



Board of Directors Meeting Minutes January 3, 2024

Board of Directors:

P	Vera LaPorte, Barton		Jonathan Elwell, Lyndon
X	John Dasaro, Enosburg	X	Scott Johnstone, Morrisville
P	Mike Sullivan, Hardwick	P	Stephen Fitzhugh, Northfield
	Vacant, Jacksonville	X	John Morley, Orleans
X	Erik Bailey, Johnson	X	Bill Sheets, Swanton
X	Thomas Petraska, Ludlow	X	James Gibbons, BED

X indicates attendance in person, P indicates attendance by phone.

Alternate Directors present:

Abbey Miller, Enosburg (X)	Lynn Paradis, Swanton (P)
Penny Jones, Morrisville (P)	Emily Stebbins-Wheelock, BED (X)
Erica Welton, Lyndonville (X)	

Others present:

Ken Nolan, VPPSA (X)	Sarah Braese, VPPSA (P)	Jackie Pratt, Stowe, Guest (P)
Grace Sawyer, VPPSA (X)	Heather D'Arcy, VPPSA (X)	Amy Parah, VPPSA (X)
Drew Clayson, VPPSA (X)	Amanda Simard, VPPSA (P)	Kerrik Johnson, VELCO, Guest (X)
Dan Kopin, VELCO, Guest (X)	Steve Farman, VPPSA (P)	Apryl McCoy, VPPSA (P)
Thomas Dunn, Guest, VELCO (X)	Dan Nelson, VELCO, Guest (X)	

Numbers in bold type correspond with agenda item numbers:

- 1.** Vice Chairman Morley called the meeting to order at 9:30 a.m. He asked that all attendees introduce themselves.
- 2.** Vice Chairman Morley asked if there were requests for changes and or/modifications to the current agenda. Director Bailey requested that the executive session be moved further up in the agenda to immediately following the action items.
- 3.** Vice Chairman Morley asked if there were public comments and/or individuals who would like to address the Board. There was no public comment.
- 4.** The General Manager informed the board that on December 15th VPPSA and Burlington Electric Department entered into a Memorandum of Agreement establishing BED as a Strategic Member in accordance with the Board vote in November. BED appointed a representative, Mr. James Gibbons, and an alternate, Mrs. Emily Stebbins-Wheelock, to the VPPSA Board. No further action is required by the Board.

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5. Director Johnstone made a motion to accept the minutes of the Board of Directors meeting held December 6, 2023. The motion was seconded by Director Sheets. Motion approved.

6. Director Johnstone made a motion to accept the minutes of the Special Board of Directors meeting held on December 18, 2023. The motion was seconded by Director Dasaro. Motion approved.

7. Director Johnstone made a motion to approve the Monthly Financial report for the period ending November 30, 2023. The motion was seconded by Director Bailey.

Ms. Sawyer, VPPSA's Controller provided a summary of operational revenue vs expenses for the period ending November 30th, 2023. It was noted that VPPSA's Year-to-date (YTD) Net Income is \$2,020,613, which is greater than budget by \$93K. Net Power supply and transmission expenses are \$112K below budget. Interest income is \$111K greater than the budget. Interest expense continues to be below budget by \$18K YTD because VPPSA did not have to draw on the Line of Credit (LOC) until December. VPPSA's Operational loss is \$63,729, which is less than the budget by \$246K Year to date. Other items of note: The REC purchase contract of \$1.1MM was delivered at the end of May which did not exceed the total annual REC budget. The project is expected to end the year \$138K over budget due to the annual internal REC transfer expense. McNeil generation is under budget 26.94% for the year resulting in revenue being below budget by \$438K. P10 interest income is over budget by \$182K YTD, Fuel expense is underbudget by \$29K and various other operating expenses are below budget by \$36K YTD resulting in net income of \$610K which is \$247K greater than budgeted YTD. The GIS Revenue loss of \$9K from Ludlow leaving the project, Admin & General expenses are below budget by \$8K and additional depreciation expense of \$5K results in the project being over budget by \$6K YTD.

There was a brief discussion on the financial results.

The motion was approved.

8. The General Manager addressed concerns of some Members who have approached staff regarding the fact that the 2023-2024 legislative session will be very active on multiple fronts, and that given recent turnover, VPPSA is not adequately staffed to handle the increased exposure. The proposed solution to these concerns is to re-create a Board Legislative Committee that would be copied on VPPSA lobbyist reports, meet at least monthly during the session to discuss strategies, and be available to testify as needed. There was a brief discussion about how BED handles their lobbying efforts. There was consensus that the Chairman would be responsible for the creation of the committee and soliciting individual Committee members. The discussion continued around how the committee would work and a confirmation that an additional staff member would be added to VPPSA to assist in filling the gap.

Director Johnstone made a motion for VPPSA to create a Legislative Committee to be active during the 2023-2024 legislative session as presented. The motion was seconded by Director Bailey.

The motion was approved.

9. Director Bailey made a motion to enter Executive Session, under the provisions of 1 V.S.A. §313(a) to discuss the McNeil Generating Plant – District Energy. The motion was seconded by Director Johnstone. The motion was approved. The Board requested that BED leave the executive session and join later if requested.

The Board entered Executive Session at 9:52 a.m.

Director Johnstone made a motion to return to Regular Session, seconded by Director Sheets. The motion was approved.

The Board returned to Regular Session at 10:15 a.m.

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No action was taken.

10. Invited Guests – VELCO Executive team and Board of Governance Committee:

The Vice Chairman asked the General Manager to provide an executive summary of the project that VELCO guests will be presenting. Mr. Thomas Dunn presented an overview that provided updates on VELCO's strategic plan, inverter-based resources, solar generation, and NERC regulations/compliance especially around communications and IT issues. The General Manager noted that when FERC came into being it was voluntary and now that NERC has taken over the regulations in 2007 and standards are mandatory, and it depends upon your entity classification. Mr. Kerrick Johnson gave a brief presentation about the member discussions that have happened over the last several months and how VELCO might be able to assist members with their current challenges including Fiber connectivity, a centralized SCADA system, Statewide radio system, internet services, and Pi data visualization tools. There was a brief discussion around what a deeper view into the member systems meant.

Mr. Dan Kopin presented VELCO's IT strategic plan and overview of the current and proposed NERC reliability requirements. There was a brief discussion clarifying what "deemed necessary" meant for the VPPSA members and that VELCO is the entity who made the decision as to what the threshold was and who needed to provide the data. The General Manager asked for a list of the members who were on the sub-committee that made this decision, because it does not appear that there was a representative from VPPSA. It appears that decisions are being made at sub-committees and being presented at the Operating Committee (OC) as a fait accompli. Mr. Thomas Dunn weighed in that VELCO is making fundamental decisions using professional judgment regarding how they need to meet requirements. The General Manager noted that there appears to have been much more collaboration with GMP & VEC and VPPSA has not been a part of the discussion. VPPSA may need to re-evaluate VELCO Operating & sub-committee representation as a matter of governance and stakeholder engagement. VPPSA members shared their concerns around the structure and engagement of stakeholders in important decision-making processes. Mr. Kerrick Johnson defended VELCO's decision and the sub-committee process. Mr. Gibbons and Director Sullivan provided their recollection of the proceedings; that the established kW limit was presented as a prescribed limit through regulatory requirement, not through and by VELCO's discretion. The discussion continued and the General Manager voiced growing concerns that there is a VELCO governance issue that needs to be addressed.

Mr. Dan Nelson gave a brief presentation about VELCO's efforts to comply with NERC's TOP-003 "Transmission Operator and Balancing Authority Data and Information Specification and Collection" requirement(s). Mr. Nelson described the VX Platform that is being developed as a TOP-003 compliance tool utilizing GIS data sharing. There was a brief discussion on how the information collection of the VX Platform would affect the VPPSA members and what would be required for interaction and the timeline for implementation.

Mr. Dan Kopin presented FERC order No. 901 and VELCO's strategy and timeline to achieve the requirement.

Director Johnstone reiterated that VPPSA really wants clarity and communication during the decision-making process. Mr. Thomas Dunn recapped what he heard from the discussion.

VPPSA Directors expressed their impressions of VELCO's project presentation and ensuing discussion. Director Johnson recommended a standing agenda item be included in future Board meetings for VPPSA participants/representatives to report on VELCO Operating Committee activities. Director Gibbons reiterated concerns on the manner in which decision items are presented to the Operating Committee (OC) and other stakeholder bodies (e.g. VELCO Board or subcommittees). The question was raised if VPPSA should dedicate staff to attend the OC. The Chairman of the Board and the General Manager were tasked with coming up with a new strategy.

Vice Chairman Morley inquired about the possibility of engagement directly with VELCO's Independent Board representatives concerning ongoing governance concerns. The General Manager suggested inviting those VELCO Board representatives to a future VPPSA Board meeting.

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11. Drew Clayson, VPPSA's Power Analyst, provided an overview of the power supply markets, the primary driving factors related to power costs, actual and future energy prices, and the budget vs actual for each member. Mr. Clayson presented a detailed review of the Mystic Station costs and what the variances would be absent the Mystic costs and how the unfavorable rate variance for most members is primarily due to the unbudgeted Mystic Station Cost. It is anticipated that this winter the costs will not be as significant as they were in the prior winter. Heather D'Arcy, VPPSA's Senior Power Analyst, also gave an overview of the Renewable Energy Credits. The General Manager reminded the Board that VPPSA was going to try and buy as many 2023 Tier III REC's as possible because the cost has dropped even though it is not in the budget. They will be banked for future years. There was a brief discussion about P10 and future staffing needs.

12. The General Manager presented a summary of the recent outcome from the legislative RES working group. Members of the committee also requested that legislative counsel prepare a draft Bill based on the discussions. The ultimate solution put forward by the co-Chairs was to move the proposed Bill to an appendix, describing it as legislative counsel's best attempt based on their understanding of the conversations. They also encouraged participants to take advantage of the ability to submit so-called "minority reports". That outcome led to a concerted effort among the distribution utility representatives to develop our own framework to counterweigh the proposed Bill. For VPPSA Members the framework would essentially result in the following RES revisions summary below:

- Tier 1 - 100% Renewable by 2035 with all existing resources remaining eligible
- New Tier 1A - for all Members except BED & Swanton. 10% renewables by 2035
- New Tier 1B - Only for BED & Swanton (100% renewable utilities)
- Tier 2 - increased to 20% by 2035
- Tier 3 - minor changes to the language
- Net Metering - Significant changes including but not limited to eliminating "group" net metering. Substantial negotiation on specific language will be required in the legislative session because the language submitted was very generic.

There was a brief discussion about what the cost and rate impact would be of these changes.

13. Sarah Braese, VPPSA's Assistant General Manager, provided a brief Regulatory update and a highlight of recent and upcoming regulatory items of importance. She provided an update of the Renewable Energy Standards Compliance (Tier 3), Rulemaking proceedings, Investigative proceedings, and joint initiatives with Efficiency Vermont. Ms. Braese notified the Board that recent PUC Orders called for VPPSA to resubmit its 2022 RES Compliance Filing with updated low-income benchmark spending and staff will be reviewing, revising, and resubmitting its 2024 RES Tier III Annual Plan by January 19, 2024 to comply with these Orders. In her overview of the Rulemaking proceedings Ms. Braese observed that the most noteworthy and complex case is still currently the Clean Head Standard (CHS). Apryl Larkin, VPPSA's Regulatory Analyst commented on the schedule and increased deadlines around the CHS. There was a brief discussion on VPPSA's strategy under the CHS proceeding now and in the future. Ms. Braese noted anticipated activity around Rule 3.300 on disconnects as well as VPPSA's petition to design a EV/EVSE Tariff Rider Program. Ms. Braese and the General Manager provided updates on EVT's Demand Resource Plan Proceeding (DRPP) including VPPSA's informal Discovery questioning EVT's administrative rate effective January 1, 2024 on all incentive payments issued through EVT on behalf of DUs. Ms. Braese made note of the upcoming Dates & Deadlines included in the Board Report.

Lastly, Ms. Braese advised the Board of recent public affairs and marketing/communications efforts, including ad campaigns to raise brand awareness and visibility as the 2024 Legislative Session begins.

14. Ken Nolan, VPPSA's General Manager gave the GM update summarizing the status of various projects including the IT Cyber review, various Federal Grants, Jacksonville Operations, Barton Operations, Pecos Wind, Transmission Joint Ownership, the AMI project, the GIS project, VPPSA's staffing, and the 2023 Bonus.

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VPPSA assessment produced a decision to not re-apply for the GRIP grant due to several factors. The Sander's Grant is still under negotiation and VPPSA fears we may be unable to reach an agreement with the DOE.

Overall, Jacksonville has stabilized, and staff support has begun to demonstrate operational improvements. VPPSA continues to explore assisting Barton with capital improvement needs for its hydro facility. As an update, VPPSA has received a pricing proposal from Pecos Wind for the proposed micro turbine in Swanton.

The proposal VPPSA has been working on with MMWEC and CMEEC has passed another milestone in state (NESCOE) review and further discussions are being held to explore a VTTRANSCO-like business model.

The AMI project is well underway with weekly project meetings and engagement with Aclara. The PUC Docket will be sliding into February but anticipate proceeding into MOU discussions once VPPSA's Discovery Response is filed.

VPPSA continues to work with mPower to convert GIS operations, and schedule on-site Member training.

Lastly, the GM brought the Board's attention to a year-end bonus issued to staff to recognize their efforts and correct a long-standing payroll adjustment necessary for the new year.

15. Board Member Updates: Vice Chairman Morley mention a conversation that he had where he learned that VEC was installing larger transformers and getting Tier 3 credits for the installation. There was a brief conversation about this topic and if other members could benefit from this action.

16. Other Business: None

Director Petraska made a motion to adjourn the meeting. The motion was seconded by Director Johnstone. Motion approved.

The meeting was adjourned at 1:03 p.m.

Respectfully submitted,



Grace Sawyer, Secretary