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Vermont Public Power Supply Authority
GENERATION AND OTHER ASSETS BOARD COMMITTEE
MEETING MINUTES
November 8, 2017

Committee Directors present (X indicates present):

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

Other Directors present:

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Alternates present:

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Others present:

TJ Poor, VPPSA	Ken Nolan, VPPSA, via phone	Dave Gagne, VPPSA, via phone
James Gibbons, VPPSA, via phone starting at 2:31		

(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. Director Myotte chaired the meeting in the absence of Director Beliveau.
- 2) 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 Riordan made a motion to accept the minutes of the 9/20/17 committee meeting. The motion was seconded by Director Myotte. Motion approved.
- 5) Fiscal Year Budget. Mr. Nolan updated the Committee on relevant budget items.
 - Noted that due to the structure of President Trump's tax bill that proposes to eliminate away with bond refinancing and private activity bonds, there is more

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activity in the municipal bond market, which has dropped P10 bond reissuance rate slightly. In addition, Keybank has recommended that the issuance of uninsured bonds now appears to be the better financial choice (~\$100k). VPPSA has consulted with attorneys and there appear to be no disadvantages with issuing uninsured bonds. VPPSA recommends going forward in this manner, which is a change from the budget that was presented at the October Board meeting, however the markets have been changing frequently and final decision will be made on the day of closing. The final budget presented in December will reflect this change.

- McNeil Budget – VPPSA received information from BED. Overall, the budget is up 8% from last year’s budget, mainly due to a major overhaul to be conducted (the major overhaul is completed every 5-7 years). In addition, it appears BED has found a contractor to remove gasifier equipment (this equipment was funded by DOE at construction of plant and was never fully operational).

6) Project 10.

- Bond Refinance was discussed in the context of the Fiscal Year agenda item.
- Mr. Nolan brought the Committee up to date on the Capital Budgeting process. VPPSA has found getting a “full price” from contractors for the major capital budget items challenging. These major expenditures are planned for 2019/2020; VPPSA recommends adopting budget as structured and refining budget estimates through 2018. This should meet Moody’s request that a capital budget be complete for the plant.
- Mr. Gagne provided an update as to operations at the plant. Unit 2 has not met its 10-minute requirement on several starts. The issue is related to lube oil pump test sequence, when converting from AC to DC and back again the sequence fails and the unit trips/does not start. VPPSA has covered the reserve obligations while continuing to evaluate the issue.

7) Load Reducing Hydro Update

- Mr. Poor provided an update on the performance of load reducing hydro facilities. Through October, the facilities have collectively saved approximately \$350,000 in regional transmission charges. In addition, several of the plants were operating at the time of the 2016 peak, creating value of approximately \$75k (this is prior to considering the cost of shedding forward capacity market obligations).
- Mr. Poor and Mr. Nolan provided an update on the efforts to remove Highgate Falls from the ISO-NE markets. Because Highgate Falls is treated differently than the other facilities that have retired (as a generator that is modeled in the system rather than a Settlement Only Generator), there appears to be a higher standard to be removed from the market. VPPSA is less optimistic than a few months ago that the facility will be able to retire from the market; thus VPPSA has positioned the unit in monthly reconfiguration auctions to remain in the market. VPPSA continues to have back on forth with ISO regarding specific requirements and any penalties for actions related to Highgate Falls removal from the market.

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8) Project Updates

- VPPSA Solar RFP. VPPSA has been reviewing responses to the Solar RFP issued over the summer, and receiving answers to clarifying questions from developers. Eight vendors responded to the RFP providing bids for 20 different sites ranging from 20kW to 5MW (AC) in size, including 12 sites that were identified by Members in the RFP. VPPSA expects to notify Developers who have responded with promising offers within the next couple of weeks that they have made it to a “second round” of bids, where we expect to receive binding price bids. Simultaneously, VPPSA shared initial results of economic analysis, showing that ownership options appear to create more economic benefit. VPPSA will be reaching out to potential host Members in the coming weeks to discuss potential projects in their territories.
- 2015 Standard Offer Projects. The Agency of Natural Resources (ANR) issued a Certificate of Completion on October 9, indicating that groundwater monitoring conducted over the summer showed no contaminants in the soil and that no remediation efforts are necessary for the site. The delayed issuance of this Certificate of Completion has required VPPSA to request a second extension to the commissioning deadline (which was November 25) from the Public Utility Commission (PUC) because there is not sufficient time remaining to construct the project. The request was filed on October 25.
- 2017 Standard Offer Contracts. The PUC has finally issued its Order awarding standard offer contracts for Blackberry Solar and Trombley Hill Solar to VPPSA. VPPSA completed the next steps before being offered the contract to sign – providing refundable deposits and non-refundable Administrative Fees to VEPP Inc, submitting forms to FERC to self-certify the projects as “Qualifying Facilities”, and ensuring interconnection applications were filed. The standard offer contracts should be provided by VEPPi within two weeks.
- Barton Solar. VPPSA continues to work with Developers on a non-litigious solution to the proposed net metering project on Aldrich Lane. Under financing terms known in October, the viability of VPPSA ownership for the project was in serious doubt. The Developers continued to lower their price, and requested another extension to continue to work on an ownership structure that could benefit all stakeholders. In that time, more potential financing options (potentially using “CREBs” financing) have become a possibility.
- Kearsarge. VPPSA has now become the Lead Market Participant for six (6) solar resources in Massachusetts. Contract language between VPPSA and Kearsarge has been agreed to in principle. Revenues from this arrangement should begin to start flowing within the next couple of months, and have been accounted for in the VPPSA budget.

- 9) Other Business. Mr. Nolan notified the Committee that Hyde Park trustees have voted to leave VPPSA, with the stated reason that because they do not participate in any power supply projects or contracts that it creates legal liability for costs of litigation. VPPSA will be working with Hyde Park to ensure a smooth transition over the next six to eight months. It expects budgetary impacts to the remaining Members to be minimal.

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

Respectfully submitted,

TJ Poor

TJ Poor, Acting Secretary
Generation and Other Assets Committee