

**VERMONT PUBLIC POWER SUPPLY AUTHORITY
MINUTES OF ADVISORY AND RISK MANAGEMENT BOARD COMMITTEE**
(numbers in bold type correspond with agenda item numbers)

March 22, 2017

- (1) The meeting was called to order at 9:30 a.m. at the office of the Authority, located at 5195 Waterbury-Stowe Road, Waterbury Ctr., Vermont.

Committee Directors present (X indicates present):

X	John Morley III		Steve Fitzhugh, Northfield
X	Reginald Beliveau, Swanton, by phone	X	James Pallotta, Ludlow

Other Directors present:

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Alternates present:

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Others present:

Ken Nolan, VPPSA		
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- (2) Chairman Morley asked if there were requests for changes and/or modifications to the current agenda. There were none.
- (3) Chairman Morley 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 Pallotta made a motion to accept the minutes of the committee meeting held November 16, 2016. The motion was seconded by Director Beliveau and so approved.
- (5) The Committee discussed the structure of the 2017 Annual meeting to be held on April 5th in the context of now holding regular Board meetings on the same day. The Committee felt that for 2017 the Annual Meeting should be simple, and focused just on necessary business. Staff will warn the annual meeting to begin at 11:30 am, or immediately following the regular Board meeting, and will not invite outside guests.
- (6) The Committee discussed whether it was necessary to establish the newly created hydro working group as an official committee of the Board. The consensus was that the working group was established just as a vehicle for those members with hydroelectric facilities to compare notes and coordinate efforts where useful, but that it was not intended to have a formal role. The Committee was unanimous in the belief that any items the hydro working group identified that required Board action should be brought for consideration through the exist Generation and other Assets.

APPROVED

(7) The General Manager presented a proposed change in VPPSA's treatment of RECs related to the McNeil plant. In response to a request from Stowe Electric Department to have VPPSA transfer their RECs to them for use in meeting Vermont RES requirements, staff is proposing the VPPSA transfer RECs to all McNeil Participants going forward. For those Participants that use VPPSA to manage their power supply VPPSA would continue to sell or otherwise manage the RECs on their behalf as part of the power supply services. The change in treatment would also result in an accounting change with McNeil project costs being billed at the gross amount, and REC revenues being treated as credits on the power supply invoice. To accommodate this change staff will be bringing forward a Resolution for Board adoption at the April meeting. After brief discussion the Committee expressed support for the proposal.

(8) The General Manager briefed the Committee on the present status of the proposed Highgate Converter Sale. The transaction structure is nearly complete, and the attorneys are drafting Term Sheets and Petitions to document the agreements. As of the meeting the structure would involve VPPSA transferring Stowe's participant share to Stowe, selling 100% of Hyde Park's participant share to Stowe, and selling a fraction of VPPSA's remaining ownership to Stowe such that Stowe ended up owning 56% of VPPSA ownership share on May 31st. VPPSA's remaining ownership would be sold TRANSCO on May 31st. TRANSCO has agreed to allow VPPSA to invest in TRANSCO equity on September 30th as though VPPSA's entire ownership share was transferred to TRANSCO, plus an additional \$800,000 to cover admin costs presently assigned to Highgate. Staff is presently answering member questions and attending trustee meetings. It is anticipated that the Board will be asked to approve the sale at the April Board meeting. The Committee requested that staff reach out to WEC to make sure they felt comfortable with the discussions to date and did not feel that a Highgate Participant's meeting was necessary.

(9) The General Manager briefed the Committee on the status of discussions with BED about collaboration efforts. A draft agreement outline has been prepared and is being reviewed by BED. The discussion still involves three broad areas centered around regulatory, power supply, and EEU functions. VPPSA staff is aware of the discussions and will be reviewing the proposal once the draft framework is established. The General manager presently anticipates this issue being on the June Board meeting for detailed discussion. The committee discussed the status, and asked questions about how collaboration in the various areas might work. After discussion the Committee expressed support for continuing the effort.

(10) The General Manager briefed the Committee on a new approach that VPPSA is developing to promote solar development. Instead of VPPSA leading efforts to identify locations and undertaking negotiations before reaching out to members, staff is starting to prepare a broad request for proposals that could be used to highlight member identified locations and ascertain which locations are the most viable. The intent is to assist members in triaging which locations they should focus on for their own development, as well as which locations VPPSA could develop toward a VPPSA solar portfolio. Ideally, the RFP would lead to a series of solar projects where VPPSA could assist individual members where they wanted to retain the output themselves, and other projects within member systems that VPPSA could utilize to develop a solar portfolio available to all members. The Committee discussed the approach, the proposed timeline, and how the effort might interact with net metering installations.

APPROVED

(11) The Committee briefly reviewed the status of VPPSA Strategic Plan including those projects which have been completed, those that are underway, and those that remain to start. The General Manager briefed the Committee on the status of new project management being implemented.

(12) There was no Other Business.

The meeting was adjourned at 11:20 a.m.

Respectfully submitted,



Ken Nolan, General Manager