



Regular Board of Directors Meeting Minutes

July 1, 2020

Board of Directors:

	Vacant, Barton	P	Bill Humphrey, Lyndonville
	Jonathan Elwell, Enosburg	P	Penny Jones, Morrisville
P	Mike Sullivan, Hardwick	P	Stephen Fitzhugh, Northfield
	Pamela Moore, Jacksonville	P	John Morley, Orleans
P	Meredith Birkett, Johnson	X	Reginald Beliveau, Swanton
P	Thomas Petraska, Ludlow		

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

Alternates present:

Lynn Paradis, Swanton - (P)	

Others present:

Ken Nolan, VPPSA - (X)	Crystal Currier, VPPSA - (P)	Ken St. Amour, VPPSA - (P)
Julia Leopold, VPPSA - (P)	Melissa Bailey, VPPSA - (P)	Dave Gagne, VPPSA - (P)
Kim Harris, VPPSA - (P)	Alex Nicholson, VPPSA - (P)	Heather D'Arcy, VPPSA
Shawn Enterline, VPPSA (P)	Steve Farman, VPPSA - (P)	

Numbers in bold type correspond with agenda item numbers:

1. Chairman Beliveau called the meeting to order at 9:32 a.m..
- 2.** Chairman Beliveau asked if there were requests for changes and/or modifications to the current agenda. The General Manager requested that the Chair include an executive session under other business to discuss updates to the Barton proposal.
- 3.** Chairman Beliveau asked if there were public comments and/or individuals who would like to address the Board. There was no public in attendance.
- 4.** Director Fitzhugh made a motion to accept the minutes of the Advisory and Risk Management Committee meeting held on May 14, 2020. The motion was seconded by Director Sullivan. Motion approved.
- 5.** Director Jones made a motion to accept the minutes of the Legislative & Regulatory Affairs Committee meeting held on May 14, 2020. The motion was seconded by Director Petraska. Motion approved.

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6. Director Sullivan made a motion to accept the minutes of the Generation and Other Assets Committee meeting held on March 12, 2020. The motion was seconded by Director Jones. Motion approved.
7. Director Jones made a motion to accept the minutes of the Generation and Other Assets Committee meeting held on May 14, 2020. The motion was seconded by Director Sullivan. Motion approved.
8. Director Jones made a motion to approve Resolution 2020-09 (Establish Board Meeting Times) as presented. The motion was seconded by Director Fitzhugh.

The Board was reminded that over the last several months there have been a number of discussions related to the Committee meeting structure, the Board meetings, overall attendance at these meetings and when the meetings would occur. At the Board meeting held on June 3, 2020, the Board determined that it would move forward with monthly Board meetings; and that every other month the meeting would follow the traditional Board meeting structure and focus on action items and every other meeting would follow the committee structure and focus on a more in-depth discussion of VPPSA activities.

Resolution 2020-09 identifies when the Regularly scheduled Board meetings will be held and where postings will occur. The motion to approve Resolution 2020-09 was approved.

9. Director Fitzhugh made a motion to accept the Treasurer's report as of May 31, 2020. The motion was seconded by Director Jones. The Controller provided a brief update related to the operational budget vs. actual summary of VPPSA's operational costs for the period ending May 31st. The financial results indicate operational expenses being under-budget by approximately 16.3%. This includes payroll and overheads that are under-budget by 13.7% and office supplies and expenses that are under-budget by approximately 22%. The primary drivers related to the under-budget results include: Payroll and OH's for the GIS Technician and Manger of Field Services; conferences/travel/building maintenance/computer hardware and software/legal. These costs were slightly offset by an over-budget result in outside services. Similar to the under-budget results for expenses, it is also expected that revenues will be under-budget as well. This is due to fact that a portion of the Field services position was expected to be paid directly by the Village of Barton and Ashland Electric. It is expected that this trend will continue for the remainder of the year.

Director Morley asked the Controller to explain why the cash position in the consolidated balance sheet was up \$1.4 million over 2019. The Controller provided a brief explanation; indicating that it is primarily a timing difference related to when cash is received related to REC sales and transfers related to Transco activities.

The motion to approve the Treasurer's report for the period ending May 31, 2020 was approved.

10. Advisory & Risk Management Items

a. Audit RFP Results:

The Controller reminded the Board that in 2017, VPPSA requested bids for Audit services. Subsequent to that effort, VPPSA entered into a three-year agreement with Graham & Graham for audit services. That term ended with the 2019 audit; therefore, an RFP for audit services for an additional three-year term was sent out in April. The results of that effort were reviewed. It was noted that the RFP was sent to sixteen firms, seven responses were received and one proposal (from Graham & Graham) was received. That proposal was included in the Board materials for the Board's information. Director Jones asked if

Graham and Graham adhere to the cost or whether there might be cost overruns. The Controller noted that the proposal includes “not-to-exceed” pricing and historically anytime VPPSA has been billed over the price, Graham & Graham was accommodating in adjusting the billings to the proposal pricing.

Action will be requested at the August board meeting.

- b. The General Manager provided an overview of the strategic planning effort that ensued during the Board and Staff retreats held on June 23rd and 24th. A powerpoint presentation was provided that contained the results of those discussions. In general, the Board indicated that the FY 20 strategic plan remained valid and those priorities should continue. The Board identified two new priorities; one related to the various member needs (small members vs large members) and the second was related to technology competence. The Board was also supportive of adding value statements to the plan rather than just using on-word values.

The staff reviewed the Board’s input to ensure it was understood and spent time developing the value statements. The strategic priority groupings were reviewed and descriptions for each were updated. The majority of the staff focus was reviewing the FY 20 goal list and updating the goals for FY21. The attached presentation reflects where the discussions ended.

The General Manager indicated that the staff will continue to refine the strategic plan effort during the next several staff meetings.

c. **AMI update:**

Ken St. Amour, Manager of Technology & Security Services provided an update on the Advanced Metering Infrastructure effort. It was noted that after receiving the RFP responses from the three finalists (Hometown Connections, Aclara and Landis & Gyr), the AMI evaluation committee decided to eliminate Landis & Gyr based on major concerns with the integration of the meter data management system. Interviews with the remaining two finalists were held with several of their respective customers. While the interviews were informational, they lacked operational details. Vendor demonstrations were held this week and the committee will meet today (after the Board meeting) to discuss the demonstrations and determine next steps.

d. **Cyber Security update:**

Kim Harris, Systems Administrator, provided an update in VPPSA’s cyber security program. An overview of the program was reviewed and it was noted that the Syxsense and CrowdStrike licensing has been acquired and implemented at the VPPSA office, Project #10 and several member locations. VPPSA staff will be reaching out to the remaining members to set schedules for implantation at those locations. The Knowbe4 training will begin later this year. The program has been very successful so far.

The General Manager updated the board on the expected costs related to the cyber security efforts and noted that VPPSA will maintain these costs for CY 2020 and how it is billed in the future it will be reviewed during the budget cycle.

11. Legislative & Regulatory Affairs Items

a. **Legislative Brief:**

Melissa Bailey, Manager of Government and Member Relations, updated the Board on current Legislative activities. Much of the legislative focus has been dedicated to the COVID-19 pandemic and it is expected that prior to their adjournment in August, the Legislature will pass a bill allocating most of the federal funds for addressing COVID. An

update on the energy-related bills that were initiated at the start of the session were provided. Those include: Ryegate Extension, All Fuels Pilot, Proposal to increase Vermont's Renewable Energy Standard, Global Warming Solutions Act, Innovative Pilot rates, EV charging and EV rates language.

b. **Regulatory Updates:**

VPPSA staff provided an update on Regulatory proceedings underway at the Public Utility Commission. Those include the following: EVT Demand Resources Plan Proceeding, Net Metering Biennial Update, Vermont's Residential Disconnect Rule, Investigation into establishment of reduced rates for low-income residential ratepayers, and the Disconnect Moratorium.

c. **Renewable Energy Standards (RES) Update:**

Julia Leopold, VPPSA's Communication Specialist provided an update on VPPSA's Renewable Energy Standard program. It was noted that VPPSA submitted its Tier 3 compliance report to the Public Service Department. No issues were raised and the 2019 prescriptive and custom savings were approved. It was noted that there was a slowdown of rebate submissions during the COVID-19 pandemic but an increase has picked up recently. VPPSA staff will be embarking on a cold climate heat pump rebate outreach campaign to increase awareness of VPPSA's Tier 3 incentive offerings.

The General Manager updated the Board on several operational items related to VPPSA's RES program - those include a database that VPPSA staff is developing to assist with management of the data and the fact that VPPSA will be reporting in aggregate with Hardwick having a key project contributing to the total.

d. **Key Account Program Framework Proposal:**

Julia Leopold, VPPSA's Communications Specialist provided a presentation related to a proposed "Key Accounts Program". It was explained why VPPSA should have a Key Accounts Program and the elements of the program were reviewed. The primary purpose of the program is to identify those C & I customers that may be involved in efficiency measures and to get a seat at the table (for both VPPSA and the member utility) as the customer works with EVT, and as a result, help VPPSA reach its goal of increasing each member's retail sales by 1% annually without increasing peak loads.

The Board expressed support for the program.

12. Generation and Other Assets Items

a. **Project #10 Activities:**

i. *Capital/Major Maintenance Update*

Crystal Currier, VPPSA's controller and Dave Gagne, VPPSA's Project #10 plant operator provided an update on the capital and major maintenance activities at the plant. Mr. Gagne explained what work has been completed and those items that are scheduled for the fall and Ms. Currier highlighted the cost of those efforts as compared to budget. On the capital side, the fuel area bridge/stairs have been rebuilt, the security cameras are currently being updated, and the HMI Controls upgrade is in process. On the maintenance side, the relay testing and DC functional trip testing has been done and the borescope and annual transformer maintenance are scheduled for the fall. All items completed so far have come in under-budget.

Director Sullivan asked questions regarding the backup generators and the transformer work that will be conducted in the fall; specifically regarding the size of

the generators and what they would be used for and the specific work on the transformers that would be completed.

The General Manager indicated that as VPPSA looks at the CY2021 budget, we will be considering building an office space that includes a training and/or board room.

ii. *Budget vs Actual/Market Revenue Update*

Shawn Enterline, VPPSA's Senior Power Analyst provided a brief update on P10's budget to actual performance related to the market revenues from the facility. It was noted that it is projected overall market revenues will be down approximately 2.8% or \$44K for the year.

iii. *General Performance*

Dave Gagne, VPPSA's Project #10 plant operator provided a brief update on the general performance during agenda 12 a.i. above. VPPSA staff mentioned that the performance rating is at his peak due to a successful run in April.

iv. *Wetlands permit issue*

The General Manager reminded the Board that in the fall of 2019, VPPSA learned of a Wetland Permit non-compliance issue that dates back to the project's construction in 2009. The details of the issue were discussed and it was noted that VPPSA and Swanton have discussed methods for coming back into compliance with ANR and the Army Corps and are now working with an environmental firm to work out the logistics of how this can be accomplished. A proposed remediation plan was provided to the regulators last week and we are awaiting their review and response. Once a response is received, the environmental firm will be preparing the necessary documents needed to move forward.

It was noted that VPPSA and Swanton are working together to determine the cost split once all the cost impacts are realized.

b. **Solar Projects**

Heather D'Arcy, VPPSA's power analyst provided a brief overview of the solar projects currently under review and/or in-process. This includes two standard offer projects (Hess/Salvage Yard & Davis/Center Road) and three member-related solar projects-Lawrence Brook (Morrisville), Bone Hill (Northfield), and Billings Road (Hardwick). It was noted that the standard offer projects are not expected to go into service until the end of this year which is a significant delay. It was noted that VPPSA has been blocked from bidding into the provider block into the future. The General Manager provided more background on this issue and indicated that ultimately VPPSA will not submit bids going forward.

c. **Battery Storage**

Shawn Enterline, VPPSA's Senior Power Analyst provided a presentation on battery storage. The presentation was at high level; primarily for discussion and to get the Board thinking about the structure. Items covered include the financial terms, locations, and modes of operation. The Board expressed no resistance to move forward with a battery storage RFP.

d. **Load Reducing Resources**

Heather D'Arcy, VPPSA's power analyst provided a short summary of the value of the load reducing hydros through the first half of the year. It was noted that the capacity value was essentially nonexistent for all VPPSA members except Swanton and Lyndonville since those

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were the only units with generation at the time of the peak. The transmission value exceeds capacity value by a wide margin and this is expected to continue.

e. **Phase I**

The General Manager reminded the Board that the original Phase I contract expires in November of 2020; however, VPPSA has been working with VELCO for several months to extend the contract for another 30 years. While the transmission line is no longer needed to deliver HQ power it could continue to bring economic benefits to the participating utilities. The parties are reaching final stages of negotiation and VELCO is holding weekly meetings among the attorneys to get discussions accomplished. Next steps will require the participating members to sign the necessary contract extensions and VPPSA will be providing a supporting role in obtaining the necessary authorizations from the participating VPPSA members.

f. **Future Power Supply Items**

VPPSA staff provided a list of items that may be of interest to the Board in the upcoming months and asked the Board if there are other power supply related topics they would like to discuss in more detail.

13. Other Business.

Barton Proposal:

Director Fitzhugh made a motion to find that premature general public knowledge of the Authority's discussions and/or negotiations with potential counterparties would place the Authority in a position to suffer a substantial disadvantage because it would expose proposed terms of the contract negotiations. The motion was seconded by Director Jones. The motion was approved.

Director Fitzhugh made a motion to enter executive session to discuss contract negotiations as allowed under the provisions of Title 1, Section 313 (1)(A) of the Vermont Statutes. The motion was seconded by Director Jones. The Board entered executive session at 12:55 p.m.

The Board returned to general session at 1:25 p.m.

No action was taken.

VELCO Operating Committee:

Director Fitzhugh provided a brief report related to the VELCO Operating Committee activities. The topics discussed at the last Operating Committee meeting include: An update on hurricane season (which is expected to be active), VELCO's long-range plan, loads due to COVID-19 (lowest ever), an ISO update and VELCO's request for items/projects that will impact their 2021 budget.

The meeting was adjourned at 1:30 p.m.

Respectfully submitted,

Crystal Currier

Crystal Currier, Secretary