

**VERMONT PUBLIC POWER SUPPLY AUTHORITY
MINUTES OF THE GENERATION AND OTHER ASSETS BOARD COMMITTEE**
(numbers in bold type correspond with agenda item numbers)

January 18, 2017

- (1) The meeting was called to order at 2:14 p.m. at the office of the Authority, located at 5195 Waterbury-Stowe Road, Waterbury Ctr., Vermont.

Committee Directors present (X indicates present):

	Evan Riordan, Barton		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:

T. J. Poor, VPPSA	Dave Gagne, VPPSA	Brian Callnan, VPPSA
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- (1) Chairman Beliveau called the meeting to order at 2:10pm.
- (2) Chairman Beliveau asked if there were requests for changes and/or modifications to the current agenda. Director Myotte made a motion to remove Agenda Item #6 (Highgate Converter), and that Item #'s 8 (2017 Standard Offer) and 9 (New England Hydro) be discussed in executive session. (Motion to enter executive session and purpose is stated underneath those item numbers in these minutes). Chairman Beliveau seconded the motion. Motion approved.
- (3) Director Myotte made a motion to accept the minutes of the November 16th committee meeting. The motion was seconded by Chairman Beliveau. Motion approved.
- (4) 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.
- (5) Project 10 Updates.
- Mr. Gagne reported the following:
 - i. Following the October planned outage, VPPSA is still awaiting findings and test reports from 3/C Electric. Mr. Gagne does not expect there to be any issues.
 - ii. The unit most recently ran on December 17 (Unit 2) without issue.

- iii. Fuel Tanks have been topped off in compliance with the Winter Fuel Program
- iv. The Semi-annual fire inspection was completed, no issues found, however in conducting the inspection the need to trip the station off-line caused issues on host Swanton Electric Department's system. A plan has been put in place to notify SED and avoid any disruption to their system in the future.
- v. Two 1971 electric heaters are in the last stages of being replaced
- vi. It is likely that a borescope will be requested for insurance purposes (last was in 2015). Mr. Gagne will investigate whether these are necessary annually, or after a certain number of operational hours. Because P10 runs infrequently, it is possible that a borescope might not be necessary. The cost is approximately (\$12,000 plus materials).
- vii. Quotes have been requested to repair small transformer leaks that have been occurring at least since Mr. Gange began at P10. These are small leaks (added oil once in 5 years).
- Mr. Callnan provided P10 market, budget, and other updates:
 - i. Forward Reserve Market Performance Factors remain high at 100% for Unit 1 and above 97.5% for Unit 2.
 - ii. Noted that station service in 2016 for the plant was 769 MWh – there may be efficiency opportunities available.
 - iii. Through November, Mr. Callnan noted that P10 was break-even for the year (very close to budgeted values). It was noted that this reporting does not value the plant as a hedge against potential high market prices. Over its life P10 has provided ~\$1.5m more in revenues than cost.

(6) Highgate Converter. This item was removed from the Agenda (see #2, above).

(7) 2015 Standard Offer. Mr. Poor provided a brief update on the progress of the 2015 standard offer projects:

- CPG's were filed on December 29. An Order is expected from the Public Service Board by summer of 2017. Current target for commissioning is late 2017.
- One page summaries (if necessary) will be delivered to systems for Trustee meetings in March, 2017.
- Current plans are for Power Sales agreements to be the delivery mechanism to member systems. System executed PSAs requested by April 2017.

(8) 2017 Standard Offer &

(9) New England Hydro.

Motion was made by Director Myotte, Second by Chairman Beliveau to find that premature public disclosure of VPPSA's 2017 Standard Offer auction strategies and negotiations surrounding the New England Hydro contract would place the Authority or another person involved at a substantial disadvantage.

Having made the requisite finding, Motion was made by Director Myotte, Second by Chairman Beliveau to enter Executive Session to discuss VPPSA's 2017 Standard Offer auction strategies and negotiations surrounding the New England Hydro contract per 1 VSA §313(a)(1)(A) and to allow staff to be present for the discussion.

At 2:55 pm, the Committee entered into executive session to discuss the 2017 Standard Offer and the New England Hydro projects (motion by Director Myotte, Second by Chairman Beliveau). Executive session was called for 2017 Standard Offer as details with regard to a possible bidding strategy into competitive solicitation of the Public Service Board was being discussed. Executive session was called for New England Hydro as details with regard to the identification of counterparties combined with pricing terms were being discussed. The Committee exited executive session at 3:37 pm.

- (10) Load Reducing Hydro Performance Update. Mr. Callnan described the performance of members' hydroelectric generating units relative to Network Load monthly peak hours, on which regional transmission charges are based. Member systems have avoided approximately \$200,000 in transmission costs since March when facilities were retired from the ISO-NE market (these savings are in addition to avoided energy costs).
- (11) Generation and Other Assets Committee Work Plan Discussion. The Committee discussed potential items to be addressed in 2017, including:
- Joint Purchasing. This was on previous work plan discussions, however was given a lower priority. It was suggested that prior to going out to purchase, members should use the Asset Committee to share purchase intentions to see if other members have shared needs.
 - Development of a work plan addressing potential overhaul of units.
 - VPPSA Hydro facilitation for FERC relicensing and other issues: It was determined that a separate sub-group of the Board of Directors (hydro owners) would be better suited to address potential coordination. Director Myotte indicated he would take the lead in organizing this potential group.
 - Continued updates to the Committee from VPPSA on Power Supply efforts is desired.
- (12) Committee Report for the December Board meeting. Chairman Beliveau will provide the report to the Board on February 1.
- (13) Other Business. Mr. Callnan provided a brief update to the Committee that VPPSA continues to consider & pursue a path towards access to the Vermont Bond Bank and reminded the committee that one possible use of this tool would be the development of Solar resources as the pairing of low cost borrowing and the solar investment tax credit remains one of the lowest cost options to development of this technology for Municipalities through a prepayment of products concept.

The meeting adjourned at 4:08 following motion by Director Myotte, seconded by Chairman Beliveau.

FINAL

Respectfully submitted,

T. J. Poor
T. J. Poor, Acting Secretary
Generation and Other Assets Committee