

APPROVED

Vermont Public Power Supply Authority
GENERATION AND OTHER ASSETS BOARD COMMITTEE
MEETING MINUTES
March 14, 2018

Committee Directors present (X indicates present):

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

Other Directors present:

John Morley, Orleans	
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Alternates present:

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Others present:

TJ Poor, VPPSA	Ken Nolan, VPPSA, (beginning 2:20pm)	James Gibbons, VPPSA (beginning 2:50pm)
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(numbers in bold type correspond with agenda item numbers)

- 1) The meeting was called to order at 2:08 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. Mr. Poor requested to revise the order of the agenda to align certain agenda items with Mr. Nolan's presence. The agenda was followed in the order presented below. No substantive changes were made.
- 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 01/10/18 committee meeting. The motion was seconded by Director Morley. Motion approved.
- 5) Load Reducing Hydro Update.

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- Mr. Poor provided an update on the performance of load reducing hydro facilities. For the invoice months of January and February 2018 the units averaged ~2MW per month of load reduction at the time of monthly peak, resulting in approximately \$39,000 in avoided transmission charges. Mr. Poor also described the gross capacity benefits seen in 2018 to date and forecasted for the remainder of the year. The preliminary ISO-NE peak for 2017, which impacts costs from June 2018 – May 2019, was on June 13 – with most units operating at that time at better than usual levels. Mr. Poor highlighted that VPPSA is developing unit specific valuation reports for load reducing resources to distribute monthly to each member that will include, in addition to the avoided regional transmission and capacity costs, avoided energy, local transmission, and other value streams resulting from operation of the facilities.
 - Mr. Poor provided a brief update on the efforts to remove Highgate Falls from the ISO-NE markets. VPPSA received another communication from ISO-NE that there are not currently market mechanisms available to remove the unit from the market prior to the capacity year 2021-2022. ISO-NE did suggest that it may be worth investigating market rule changes, as the situation has highlighted a potential flaw in the ISO-NE facility retirement process. VPPSA will continue to work with ISO-NE to determine if there are any other viable paths to fully retire prior to the end of the 2020-21 capacity period.
- 6) Project Updates. Mr. Poor provided a brief update on the following projects.
- VPPSA Solar RFP. VPPSA reviewed initial proposals from respondents to the RFP and requested binding bids from a narrowed set of Developers on four Member identified and several alternative sites. VPPSA organized visits to the sites in Jacksonville, Ludlow, Northfield, and Hardwick for selected Respondents. Binding proposals were expected to be received by March 15. VPPSA expects to review binding proposals and discuss with the host utility and VPPSA Board the recommended steps forward. Mr. Nolan highlighted to the Committee that VPPSA costs thus far have been general development costs. Following the discussions with host utilities and the Board, any projects that move forward will assign costs depending on ownership of and/or participation in a specific project or set of projects.
 - 2015 Standard Offer Projects. VPPSA reported that the two ~500 kW projects in Lyndonville are under construction, and expected to be substantially complete in April, with testing and final commissioning complete in advance of the May 21 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 has received a CPG and is expected to be constructed in 2018. 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. VPPSA, the Developer, and Barton Electric Department agreed to a process where VPPSA issued an RFP for an EPC (Engineering, Procurement, and Construction) contractor to determine if a price could be solicited that would enable the project to move

DRAFT

forward for Barton Electric. Bids have been received, and VPPSA will now meet with the Developer to determine if they are a level that is worthwhile to move forward, depending on land lease costs, interconnection costs, Developer fees, and financing costs/availability.

7) Project 10 General Update.

- Mr. Poor provided a general update for P10. The facility has run minimally in 2018. Performance factors for both 10 minute and 30 minute Reserve products remain excellent after being restored through a series of audits in late 2017. The economics of the plant were not provided for this meeting – Mr. Poor described that the development process for this report is being modified consistent with the reports for load reducing hydro facilities. This process impacts P10 mainly through the calculation of “IGAP” value – which is a reduction in costs associated with the Vermont Transmission Agreement. VPPSA expects to resume distribution of the report before the next Asset Committee Meeting.
- Mr. Nolan discussed P10 capital planning. Mr. Gagne is in the process of securing quotes and planning for the timing of a borescope, which is required by the insurance company (or else rates will increase). VPPSA is evaluating the best time to take an outage – likely to be in October. There is some discussion regarding the history of the turbines, with interest in determining how many hours the plant has run and how many starts the plant has made since the last major overhaul. In addition, control system upgrades are expected to be evaluated. The control system has not been upgraded since the facility became operational in 2009. Director Riordan suggested that VPPSA have its turbine vendor prepare a proposed maintenance utilizing available information on starts and run time, as well as the manufacturer recommended guidelines. This proposal would serve as the starting point for committee conversations.

8) McNeil Overhaul.

- Mr. Nolan highlighted that the current approved project budget for McNeil includes funds for a regularly scheduled major overhaul (these occur approximately every seven years). However, Burlington Electric Department is considering a district heating project that, with the McNeil joint owners approval, would require major work to McNeil again in 2019. Mr. Gibbons explained that instead of having two major overhauls in consecutive years, McNeil staff has proposed delaying the 2018 major overhaul at least until determination has been made as to whether to move forward with District Heating. If the District Heating project moves forward and is approved by the Joint Owners, a single major overhaul could occur in 2019. If it doesn't move forward, then the major overhaul could happen in late 2018 or 2019. The immediate impact is that, as described above, the current approved capital budget collects funds for the scheduled major overhaul to occur in 2018. McNeil staff has prepared a revised capital spending plan assuming no major overhaul in 2018, and the revised plan would require VPPSA to collect approximately \$38,000 less per month from VPPSA project participants, with those funds instead being collect in 2019. Mr. Nolan requested feedback from the committee as to whether the budget should be modified

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to reflect the delay in the overhaul (and collect less funds from participants in 2018) or whether the collections should continue as budgeted, with VPPSA building a reserve toward the major overhaul when it happens. The Committee, after discussion, came to the consensus that given the uncertainty of the delay the budget should not be modified; funds collected in excess of costs should be utilized for the major overhaul when it occurs.

- 9) Other Business. Mr. Gibbons noted that Public Utility Commission Rule 5.200 filings have been made for all Members, and that the associated reports will be distributed to Members in coming weeks, along with a resource position analysis and an action plan for each member.

The meeting was adjourned at 3:30 p.m.

Respectfully submitted,

TJ Poor

TJ Poor, Acting Secretary
Generation and Other Assets Committee