

APPROVED

Vermont Public Power Supply Authority
GENERATION AND OTHER ASSETS BOARD COMMITTEE
MEETING MINUTES
January 10, 2018

Committee Directors present (X indicates present):

X	Evan Riordan, Barton, via phone		Mike Sullivan, Hardwick
X	Craig Myotte, Morrisville	X	Reginald Beliveau, Swanton

Other Directors present:

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Alternates present:

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Others present:

TJ Poor, VPPSA	James Gibbons, VPPSA, until ~2:30pm	Dave Gagne, VPPSA, via phone
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(numbers in bold type correspond with agenda item numbers)

- 1) The meeting was called to order at 2:07 p.m. at the office of the Authority, located at 5195 Waterbury-Stowe Road, Waterbury Ctr., Vermont.
- 2) Chairman Beliveau asked if there were requests for changes and/or modifications to the current agenda. There were none.
- 3) Chairman Beliveau asked if there were public comments and/or individuals who would like to address the Board. There was no public presence and therefore no comments were made.
- 4) Director Myotte made a motion to accept the minutes of the 11/8/17 committee meeting. The motion was seconded by Director Riordan. Motion approved.
- 5) Project 10 General Update.
 - Mr. Gagne provided a general update for P10. The issues with Unit 2 starting – where the Lube Oil Sequence “failed” when both Units were started simultaneously, appears to have been remedied by replacement of relay switches

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and resetting the timing of the sequence to occur sequentially. VPPSA requested several Forward Reserve Audits in order to bring performance factors back to levels that meet current obligations. In doing so, Unit 2 had excellent performance that increased its baseline efficiency rating, which will allow the opportunity for a greater maximum bid in the next relevant FRM auction. Mr. Gagne also reported that fire inspection was ongoing at the time of the meeting, with no issues reported. The drainage pipe that had been emptying into the storm-water ditch has been removed.

- Mr. Poor described the Economics of the plant through November. This summary is included in the monthly P10 financial package. Mr. Poor noted that actual revenues were approximately \$263k higher than budgeted through November, mainly due to higher Forward Reserve Market Revenues than budgeted (both clearing price and cleared MW were higher than budgeted for the Summer Auction) and higher capacity payments than budgeted (Monthly Reconfiguration Auction prices were higher than budgeted and Net Regional Clearing Price was higher than budgeted).
- Mr. Poor also described the Project 10 Reserve and Contingency Fund True up. P10 participants have paid approximately \$98k for capital expenditures, as required by the Bond covenant. There were no major capital expenses in 2017, so a determination on what to do with the money is needed by the Board. After discussion, the Committee recommended that the money should be put into the Reserve Fund. In addition, the Committee recommended prioritizing a more detailed capital plan for P10 that allows the Committee to better evaluate and plan for major expenditures over the next few years, including potential use of the Reserve Fund. P10 Capital Plan will continue to be on future Generation and Other Asset Committee Agendas.

6) Load Reducing Hydro Update

- Mr. Poor provided an update on the performance of load reducing hydro facilities. Through the end of December, the facilities have collectively saved approximately \$385,000 in regional transmission charges. In addition, several of the plants were operating at the time of the 2016 peak, creating capacity value of approximately \$75k (this is prior to considering the cost of shedding forward capacity market obligations). Mr. Poor also described the gross capacity benefits expected in 2018. The preliminary ISO-NE peak was on June 13, 2017 – with most units operating at that time.
- Mr. Poor provided a brief update on the efforts to remove Highgate Falls from the ISO-NE markets. There has not been much movement since the last meeting, ISO continues to have the position that all Capacity Supply Obligations must be shed before fully departing the market. Thus, VPPSA has positioned the unit in monthly reconfiguration auctions to remain in the market, and is attempting to work with ISO-NE on other solutions to fully retire prior to the end of the 2020-21 capacity period.

7) Project Updates. Mr. Poor provided a brief update on the following projects.

- VPPSA Solar RFP. VPPSA discovered that several Respondents did not provide ownership options for projects where that option was available. As such, it has

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provided another opportunity for vendors to respond. Two Respondents provided additional ownership options. After review of the complete set of responses, most were at prices that, while lower than previously years, remain above the forecasted price at which similar market products (energy, capacity, renewable credits, etc.) could be secured. Nonetheless, VPPSA has indicated to certain respondents that they will be asked to provide binding bids at a subset of sites for a second round of evaluation. Final build costs and financing assumptions, along with member's desire to host solar in their territory, will ultimately determine whether a particular site moves forward. VPPSA expects to host a special Board meeting to fully describe results of economic analysis and outline potential next steps forward.

- 2015 Standard Offer Projects. The Public Utility Commission (PUC) has granted VPPSA's request for extension of the commissioning deadline for these projects – now set to May 21. The Developer has indicated that final financing is nearly in place, and expects construction to be completed by well prior to the deadline.
- 2017 Standard Offer Contracts. The VPPSA has entered into the standard offer contracts with VEPP Inc (on behalf of the PUC), and is beginning negotiation on the PPAs with the Developer. The Trombley Hill site, which submitted an application for a CPG over the summer, is expected to be constructed in 2018, while the Blackberry Solar site is expected to be commissioned in Spring of 2019.
- Barton Solar. VPPSA continues to work with Developers on a non-litigious solution to the proposed net metering project on Aldrich Lane. The Developer has proposed to add their Orleans Net Metering project to the Barton Solar, and lowered the construction costs again. However, the price remains well above market to justify VPPSA ownership. VPPSA proposed that the project(s) be offered to the developers who bid on the RFP to determine if a better price can be found. The Developers accepted this proposal, and VPPSA is working with them to develop parameters of such an offer.
- Kearsarge. VPPSA has now become the Lead Market Participant for six (6) solar resources in Massachusetts. Contract terms continue to be finalized, and revenues from this arrangement will begin with the December invoice.
- New England Hydros. Transfer of all contracted hydro assets under the three New England Hydro Contracts is complete, and energy and capacity has begun to be delivered as of January 1.

- 8) Other Business. Mr. Poor described the impacts of the recent cold snap(s) on energy prices. The recent weather was a reminder that the last two winters were not typical – prices rose when natural gas supplies became tight.

The meeting was adjourned at 3:17 p.m.

Respectfully submitted,

TJ Poor

TJ Poor, Acting Secretary
Generation and Other Assets Committee