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**Vermont Public Power Supply Authority**  
**GENERATION AND OTHER ASSETS BOARD COMMITTEE**

**MEETING MINUTES**

March 13, 2019

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

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

*Other Directors present:*

John Morley, Orleans	

*Alternates present:*


*Others present:*

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

(numbers below correspond with agenda item numbers)

1. Call to Order

The meeting was called to order by Director Morley at 2:04 PM.

2. Consideration of changes/modifications to agenda

There were no changes to the agenda.

3. Public comment

No members of the public were present.

4. Review of 11/14/18 Meeting Minutes Draft

Motion was made by Director Myotte, second by Director Sullivan, to approve the minutes of November 14, 2018. Motion was approved unanimously.

5. Project 10

a. P10 Capital Plan Updates

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The General Manager reported that VPPSA continues to consider how to handle the two major upgrades: 1) the hot gas bypass inspection, and 2) control system upgrades. Even though PAL in its 2018 report indicated that no changes to asset condition have been discovered, they recommended replacing the first stage buckets (a change from previous recommendations). The AIG insurance report was completed in 2018 and after AIG reviewed the PAL borescope report they echoed the recommendation to replace the first stage. VPPSA is seeking an independent engineer (not associated with the insurance company or likely bidders) to review the available information and develop a proposed plan of approach.

The General Manager also reported that significant progress has been made the bathroom installation. Delays occurred due to the project requiring additional permits. Construction will commence in the spring.

### b. P10 Market Revenues update

Mr. Poor reported that in calendar year 2018, Project 10 received market revenues greater than budgeted (non-IGAP) revenues by about \$250,000. Positive (good) variances through the first three quarters of the year were offset slightly by lower than expected capacity revenues from October through December, largely from lower capacity prices than budgeted related to the monthly reconfiguration auctions.

Mr. Poor also reported that January 2019 revenues were equal to budgeted. For 2019, Mr. Poor highlighted a budgeted decrease in revenue from the capacity market as clearing prices start a known 4-year decline. Mr. Gibbons explained that while P10 revenues will decrease, so will capacity charges to load – Project 10 acts as a hedge to capacity market volatility.

### c. General Update

Mr. Gagne reported that “Claimed Capability Audits” – tests required as part of Forward Capacity Market participation – were completed successfully. Mr. Poor indicated that with these tests, the both unit’s performance factors for the Forward Reserve Market were sufficient to now meet the full Reserve obligation; restored after October failed starts.

## 6. Load Reducing Resources

Mr. Poor described the 2018 benefits from load reducing resources. 2018 benefits were relatively high due to 1) significant generation output during the 2017 ISO-NE peak (June 2017), 2) higher capacity prices, 3) load reducing resources continuing to receive benefits from the capacity market associated with securing original obligations at a high price and shedding those obligations at a lower

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price. In 2019, these values are expected to be lower due to 1) low (or zero in some instances) production during the 8/29/18 annual ISO peak, 2) ISO-NE market benefits expiring, and 3) lower ISO-NE capacity prices. These lower benefits have been included in power supply budgets.

### 7. Project Updates

#### a. VPPSA Solar RFP.

VPPSA has continued to pursue several solar PV projects resulting from its 2017 Request for Proposals, with Encore Renewable Energy acting as Project Developer. Mr. Poor updated the Committee on their status:

A Certificate of Public Good application is expected to be filed for the “Lawrence Brook Project in the Village of Morrisville Water & Light’s service territory off Route 100. This project is one of the most competitively priced projects offered by Encore. VPPSA intends to enter into a PPA with the Developer, with MWL the expected primary off-taker via a Power Sales Agreement between MWL and VPPSA. This project is expected to be on the April Board meeting agenda for approval.

Also in Morrisville, the “Hess Auto” site, a potential 2.2 MW project on a brownfield, continues to be considered for a 2019 standard offer program bid. This project has been bid into the standard offer program by Encore previously but lost to a lower priced bid in the Developer Block; it has been vetted numerous times. A System Impact Study will be underway to determine grid impacts (and interconnection costs) prior to submitting a bid to the Standard Offer solicitation.

Hardwick Electric Department (HED) continues review of Encore’s proposed site lease option; wetlands delineations have been completed by HED prior to ground freezing. Once the site lease is executed, PPA negotiations can continue. It is expected that the Developer will contract directly with HED.

Northfield Electric Department has determined it will not move forward with the Cheney Farm project, following vocal objection from some town residents. Encore has offered an alternative site within Northfield for consideration, VPPSA is evaluating the PPA rate offered.

Sites in the Village of Johnson Water & Light Department will not move forward at this time. Encore continues to evaluate potential sites in other Member territories on VPPSA’s behalf.

#### b. Standard Offer Projects.

*2015 Standard Offer Contracts.* The Lyndonville Standard Offer projects completed construction and testing and began operating on May 17, 2018. Through the end of 2018 the projects netted nearly \$29,000 to VPPSA to reduce Member costs.

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*2017 Standard Offer Contracts.* Encore has purchased the LLC that owns the Certificate of Public Good for the Trombley Hill Project. VPPSA and Encore have finalized a PPA; construction has begun but was delayed somewhat due to significant snowfall and some machinery failures. Commercial Operation is now expected in May.

The Blackberry Lane project in Green Mountain Power's territory was withdrawn by VPPSA. GMP increased their estimate of interconnection costs to over \$400,000 – roughly 4 times their initial estimate.

*2018 Standard Offer Bid.* VPPSA submitted a successful bid for a 1 MW facility on Randolph Road in Morrisville. However, the Agency of Natural Resources has disagreed with the wetlands delineation completed by Encore's consultant, VHB, indicating that much of the field (currently used for grazing) is in a wetland. Encore continues to make appeals to ANR, however there is a significant chance that this project is withdrawn from the standard offer program. A determination of whether to request an extension of filing milestones, or to withdraw the project should be made by the end of June.

### 8. Power Supply Staff Transition

The General Manager described to the Committee VPPSA's plans given that TJ Poor has recently tendered his resignation to become the Director of Energy Services & Efficiency at the Department of Public Service. VPPSA began advertising for the position and has begun receiving applications. In the near term, TJ updated a matrix of all of his tasks, and staff has met to discuss and allocate critical tasks to other staff members. Recent power supply staff transitions have provided some experience for other staff to quickly take on these responsibilities once again.

### 9. Other Business

J. Gibbons reported that VPPSA has been monitoring market prices, and the price of power has dropped significantly over the last 5-6 months, which is also pulling down annual energy purchase costs. As a result, VPPSA is expecting to proceed with a 5-year contract purchase in the coming weeks.

The meeting was adjourned at 3:04 p.m by motion of Director Riordan and Second of Director Sullivan.

Respectfully submitted,

TJ Poor

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TJ Poor, Sr. Power Supply Analyst