



Generation and Other Assets Committee Meeting

2:00 PM, March 12, 2020
5195 Waterbury-Stowe Road, Waterbury Center, Vermont

CALL IN NUMBER: 1-773-231-9226
MEETING ID: 802 244 7678#

Directors

Reg Beliveau, Swanton	Mike Sullivan, Hardwick	Craig Myotte, Morrisville
-----------------------	-------------------------	---------------------------

Agenda

Allotted number of minutes set forth in bold type after each item

1. Call to Order **(1)**
2. Consideration of changes/modifications to agenda **(2)**
3. Public comment **(2)**
4. Review of Draft Committee Meeting Minutes September 11, 2019 **(5)**
5. Review of Draft Committee Meeting Minutes - November 13, 2019 **(5)**
6. Project #10 **(30)**
 - a. 2019 Reserve & Contingency True-up
 - b. 2019 Budget to Actuals
 - c. Market Revenues Update
 - d. Capital Plan Update
 - e. General Performance Update
7. Load Reducing Resources (5)
 - a. Valuation Report Summary
8. Project Updates (5)
 - a. VPPSA Solar Projects in queue
 - b. Potential New Projects
9. SHEI Update
10. Phase I Transmission Update
11. Other Business

CC:

Vacant, Barton	Tin Barton Caplin, Barton	Jonathan Elwell, Enosburg
Gary Denton, Enosburg	Mac Butova, Jacksonville	Meredith Birkett, Johnson
Pam Moore, Jacksonville	Thomas Petraska, Ludlow	Deb Keller, Ludlow
Phil Wilson, Johnson	Clay Bailey, Lyndonville	Penny Jones, Morrisville
Bill Humphrey, Lyndonville	Jeff Schulz, Northfield	John Morley III, Orleans
Stephen Fitzhugh, Northfield	Marilyn Prue, Orleans	Lynn Paradis, Swanton

DRAFT



Generation and Other Assets Meeting Minutes

September 11, 2019

Committee Directors:

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

Other Directors present:

X	John Morley, Orleans		
----------	----------------------	--	--

X indicates attendance in person, P indicates attendance by phone.

Alternates present:

Others present:

Ken Nolan, VPPSA	Shawn Enterline, VPPSA	James Gibbons, BED
Heather D’Arcy, VPPSA	Dave Gagne, VPPSA	Crystal Currier, VPPSA

Numbers in bold type correspond with agenda item numbers:

- 1.** Call to Order: The meeting was called to order by Director Morley at 2:05 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 07/10/19 Meeting Minutes Draft: Motion was made by Director Myotte, second by Director Sullivan, to approve the minutes of July 10, 2019. Motion was approved unanimously.
- 5.** Project 10 Update
 - a. True-up: Ms. Currier reviewed the remaining true-up funds available for carryover from last fiscal year and asked for committee feedback on whether to refund the money or add it to the capital reserve fund. The committee was open to adding the funds to the reserve fund but asked staff to consider the issue in the context of preparing the FY20 P10 Capital Plan. The committee expressed concern that the capital reserve fund was reaching an adequate level and VPPSA should begin considering ways to reduce future budgeted amounts.
 - b. Capital Plan: Mr. Nolan informed the committee that the FY19 capital projects are moving forward as expected. Staff will be meeting this week to begin development of the FY20 capital plan.



DRAFT

- c. Market Revenue Update: Mr. Gibbons and Mr. Enterline reviewed the market revenues received since the last meeting. They further informed the committee that capacity revenues would continue to decline over time due to dropping market prices, but that reserve revenues for the next auction period came in higher than anticipated.
 - d. General Performance: Mr. Gagne provided an update on overall performance noting that the plant had one start that didn't comply with reserve requirements. The cause has been addressed and the plant will be conducting a test start to return its rating to previous levels.
- 6.** Load Reducer Value: Mr. Gibbons and Mr. Enterline provided an update on the revenue received for load reducing hydro facilities, noting that revenues will be reduced for the upcoming year due to the lack of water at most facilities at the time of the New England peak.
- 7.** McNeil Capital True-up: Ms. Currier informed that committee that following McNeil's major overhaul last year VPPSA continues to have more than \$800,000 in capital funds collected but not spent. BED has informed VPPSA that they are presently considering replacement of the Economizer at the plant, which is estimated to cost \$3 million. VPPSA's portion would be approximately \$570,000. The committee recommended that VPPSA retain the funds in hand and use them to offset capital billings in FY20.
- 8.** Project Updates:
- a. Solar Projects: Ms. D'Arcy briefed the committee on the status of the various projects under development. Trombley Hill is online and VPPSA is working with the vendor to address some invoicing issues. Lawrence Brook is in permitting and awaiting a PUC decision. The remaining projects are in various stages of negotiation.
 - b. Standard Offer: Mr. Nolan informed the committee VPPSA has been awarded two projects but is still waiting for contracts from VEPPI. Allco Renewables challenged the awards. The PUC rejected all of Allco's arguments but a Motion to Reconsider has now been filed. VEPPI will not issue the contracts for execution until the PUC appeal process has been completed.
- 9.** Phase I: Mr. Nolan informed the committee that discussions on a lease arrangement continue. The VPPSA-Buyer agreements are near final. An agreement between VPPSA and VEC to facilitate the transfer is being developed as are agreements between VPPSA and the Phase I participants. The transaction is on a timeline to commence in November.
- 10.** SHEI: Mr. Gibbons briefed the committee on the status of the GMP \$248 application for SHEI improvements. The utilities are now discussing the calculation of benefits which will form the basis for cost allocation discussions. Mr. Nolan informed the committee that VELCO has now hired GE to perform an analysis of the potential impact on wholesale prices from reconductoring the K-42 line (Highgate to Georgia). The output if that analysis will also likely provide information about potential SHEI locational prices and improvement impacts. VPPSA is monitoring both the VELCO study and the GMP \$248 application closely and is prepared to participate as necessary to protect member interests.
- 11.** Other Business: There was no other business.

The meeting was adjourned at 3:20pm.

Respectfully submitted,

Ken Nolan

Ken Nolan



DRAFT

Acting Committee Secretary



DRAFT



Generation and Other Assets Meeting Minutes

November 13, 2019

Committee Directors:

			Mike Sullivan, Hardwick
	Craig Myotte, Morrisville	X	Reginald Beliveau, Swanton

Other Directors present:

X	John Morley, Orleans	X	Bill Humphrey, Lyndonville
----------	----------------------	----------	----------------------------

X indicates attendance in person, P indicates attendance by phone.

Alternates present:

Others present:

Ken Nolan, VPPSA	Shawn Enterline, VPPSA	James Gibbons, BED
Heather D'Arcy, VPPSA		

Numbers in bold type correspond with agenda item numbers:

- 1.** Call to Order: The meeting was called to order by Director Beliveau at 2:10 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 09/11/19 Meeting Minutes Draft: Action on the September 11, 2019 Minutes was tabled until the next meeting due to lack of a committee quorum.
- 5.** Project 10 Update
 - a. Capital Plan: Mr. Nolan informed the committee that the only discussion point on the FY19 Capital Plan was that the backup station service generator project had been moved into FY20. The remainder of the Capital Budget was proceeding according to schedule.
 - b. Market Revenue Update: Mr. Enterline reviewed the market revenues received since the last meeting. He further informed the committee that capacity revenues would continue to decline over time due to dropping market prices, but that reserve revenues for the next auction period came in higher than anticipated.
 - c. General Performance: Mr. Nolan provided an update on overall performance noting that the plant had experienced no issues with non-starts since the last meeting. Swanton



DRAFT

Electric required a transmission outage on Veteran's Day, due to a pole struck by a car, that resulted in the plant being out of service for several hours.

6. Load Reducer Value: Mr. Enterline provided an update on the revenue received for load reducing hydro facilities, noting that revenues will be reduced for the upcoming year due to the lack of water at most facilities at the time of the New England peak. Increased value is being experienced relative to transmission value, but this value is obtained monthly and is highly dependent upon water conditions at the time of transmission peaks.
7. Project Updates:
 - a. Solar Projects: Ms. D'Arcy briefed the committee on the status of the various projects under development. Trombley Hill is online and VPPSA continues working with the vendor to address some invoicing issues. Lawrence Brook is entering the construction phase. The remaining projects are in various stages of negotiation.
 - b. Standard Offer: Ms. D'Arcy informed the committee VPPSA has received the contracts from VEPPI and is preparing to execute them. Allco Renewables has challenged the awards to the Supreme Court. The contracts with Encore Renewable Development are being reviewed by legal counsel now that the VEPPI contracts are in hand.
8. SHEI: Mr. Gibbons briefed the committee on the status of the GMP §248 application for SHEI improvements. The §248 application has been filed by GMP, in conjunction with Morrisville. The utilities are now beginning to discuss the calculation of benefits which will form the basis for cost allocation discussions. VPPSA is monitoring the GMP §248 application closely and is prepared to participate as necessary to protect member interests.
9. REC market Update: Mr. Gibbons and Mr. Enterline gave the committee a brief overview of recent REC market trends. The markets in New England were very low at the beginning of 2019, but have rebounded dramatically in recent months. BED and VPPSA are jointly selling RECs based on production in hand and reasonably expected future production in order to lock in advantageous pricing. Mr. Gibbons and Mr. Enterline also noted that Barton Hydro was now qualified in the MA Class 2 market and had begun selling RECs at that markets higher price.
10. Other Business: There was no other business.

The meeting was adjourned at 3:05pm.

Respectfully submitted,

Ken Nolan

Ken Nolan
Acting Committee Secretary

Memorandum

To: VPPSA Board of Directors
Generation & Other Assets Committee

From: Crystal Carrier, Controller

Date: March 6, 2020

Subject: **Agenda Item 6a** - Project #10 Reserve and Contingency Fund True-Up

The P10 Reserve and Contingency fund ("R & C fund") is maintained in accordance with the Project #10 General Bond Resolution ("GBR") and is established for the purpose of maintaining adequate funds to cover the cost of capital improvements to the P10 Swanton Peaker facility.

Each participant pays into the R & C Fund on a monthly basis and the capital costs are tried up at the end of each bond year, which is December 31st. Should the amount paid into the R & C fund exceed the capital costs for the corresponding bond year, the Trustee is required to deposit the excess amount into the Revenue fund. Section 5.6 (iii) of the GBR allows the Board of Directors, by resolution, to apply those funds to any other lawful purpose of the Authority, including deposits in any Fund or Accounts. If the capital costs exceed the amount previously deposited to the R & C fund, the deficiency shall be charge to the project participants.

The R & C fund calculation and Resolution 2020-04 (Project #10 2019 Reserve & Contingency True-Up) are attached for the Committee's consideration. VPPSA staff recommends the transfer of excess funds related to the 2019 R&C True-up, to the Project #10 reserve fund.

VERMONT PUBLIC POWER SUPPLY AUTHORITY
P10 RESERVE AND CONTINGENCY FUND - Annual True-Up
FOR DECEMBER 31, 2019

		<u>Series A</u>	<u>Series B</u>	<u>Total</u>	
<u>SOURCES:</u>					
R & C Fund Balance from prior year		\$ 185,273.78	\$ 9,636.23	\$ 194,910.01	
Monthly Fund Deposits		\$ 86,629.37	\$ 4,842.78	\$ 91,472.15	
Interest Earned		\$ 3,028.83	\$ 153.35	\$ 3,182.18	
Prior Yr Excess Funds Transf to P10 Reserve		\$ (89,836.78)	\$ (5,073.23)	\$ (94,910.01)	
Total Funds Available		\$ 185,095.20	\$ 9,559.13	\$ 194,654.33	
<u>USES:</u>					
Capital Improvements:					
Minimum Fund Balance	\$ 100,000.00	\$ 95,437.00	\$ 4,563.00	\$ 100,000.00	(1)
Capital Additions-January 1 - December 31, 2019	\$ 41,342.00	\$ 39,126.98	\$ 2,215.02	\$ 41,342.00	(2)
Current Year Transfer to P10 Reserve	\$ 53,482.01	\$ 50,531.22	\$ 2,781.11	\$ 53,312.33	(3)
			\$ -	\$ -	
Total Fund Requirements	\$ 194,824.01	\$ 185,095.20	\$ 9,559.13	\$ 194,654.33	
Net Fund Balance		\$ -	\$ -	\$ -	
Reserve & Contingency (Refund)Charge		\$ -	\$ -	\$ -	
<u>Refund (Charge) Allocation:</u>					
Barton	2.2633%	\$ -	\$ -	\$ -	-
Enosburg Falls	4.9247%	\$ -	\$ -	\$ -	-
Hardwick	10.1638%	\$ -	\$ -	\$ -	-
Jacksonville	2.5148%	\$ -	\$ -	\$ -	-
Johnson	7.5443%	\$ -	\$ -	\$ -	-
Ludlow	10.4782%	\$ -	\$ -	\$ -	-
Lyndonville	20.5372%	\$ -	\$ -	\$ -	-
Morrisville	9.4303%	\$ -	\$ -	\$ -	-
Northfield	12.5738%	\$ -	\$ -	\$ -	-
Orleans	7.4395%	\$ -	\$ -	\$ -	-
Swanton	7.6491%	\$ -	\$ -	\$ -	-
VEC	4.4810%	\$ -	\$ -	\$ -	-
		\$ -	\$ -	\$ -	

NOTES:

(1) - Per the P10 General Bond Resolution, the R & C funds are used for capital improvements as needed; however, the fund must maintain a minimum balance of \$100,000.

(2) - Indicates cost of Capital Improvements for 2019

(3) - Excess amount available to transfer to reserve

Vermont Public Power Supply Authority

BOARD RESOLUTION 2020-04

Project 10 2019 Reserve & Contingency Fund True-Up

WHEREAS, the Project #10 General Bond Resolution has established a Reserve and Contingency Fund to ensure that adequate funds are available for the payment of capital improvements to the Swanton Peaker Project; and

WHEREAS, the Project #10 Participants ("Participants") pay into the Reserve and Contingency Fund on a monthly basis; and

WHEREAS, the Reserve and Contingency Fund is "trued-up" at the end of each bond year (December 31st) and the Trustee is required to transfer excess funds to the Revenue Fund; and

WHEREAS, Section 5.6 (iii) of the General Bond Resolution allows the Board of Directors of Vermont Public Power Supply Authority ("the Authority"), by Resolution, to apply those excess funds to any other lawful purpose of the Authority, including deposits in any Fund or Accounts;

NOW, THEREFORE, it is hereby resolved by the Board of Directors of the Authority that any excess funds remaining after a reserve of \$100,000 is retained, and the capital improvements for the bond year of January 1, 2019 through December 31, 2019 have been duly paid, shall be transferred to the Project #10 Reserve fund.

Adopted by the Board of Directors this 1st day of April, 2020.

ATTESTED: Crystal L Currier
Crystal Currier, Secretary



Asset Committee Meeting

3/12/2020

Table of Contents

6

PROJECT 10

P10 Updates.

7

LOAD REDUCING RESOURCES

Review market value 2019.

8

PROJECT UPDATES

VPPSA solar and standard offer projects.

9

SHEI UPDATE

Review congestion cost.

10

PHASE 1 TRANSMISSION LEASE UPDATE

Review status of lease negotiations

6a. P10 Reserve and Contingency

Reserve & Contingency True-up (Separate Document Attached)

Cover Memo

True-Up Calculation

Resolution

.

6b. P10 Budget to Actuals (2019 summary)

Sch. 16 (Blackstart)

- 28% less than budget

Reserves

- 60% more than budget

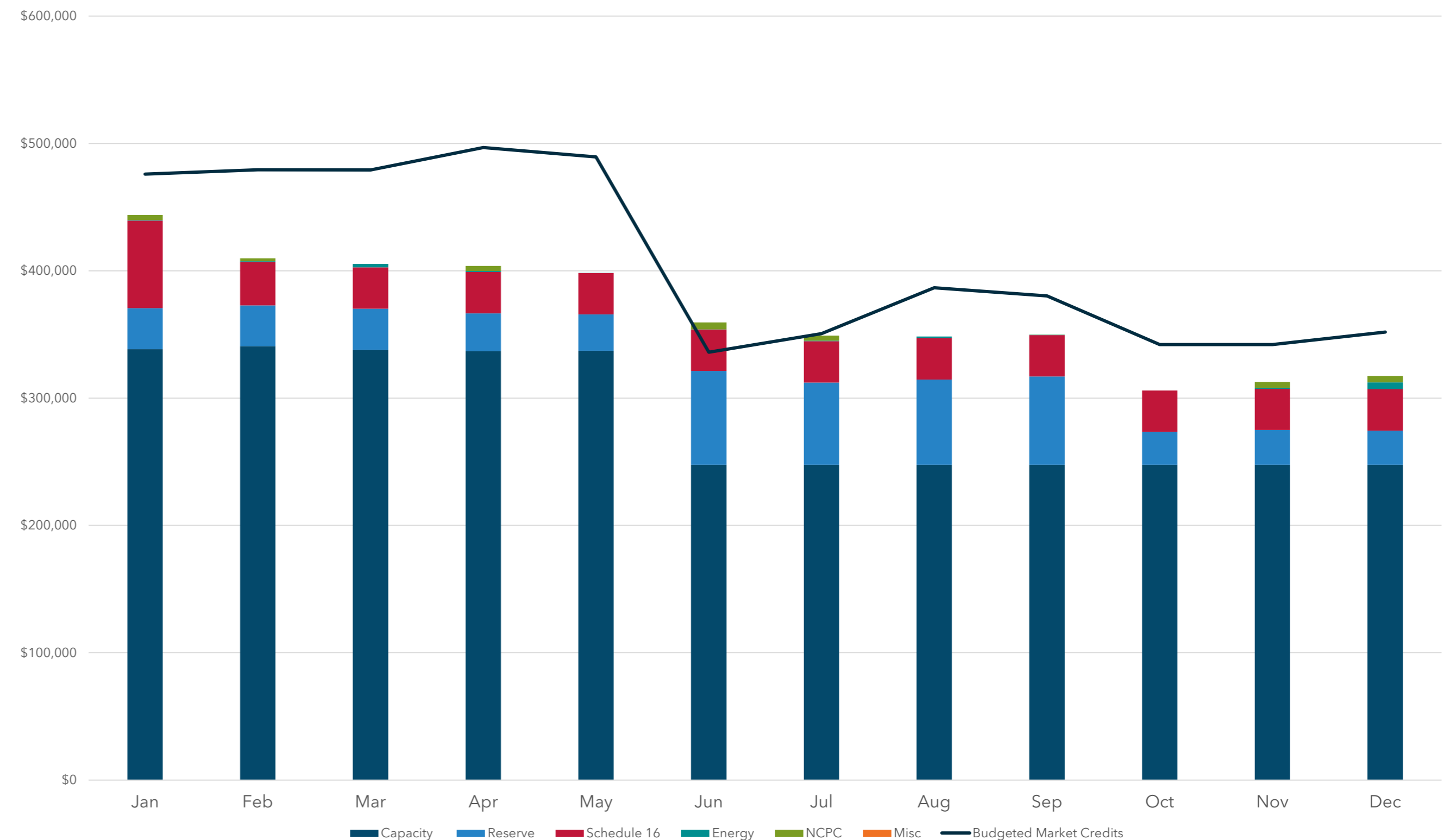
Capacity

- This is the largest revenue stream. 9% less than budget

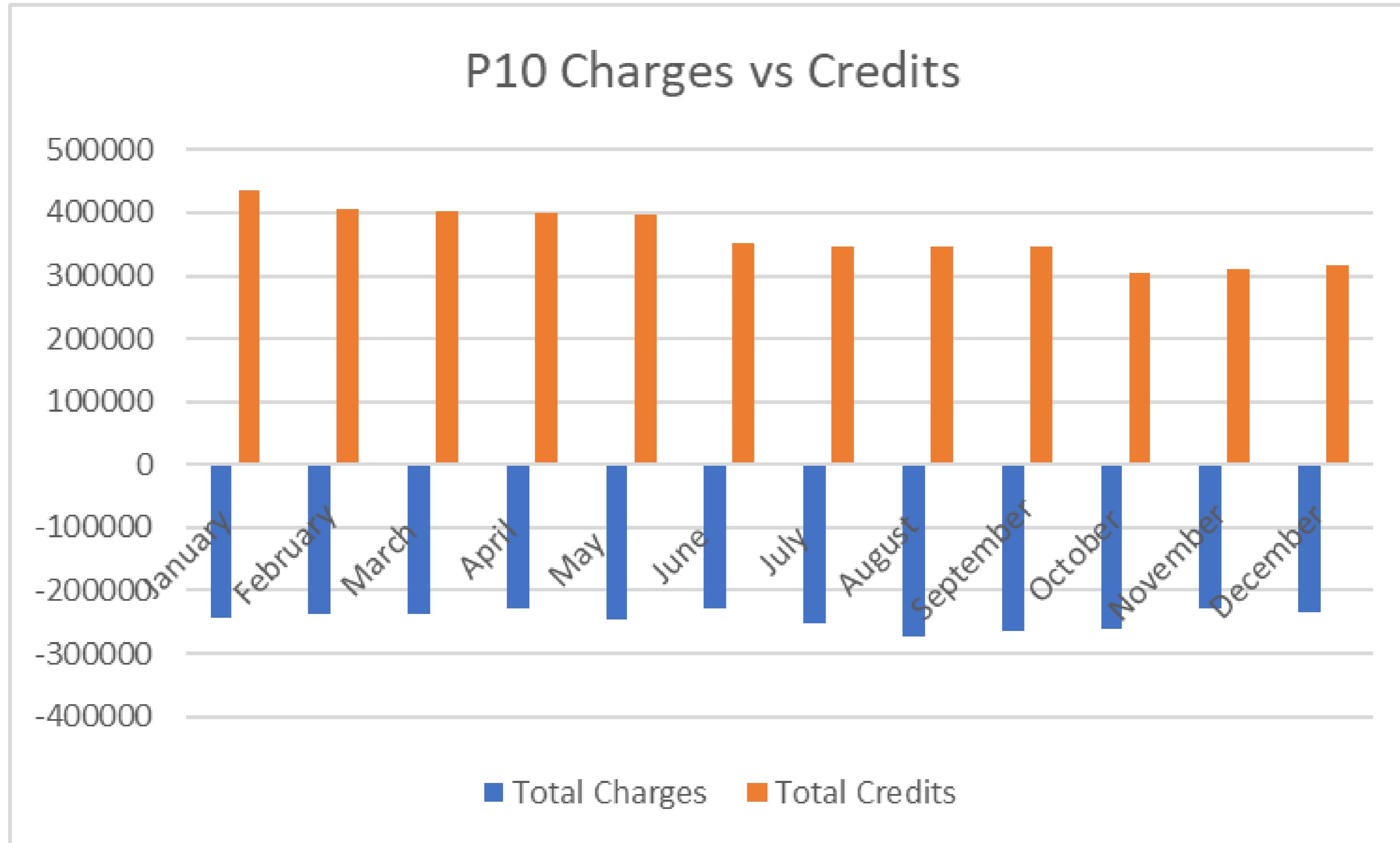
Overall

- 10% less than budgeted

2019 Budget to Actual Market Revenues



6c. P10 Market Revenues (2019 summary)



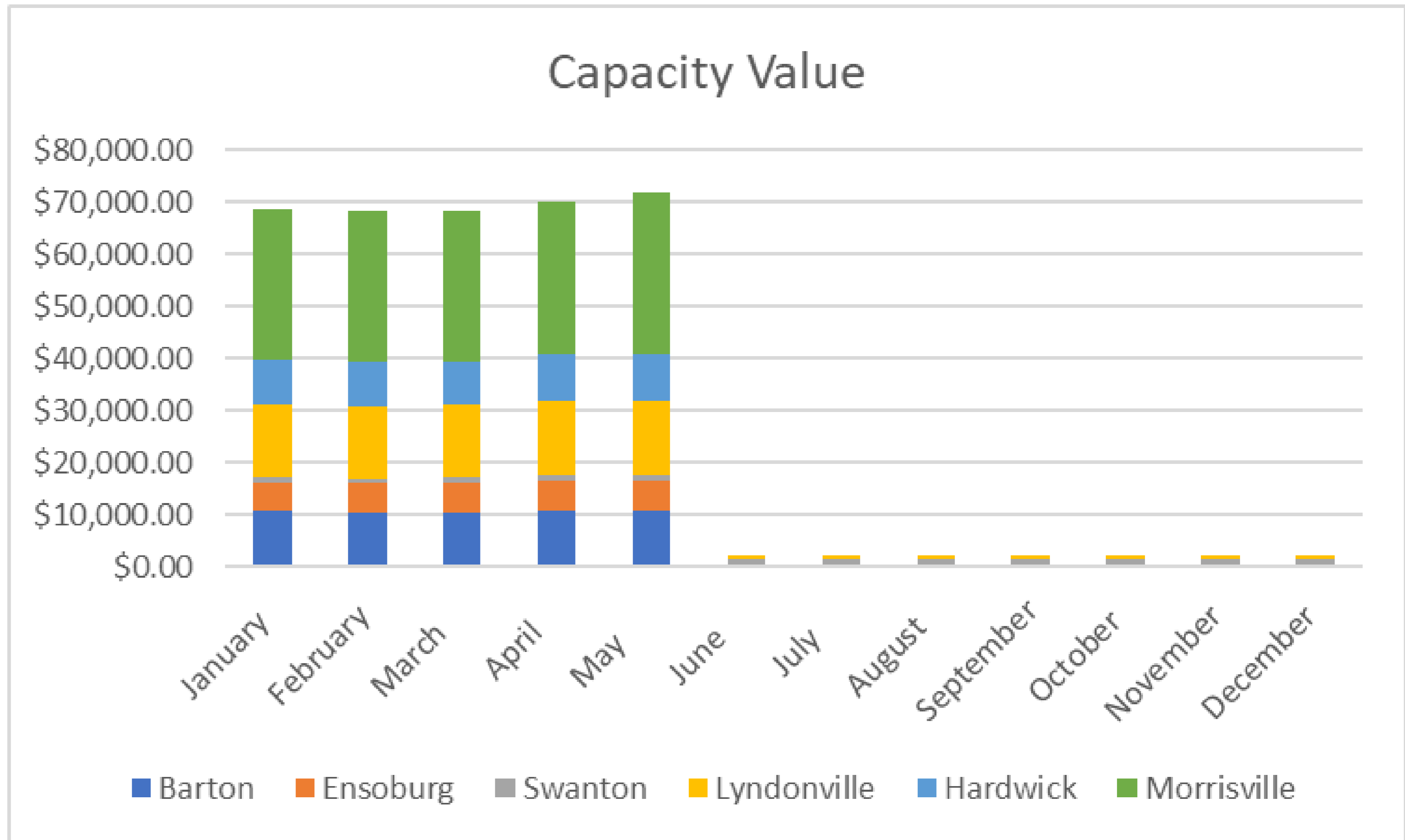
6e. P10 General Performance Update

P10 CLAIM 10/30 POSITION ANALYSIS							
FRM POSITION	UNIT	Status Quo		1 More Good Start		1 More Bad Start	
		10 MIN	30 MIN	ADJ 10 MIN	ADJ 30 MIN	ADJ 10 MIN	ADJ 30 MIN
	SWC1	20.5	20.5	20.7	20.5	16.9	16.7
SWC2	18.6	23.2	19.4	23.2	15.3	19.0	
Total	39.1	43.7	40.1	43.8	32.1	35.7	
FRM Obligation	34.0	4.0	34.0	4.0	34.0	4.0	
Surplus/(Deficit)	5.1	39.7	6.1	39.8	-1.9	31.7	

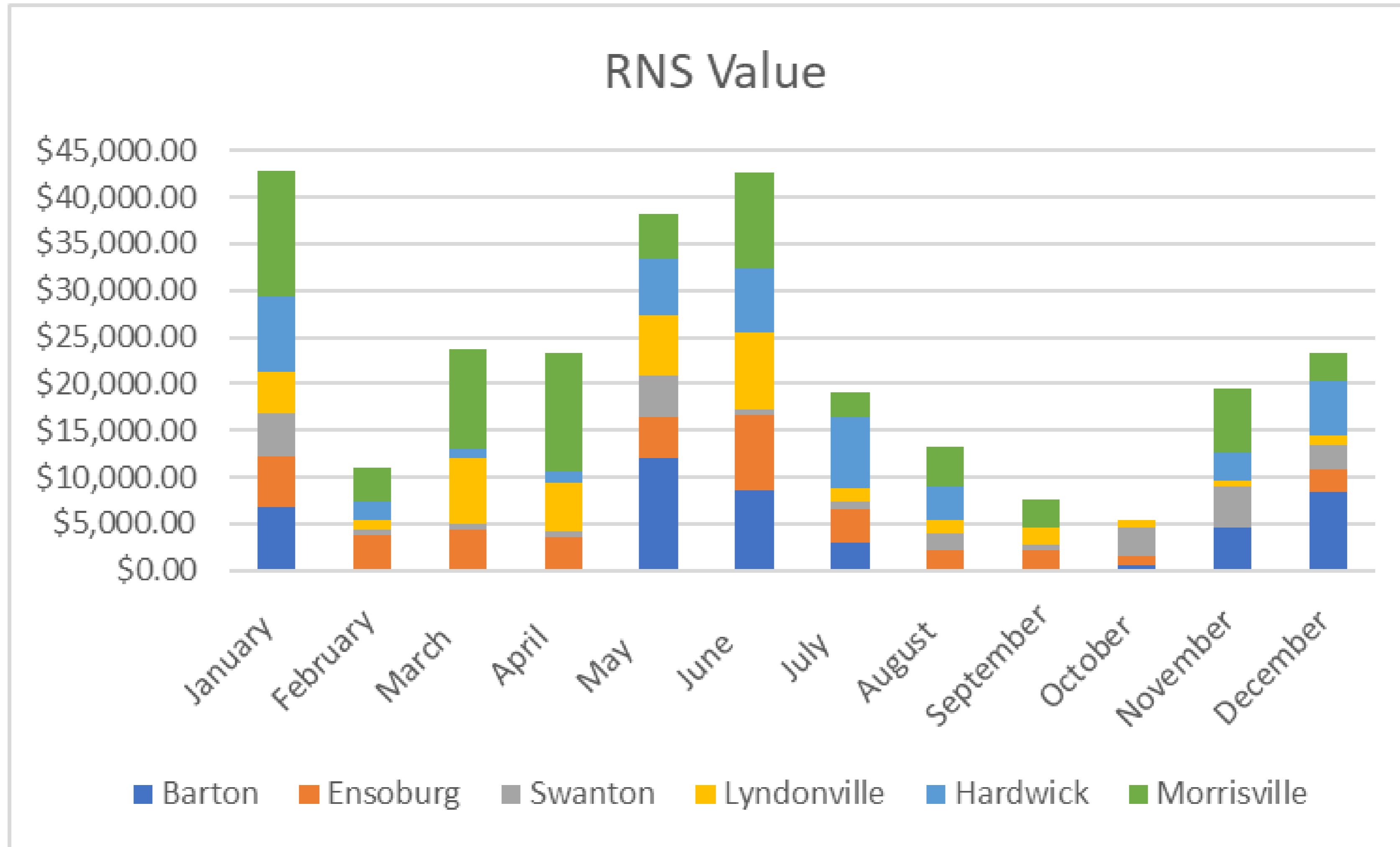
7. Load Reducing Hydro: Capacity Value

Capacity Value

- Capacity value is negligible in second half of year due to low and/or no generation at the ISO coincident peak



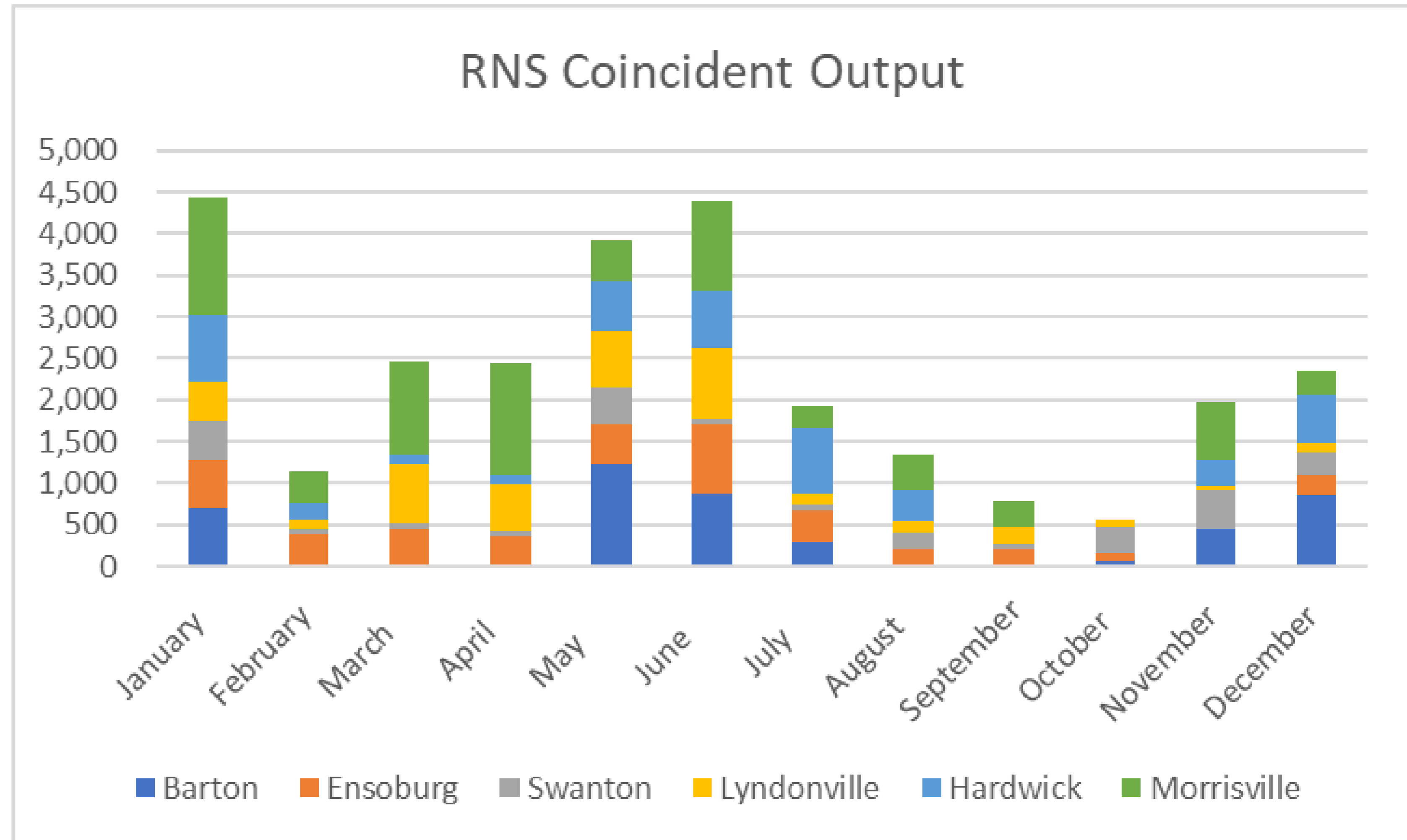
7. Load Reducing Hydro: RNS Value 2019



7. Load Reducing Hydro: RNS Coincident Output 2019

Hydro Output

- Coincident with VELCO Peak



7. Load Reducing Hydro: January 2020

	Capacity Value	RNS Value	Capacity Coincident Output	RNS Coincident Output
Barton	\$0.00	\$11,917.15	0	1,208
Ensoburg	\$0.00	\$3,492.28	0	354
Swanton	\$1,430.33	\$677.78	142	70
Lyndonville	\$554.00	\$3,050.35	55	315
Hardwick	\$0.00	\$5,560.62	0	557
Morrisville	\$0.00	\$18,379.59	0	1,898
TOTAL	\$1,984.33	\$43,077.77	197	4,402

8. Project Updates Solar

VPPSA Solar:

- Trombley Hill (Morrisville): in dispute with Goldman Sachs regarding metering point
- Lawrence Brook (Morrisville): in construction phase. Target completion May 2020
- Bone Hill (Northfield): working through final contracts
- Billings Road (Hardwick): Permitting phase

Standard Offer Solar:

- Hess (Morrisville, 2019 Award): Awarded contract. Additional testimony required.
- Davis (Hardwick, 2019 Award): Awarded contract. Additional testimony required.

8. Project Updates Solar

Future Projects:

- PPAs: VPPSA directed Encore to look for other site for PPAs for members with Tier II gap. Those members are:
 - Jacksonville
 - Ludlow
 - Lyndonville
 - Orleans
- Standard Offer Program: Encore has some potential sites in WEC territory. We're discussing with Patty.

9. SHEI Updates

Congestion:

- This has reduced dramatically in the last year.

Year	Coventry DA	Coventry RT	Sheffield RT	Congestion Cost
2016	\$29,490	\$227	\$80,072	\$109,788
2017	\$60,657	-\$1,912	\$119,575	\$178,320
2018	\$22,630	-\$2,243	\$77,251	\$97,638
2019	\$16,574	-\$6	\$40,467	\$57,035
Total	\$129,351	-\$3,935	\$317,365	\$442,781

10. Phase I Transmission Update

Update:

- Lease transaction put on hold due to lack of interest from OASIS providers.
- 3 parties interested in discussing again once Phase I participation agreements are extended an additional 20 years.
- Extension negotiations are ongoing. VELCO is leading. Should be finalized this summer.

Next Steps

Suggest Agenda Items for Next Meeting

Suggest Agenda Items for the Next Meeting

Questions?

Heather D'Arcy

Power Analyst

Phone: (802) 882-8511

P.O. Box 126

5195 Waterbury-Stowe Road

Waterbury Center, VT 05677



Putting the Public in Power.

www.vppsa.com