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

May 17, 2017

- (1) The meeting was called to order at 2:06 p.m. at the office of the Authority, located at 5195 Waterbury-Stowe Road, Waterbury Ctr., Vermont.

Committee Directors present (X indicates present):

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

Other Directors present:

Carol Robertson, Hyde Park	
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Alternates present:

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Others present:

T. J. Poor, VPPSA	Ken Nolan, VPPSA	Crystal Currier, VPPSA
Dave Gagne, VPPSA		

- (2) Director Myotte chaired this meeting as Chairman Beliveau was unavailable. Director Myotte asked if there were requests for changes and/or modifications to the current agenda. There were none.
- (3) Director Myotte 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 Sullivan made a motion to accept the minutes of the March 22, 2017 committee meeting. The motion was seconded by Director Myotte. Motion approved.
- (5) Project 10.

Fiscal Year Budget: Ms. Currier presented the fiscal year budget for Project 10. The purpose for completing the fiscal year budget in addition to the calendar year budget is that it is a requirement of the Power Sales Agreements – the Bond Resolution requires the Calendar Year budget. VPPSA is cautious not to modify the calendar year budget significantly because of previous feedback received from Members that the calendar year budgets are used to plan internally, thus large changes can result in significant administrative burden to make consistent changes to Member budgets. This Fiscal budget is very similar to the Calendar Year budget, with a primary change being an update to market revenues from the Forward Reserve Market Revenues, now that the auction for the summer period has taken place. Overall, the difference

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between budgets is approximately \$4,400. VPPSA plans to begin the process to update the CY budget starting in June.

Forward Reserve Market: Mr. Poor described the results of the Summer Forward Reserve Market auction, which resulted in greater revenues than budgeted due to both the clearing price (on a \$/kW-mo basis) and quantity of MW cleared being higher than budgeted. The FRM revenues will be approximately \$40k/month greater than budget for June-September, assuming continued high performance factors for both P10 units, which currently remain at or near 100%. At the time of the meeting, the plant had still not been called by ISO-NE in 2017. A FRM audit to test performance for Unit 1 will be completed before June 1.

Black Start Test: Mr. Gagne explained that P10 partially failed its black start test on 5/9. The problem, after some investigation, was tracked to a bad relay. Mr. Gagne ordered replacement (and spares) and replaced the relay, and testing has shown that the problem appears to have been resolved. A re-test has been scheduled for this week. Mr. Gagne notified the committee that a process will be put in place to routinely change the relays to mitigate the possibility of this happening again. Mr. Poor roughly estimated that the required outage will cause VPPSA to forego approximately \$10k in blackstart revenues, and to lose approximately \$15k from the combination of the loss of FRM revenues and FRM penalties.

Other Business: Mr. Poor presented the budget to actual revenues from P10 – noting that year to date net costs have been 2% higher than budgeted (\$20k). A significant portion of this is due to lower energy market revenues than budgeted in January and February because the plant has not been called to run. In addition, the self-supply MW available was less than budgeted. The higher than budgeted Forward Reserve Market revenues described above should offset this over the summer.

Mr. Poor reported that VPPSA was in the process of scheduling an Efficiency Vermont walkthrough of the plant to identify efficiency opportunities. At the last committee meeting it was identified that the plant had a large demand of electricity. VPPSA pays approximately \$8k per year in efficiency charges associated with that demand.

(6) Public Service Board Request for Information Related to Interconnection Rule 5.500.

Mr. Nolan described that the Public Service Board is revising its Interconnection Rule – this follows 12-18 months of workshops and process that resulted in the Department of Public Service proposing a revised rule that seeks to combine interconnection processes for Net Metering and other generation projects into one rule. The Public Service Board is requesting feedback on some specific issues related to the fees associated with interconnection – specifically the cost of fast track and system impact studies and whether or not utilities have common templates for agreements between the developer and the utility. Members have been asked via weekly Director reports from the General Manager, and from Legislative and Regulatory Affairs Representative Melissa Bailey, to provide any information related to these particular questions in time for a filing due June 2.

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(7) Load Reducing Hydro Update. Mr. Poor provided an update on the performance of load reducing hydro generators, showing that in through the April invoice month the resources saved ~\$148k in transmission costs from the units generating an average of ~4MW total at the time of the monthly peak.

(8) Project Updates

VPPSA Solar RFP. Mr. Poor described the status of the Requests for Proposals that VPPSA plans to issue for possible solar development in member service territories. A reminder of the overall planned structure was provided: VPPSA will focus on solar at locations chosen by members through a two-phase approach. Under the first phase, interest will be solicited from developers at member-identified locations along with developer proposed sites, with possible variations on ownership and/or contract structure. The second phase will narrow the process to a selected list of developers who meet established criteria. The overall project structure (or structures) would be determined in parallel after the initial RFP round. The benefits of this approach allow members to promote solar in their territories at preferred sites, ensures developers with the best combination of price, project structure, and qualifications are selected, and shifts to a “ground-up” approach where VPPSA takes greater direction from members. The initial RFP is on track to be issued in June. Some Members have already identified potential sites.

2015 Standard Offer Update. Mr. Poor updated the committee on the status of the Lyndonville Standard Offer projects. VPPSA has filed revised accounting treatment with the Public Service Board, with support of the Public Service Department. Under the revised treatment instead of Power Sales Agreements with each member, the revenues would be treated as a VPPSA “Project”. Approval was not requested and is not expected; the filing was a notification. VPPSA has also filed with the Board a request to amend the standard offer contracts in two ways, (1) to request extension of the commissioning milestone contained in the standard offer contracts to be at least 6 months following approval of any extension, and (2) to remove a clause in the language that requires compliance with a statutory provision that no longer exists. PPA negotiations with Green Lantern Capital and its financing partners continue, and are nearing completion. A late 2017 build date is targeted.

2017 Standard Offer Update. Mr. Poor updated the Committee on the status of the 2017 standard offer projects. In March, the Public Service Board (PSB) had issued an Order that would decrease the size of the Provider Block. VPPSA filed a motion for reconsideration as previous precedent and the plain language of the statute seem to prevent this reduction. While the PSB agreed with VPPSA’s legal reasoning, they surmised that the intent of the legislature was to reduce the size of the provider block due to a 2017 pilot from within the standard offer program to solicit generation from “preferred locations”. The result is that the maximum size of the projects to be bid into the provider block is 0.863MW. VPPSA is working toward compiling a bid for submittal by May 24.

New England Hydro Resource Update. Mr. Poor updated the Committee on the status of the NE Hydro Resource PPA & Power Sales Agreement (PSA) process. PSA’s have been provided to all members. Initial determinations of all members’ intent to participate is expected by 5/23,

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with recommendations for the distribution of the declining members' share expected by the end of May. VPPSA seeks to have all PSAs signed and in place to effectuate the underlying PPA by mid-June, consistent with the deadline in the underlying PPA.

(9) Other Business. No other business was discussed.

The meeting was adjourned at 3:16 p.m. following motion by Director Riordan and second by Director Myotte.

Respectfully submitted,

TJ Poor

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