

APPROVED

Vermont Public Power Supply Authority
GENERATION AND OTHER ASSETS BOARD COMMITTEE
MEETING MINUTES
May 9, 2018

Committee Directors present (X indicates present, P by phone):

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

Other Directors present:

John Morley, Orleans	

Alternates present:

Others present:

Ken Nolan, VPPSA	James Gibbons, VPPSA	Crystal Currier, VPPSA
Josh Bancroft, VPPSA (for item 6)		

(numbers in bold type correspond with agenda item numbers)

- 1) The meeting was called to order at 2:05 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. No 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 Morley made a motion to accept the minutes of the 03/14/18 committee meeting. The motion was seconded by Director Riordan. Motion approved.
- 5) Project 10.
 - Ms. Currier presented the fiscal year budget for Project 10 noting that this was primarily a requirement of VPPSA's bonds, so staff tried to minimize any changes from the approved calendar year budget. Ms. Currier described the two changes that

were worth noting: 1) fuel cost projections were updated using the latest pricing data resulting in a slight increase, and 2) IGAP value was removed from the projected credits resulting in a roughly \$800,000 decrease in projected credits for the plant. Ms. Currier noted that the IGAP change made the plant look less valuable but had no effect on billings to members. Mr. Gibbons then explained staff's rationale for the change in approach, noting that IGAP was not explicitly linked to a particular generator, and that including it in the Project 10 budget reports was arbitrary. In attempting to make all member valuation reports consistent staff feels it is appropriate to leave IGAP out of all generation value reporting.

- Mr. Nolan then turned to the capital budget, noting that Mr. Gagne is well underway with capital projects for this summer. Fans have been installed in the maintenance building to reduce heating costs, in accordance with Efficiency Vermont recommendations, the drainage ditch around the plant has been cleaned, and scheduling for installing the shrubs required in Project 10's permits is underway. The borescope of the generators is scheduled for mid-May, and several other minor repair projects are also scheduled. The largest outstanding project for 2018 is the bathroom installation which will occur in the fall. Staff continues to discuss the 5-year capital plan and intends to have a more robust plan developed as part of the 2019 budget process.
- Regarding general plant operation, the plant is working well with no major issues. The black start test was recently completed, and Mr. Gagne is replacing relays as preventive maintenance as time allows. Mr. Nolan also informed the committee that VPPSA would be topping off the fuel tanks in anticipation of oil price increases resulting from the cancellation of the Iran nuclear deal.

6) Load Reducing Resources.

- Mr. Gibbons and Mr. Bancroft showed the committee an updated version of the asset value report that VPPSA is preparing. They walked the committee through the various values to be included, and how the calculations occurred. Committee members made several suggestions for how the reports could be improved. Mr. Gibbons then informed the committee that VPPSA intended to include this report with the Power Bill Summaries to be sent in May.
- A brief discussion ensued regarding efforts to make Highgate Falls a load reducing asset. Mr. Beliveau informed the committee of a call that occurred between the FERC complaint hotline, Swanton Village staff, and VPPSA resulting from an e-mail Al Mosher (Swanton Village employee) had sent to the Secretary of Energy. Based on the call, FERC staff had agreed to look into the reasons that ISO-NE opposed Swanton leaving the ISO markets. Mr. Nolan informed the committee that VPPSA staff continued efforts to make Highgate Falls a load reducer as quickly as possible, but it could take several years based on ISO-NE's existing position.

7) McNeil District Energy Update.

- Mr. Nolan informed the committee that he had recently attended a McNeil Joint Owners meeting where district energy was discussed, but little change had occurred from previous discussions. Since the last committee meeting BED had received legislative approval to utilize TEPF (funds from RGGI and energy efficiency related

DRAFT

ISO capacity market payments), earmarked for thermal efficiency, toward establishing the district heating system. Discussion had also continued with potential customers and with Corix regarding an LOI with the Joint Owners. Neither of those conversations had progressed to the point that further Joint Owner action was warranted. This issue will be a standing agenda item for the Joint Owners for the next year.

8) Project Updates. Mr. Nolan provided a brief update on the following projects.

- VPPSA Solar RFP. Encore Renewables has been chosen as the preferred vendor on all viable sites (Hardwick, Morrisville, Northfield). In addition, Encore is looking specifically for a Johnson site based on feedback from Director Birkett. Staff is working with host members to determine ownership and financing structures and is working with Encore to establish an LOI for future work. In addition, staff was able to use one of Encore's sites in Morrisville as a bid in the 208 Standard Offer RFP.
- 2015 Standard Offer Projects. The two ~500 kW projects in Lyndonville are expected to be substantially complete by the end of April, with testing and final commissioning complete in advance of the May 21 deadline.
- 2017 Standard Offer Contracts. VPPSA received notification from the development partner used for the 2017 bids (Solarsense) that they no longer believe they can build the projects for the initially quoted price. Staff is working with the developer to assess options for keeping the projects on the existing timeline, which may include buying the present development partner out of their initial investment.
- Barton Solar. VPPSA continues to work with Developers on a non-litigious solution to the proposed net metering project on Aldrich Lane. The parties had thought they had found a workable PPA structure, but the developer recently pulled back on their agreement indicating that a purchase option needed to occur, or they needed to return to the net metering approach. Discussions continue, although it seems more likely that this project will end up in litigation.

9) Other Business. There was no other business brought before the committee

The meeting was adjourned at 3:45 p.m.

Respectfully submitted,

Kenneth A Nolan

Kenneth A. Nolan, Acting Secretary
Generation and Other Assets Committee