in the case. PSB holds formal public hearings during the case. The public can also provide comments in writing to the PSB. Department of Public Service meets with selectboards in affected towns. See PSB publication " Citizens Guide to the Vermont Section 248 Process. "



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Map of identified reliability issues in Vermont's electric grid

The map below shows roughly where reliability deficiencies have been identified by VELCO, Vermont's transmission operator, or by local electric utilities. These areas represent locations that will require future transmission upgrades or alternatives, such as local generation or energy efficiency, in order to meet system reliability standards. The numbers on the map are keyed to the list of locations. Detail on these potential projects can be found on the VSPC website, www.vermontspc.com, where an interactive version of this map is posted on



the homepage. Each number links to a more detailed description of the location and nature of the deficiency.

- 1 Southern Loop
- 2 Essex, Williston, Tafts Corners
- 3 St. Johnsbury & Northern Vermont
- 4 Middlebury
- 5 St. Albans-Fairfax-Georgia
- 6 North Rutland, Cold River
- 7 West Rutland to Blissville
- 8 Hartford
- 9 Champlain Islands
- 10 Ascutney
- 11 Coolidge to Cold River
- 12 Berlin to Barre, Berlin to Middlesex
- 13 New Haven to Williston
- 14 Berlin-Barre, West Rutland, Cold River-North Rutland

What is a “reliability deficiency”

The electric power delivery system is highly regulated and subject to design standards – called “reliability standards” – intended to ensure that the system continues to operate under a wide range of circumstances and events. To maintain compliance with these reliability standards, utility engineers and planners evaluate or test how the system is likely to behave under various scenarios of consumer use, and contingencies involving failures or outages of system components (such as generators, lines, circuit breakers, and switches). A “reliability deficiency” exists if these tests show that the emergency capacity of a system component will be inadequate during an unplanned event (called a contingency), or projected demand for power exceeds a facility’s designed capacity. Reliability deficiencies identified through the planning process, are likely to cause the system to be out of compliance with one or more system design standards.



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Two forecasts of future need guide planning

Two forecasts play a key role in providing a total picture of electric demand in Vermont to enable planners to study the reliability of the state's electric grid.

In connection with its long-range planning obligations, VELCO must develop a forecast of future electric demand, called a "load forecast," which projects the magnitude of peak demand in Vermont in the coming years.

The forecast now being prepared by Efficiency Vermont, Vermont's statewide electric energy efficiency utility, is called a Demand-Side Management or DSM forecast. The DSM forecast projects the amount of energy and peak demand reduction that will likely be achieved by energy efficiency efforts funded through a charge on the bills of all Vermont electric customers.

The VSPC is providing a forum for communication among utilities, VELCO and Efficiency Vermont for ensuring that the load forecast and the DSM forecast are well-coordinated.

Long-range planning and public input

VELCO must now publish a 20-year plan, updated every three years, that identifies where load growth will require transmission upgrades, new generation or increased efficiency. Two public input processes are required as the plan is developed: first a review and recommendations by the VSPC and then outreach to the public, including planning commissions, towns, and other key stakeholders. This public outreach approach encourages early involvement when public concerns and recommendations can better inform decision-making on alternatives.

The very nature of public input on electric reliability has been fundamentally changed by the new process. A set of principles, designed to ensure broad and effective public participation

and information, is binding upon the state's utilities. The changes are evident in recent, post-NRP projects that have gone through regulatory review, such as the Southern Loop (Southern Vermont) and East Avenue (Burlington area). In these cases, public engagement happened early and in-depth, and resulted in changes to the projects' designs based on input received in the outreach process.

The next long-range plan is due by July 1, 2009. The public outreach process on the draft will be conducted from March 1 through May 31, 2009, providing an opportunity for towns and regions to understand and potentially influence the future of the electric system in their areas.

Website provides a tool for public information & involvement

The VSPC has a website, www.vermontspc.com, designed to open every aspect of the new process to public scrutiny and to enable the public to follow where reliability problems are projected to occur. The home page includes an interactive state map linking to descriptions of reliability deficiencies thus far identified around Vermont.



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Vermont System Planning Committee membership

PUBLIC MEMBERS Appointed by the Public Service Board	Primary Representative	Alternate Representative
Residential	Jenny Cole	
Commercial and Industrial	Janette Bombardier (IBM)	
Environmental	James Moore (VPIRG)	Sandra Levine (CLF)
TRANSMISSION UTILITY	Primary Representative	Alternate Representative
VELCO	Hantz Pr�sum�	Dean LaForest
DISTRIBUTION UTILITIES PROVIDING TRANSMISSION	Primary Representative	Alternate Representative
Central Vermont Public Service	Bruce Bentley	Kim Jones
Green Mountain Power	Douglas Smith	Terry Cecchini
Vermont Electric Cooperative	Harry Abendroth	Wayne Atkinson
LARGE TRANSMISSION DEPENDENT DISTRIBUTION UTILITIES	Primary Representative	Alternate Representative
Burlington Electric Department	Munir Kasti	Ken Nolan
Vermont Marble	Todd Allard	
Washington Electric Coop	Bill Powell	
TRANSMISSION DEPENDENT DISTRIBUTION UTILITIES	Primary Representative	Alternate Representative
Barton Village Electric Department	Ron Gagnon	Brian Hanson
Village of Enosburg Falls Water & Light Dept	Jonathan Elwell	Richard Roberge
Town of Hardwick Electric Department	Eric Werner	Craig Myotte
Village of Hyde Park Electric Department	Rosie Gillen	
Village of Johnson Water & Light Department	Duncan Hastings	
Village of Ludlow Electric Department	Jack Collins	Howard Barton
Village of Lyndonville Electric Department	Kenneth Mason	
Village of Morrisville Water & Light Department	Craig Myotte	
Village of Northfield Electric Department	Richard Suitor	Nancy Allard
Village of Orleans Electric Department	John Morley	
Town of Readsboro Electric Light Department		
Town of Stowe Electric Department	Ellen Burt	Pat Householder
Swanton Village Electric Department	George Lague	Lynn Paradis
NON-VOTING MEMBERS	Primary Representative	Alternate Representative
Public Service Department	Dave Lamont	Bill Jordan Steve Litkovitz Hans Mertens Ben Sears Steve Wark Walter Poor
Energy Efficiency Utility	Blair Hamilton	
Sustainably Priced Energy Enterprise Development Facilitator	John Spencer (VEPPI)	
Strategic System Planning Facilitator	Deena Frankel (VELCO), VSPC Secretary Kim Pritchard (VELCO), VSPC Alternate Secretary	



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Keep me informed

To be placed on the VSPC e-mail list or to request further information, please fill out and return this form to VSPC, 366 Pinnacle Ridge Road, Rutland, VT 05701 or sign up at www.vermontspc.com.

Name _____

Company/Affiliation _____

Town _____

Email address _____

Mailing address _____

Phone _____

On which of the following topics you are interested in receiving information?

- Regular updates about VSPC activities
- Updates about the VELCO Long-Range Transmission Plan
- Information only about issues in my area of the state
- Other: _____

How would you like to receive information?

- By email
- By notification when new information is posted to the VSPC website
- By RSS feed from the VSPC website (coming soon)

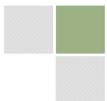
For more information, contact:

Deena Frankel

VSPC Facilitator

dfrankel@velco.com

802-282-2631



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