

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

September 20, 2017

(1) The meeting was called to order at 2:10 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 (via phone)	Mike Sullivan, Hardwick
X	Craig Myotte, Morrisville	Reginald Beliveau, Swanton

Other Directors present:

John Morley III, Orleans	
Bill Humphrey, Lyndonville	

Alternates present:

Others present:

TJ Poor, VPPSA	Ken Nolan, VPPSA	Dave Gagne, VPPSA
James Gibbons, VPPSA (via phone)		

(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 Morley made a motion to accept the minutes of the July 19, 2017 committee meeting. The motion was seconded by Director Myotte. Motion approved.

(5) Mr. Nolan provided an overview of the VPPSA Operating and Project Budgets:

McNeil Operating Budget – VPPSA continues to wait for Burlington Electric to provide a final budget, which may not be available in time for the October Board Meeting. The BED

budget is expected to be higher by about \$400k due to a major overhaul of the plant that is completed every 7 years and is due in 2018. This overhaul extends the annual outage by two weeks. These costs will be mitigated somewhat as the Board approved in its August meeting to apply reserve funds to 2018 costs.

Central Computer: Upgrades to servers and maintenance costs are expected to increase by about 5%, but overall costs are expected to decrease by approximately 4%.

P10 Operating budget:

- For FY 2018, Debt service for plant decreases, while revenues from the Forward Capacity Market will increase substantially over the next couple of years before declining again.
- VPPSA has drafted a 5-year capital budget. Mr. Gagne described line items of the capital budget in detail. The major items discussed include the scheduled Control System upgrade and a Hot Gas Path Inspection for both turbines. The current control system was put into place when the plant was built, and is now 10 years old. The Hot Gas Path Inspection is recommended after a certain number of run hours or a certain number of starts. The Committee recommended taking the next step to refine cost estimates for each item, to move the timing of control system upgrade to occur a year prior to the Hot Gas Path Inspection (rather than the year after), and to consider setting aside a portion of plant revenues for the next couple of years to fund some of these capital expenditures.

New Projects: Two new projects were included in the budget – Renewable Energy Standard and Net Metering Software upgrade. Mr. Nolan provided a brief overview of the structure of these projects.

(6) Project 10: Mr. Nolan updated the Committee on the following P10 related items:

Bond Refinance: VPPSA chose KeyBank to complete bond refinancing, which will lower interest rate while keeping the term of the bond the same. Estimated savings from the refinancing are expected to be \$1.3 million, which are not reflected in the budget. VPPSA is on target for sale closing between October and December Board meetings. A special Board meeting in that timeframe may be needed to authorize VPPSA to move forward.

Capital Budget: This item was substantially discussed during the operating budget discussion.

(7) Load Reducing Hydro Performance Update

Monthly Performance: Mr. Poor presented the transmission savings associated with the decision to remove hydro units from the ISO-NE market. Through August, members have saved ~\$314k in Network Load Costs. It was highlighted that this is a substantial portion, but not all, of the savings associated with the decision. The Committee recommended that it would be useful to present other values if easily shown.

Highgate Falls: Mr. Poor updated the Committee on Highgate Falls withdrawal from the ISO-NE market. The de-list bid was approved, VPPSA will need to shed the Capacity Supply

Obligations for the units going forward. VPPSA continues to be in communication with the ISO-NE to determine what information must still be provided until the unit is fully retired when all Capacity Supply Obligations have been shed.

(8) Project Updates: Mr. Poor updated the committee on a number of ongoing projects:

VPPSA Solar RFP. On July 28, VPPSA issued a Request for Proposals for Solar PV at sites identified by Members and at alternative sites to be proposed by Respondents. Eleven potential respondents have expressed interest, and attended a pre-bid conference call. Bids are due on September 25, after which time VPPSA expects to select several respondents/sites for a second round of bids/negotiations.

2015 Standard Offer Projects. Ground well monitoring has been completed by the Agency of Natural Resources (ANR) as part of the requirements of the “BRELLA” program, which the developers have used to limit liability from the once contaminated site. While ANR has communicated that no contaminants have been found, they have yet to issue the Certificate of Completion. Given this delay, it is likely that VPPSA will need to request an extension of the Commissioning Deadline from the Public Utilities Commission (“PUC”, currently 11/25). VPPSA has executed contracts for the output from the two sites with the Developer.

2017 Standard Offer Contracts. The PUC has asked for comments from stakeholders related to certain projects that bid into the 2017 solicitation, including one of the VPPSA offered projects (the Blackberry Lane Project in Brandon). The Department of Public Service and the Standard Offer Facilitator have both supported the issuance of standard offer contracts to VPPSA. Final contract award continues to await PUC decision.

New England Hydro Contracts. All Power Sales Agreements between Members and VPPSA have been signed, effectuating the three Purchase Power Agreements between VPPSA and the counterparty. Details regarding transfer of resources into VPPSA settlement with ISO are being resolved. The contracts begin delivery January 1, 2018.

Barton Solar. VPPSA continues to work with Green Lantern Capital on a non-litigious solution to the proposed net metering project on Aldrich Lane. The viability of a VPPSA-Owned alternative appears to be dependent on the rate and term of financing that can be secured by VPPSA. The Developer has agreed to a second extension of time in the current PUC Dockets to allow continued negotiation. The project construction is no longer likely to occur in 2017.

Kearsarge. VPPSA has provided a proposal to Kearsarge - the counterparty with which VPPSA holds a contract for the “Chester Solar” facility in Massachusetts - to become a Lead Market Participant for a number of resources that are currently unable to secure capacity revenue from ISO-NE.

(9) Other Business: Mr. Poor described the recent data request from VELCO to Members to confirm whether transformer data, one-line diagrams, and some load information provided by

VELCO about Member systems was correct. This information is for purposes of Long Range Transmission Plan analysis. In this analysis, VELCO is seeking to better understand the power flows, particularly in instances when substantial solar power on a distribution or sub-transmission system creates back flows that push power onto VELCO's transmission system.

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

Respectfully submitted,

TJ Poor

TJ Poor, Acting Secretary
Generation and Other Assets Committee