



## **Regular Board of Directors Meeting Minutes**

July 7, 2021

### **Board of Directors:**

	Vacant, Barton	<b>X</b>	Bill Humphrey, Lyndonville
<b>X</b>	Jonathan Elwell, Enosburg	<b>X</b>	Penny Jones, Morrisville
<b>P</b>	Mike Sullivan, Hardwick	<b>X</b>	Stephen Fitzhugh, Northfield
	Vacant, Jacksonville	<b>X</b>	John Morley, Orleans
	Vacant, Johnson	<b>X</b>	Reginald Beliveau, Swanton
<b>X</b>	Thomas Petraska, Ludlow		

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

### **Alternates present:**

Lynn Paradis, Swanton ( <b>P</b> )	

### **Others present:**

Ken Nolan, VPPSA - ( <b>X</b> )	Crystal Currier, VPPSA - ( <b>X</b> )	Amy Parah, VPPSA - ( <b>X</b> )
Melissa Bailey, VPPSA - (X)	Kim Lyon, VPPSA (X)	Allen Stamp (P)
Alex Nicholson, VPPSA - (X)	Ken St. Amour, VPPSA - ( <b>X</b> )	James Gibbons, BED (P)
Steve Farman, VPPSA-( <b>P</b> )	Heather D'Arcy, VPPSA-(X)	Jackie Lemmerhirt (P)
Amanda Simard, VPPSA-(P)	Dave Gagne (P)	

### **Numbers in bold type correspond with agenda item numbers:**

- 1.** Chairman Beliveau called the meeting to order at 9:32a.m.
- 2.** Chairman Beliveau asked if there were requests for changes and/or modifications to the current agenda. No changes were made.
- 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 Humphrey made a motion to accept the minutes of the Regular Board of Directors meeting held on June 2, 2021. The motion was seconded by Director Beliveau. Motion approved.

5. Director Humphrey made a motion to accept the Treasurer's report as of May 31, 2021. 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 31, 2021. Two standard offer projects, the Salvage Yard and Center Rd projects, are still not in service which is a contributing factor to revenues being under budget by almost \$72k to date. The financial results indicate operational expenses being under-budget by approximately 7.9%. This includes payroll and overheads that are under-budget by .64% and office supplies and expenses that are under-budget by approximately 21.8%. The primary drivers related to the under-budget results include website, conferences & travel expenses, legal and interest. These costs are offset by over-budget results by insurance & computer equipment.

The motion to approve the Treasurer's report for the period ending May 31, 2021, was approved.

6. The General Manager and Director Beliveau provided information on the 2020 Clean Water Act Rule. They have been in contact with FERC attorney Paul Nolan, who is handling relicensing efforts for several VPPSA members. Mr. Nolan recently made his clients aware that the Biden Administration will be re-opening the rules governing Section 401 water quality certifications for amendment. By Executive Order the Trump Administration had previously interpreted the rule as applying very strictly to only "discharges" from activities in waterways, severely limiting state authority to review activities. Those Trump era rules remain in place. The effort by the Biden Administration is intended to return the rules back to Obama era structure, but the process opens the door for providing Federal level input into Vermont's application and overreach in applying the 401-certification process. It also provides an opportunity to submit comments about the tension between the Clean Water Act and Federal Climate Change goals at EPA where the water quality rules could potentially force Vermont to change its interpretation.

The Board discussed the position of individual utilities. The Board's position was clear in that they want to participate in the State Water Quality rule making being undertaken by ANR. It was also proposed to begin discussions with the Governor's office and the Climate Counsel. Next steps include hiring a FERC attorney, such as Paul Nolan, to prepare and submit comments at EPA. Doing so would likely require working with not only Paul Nolan but perhaps VHB to participate in the EPA stakeholder process. The topic of cost, what is in the current budget and how this effort will affect the members was discussed and the General Manager assured members that filing the comments at EPA and hiring the attorney will be covered under the current budget. Anything beyond that will need to come back to the board for approval or will fall into the 2022 budget process.

Director Jones moved that VPPSA participate in the EPA 2020 Clean Water Act Section 401 Certification Rule stakeholder process to advocate for making the certification process more conducive to small-scale hydroelectric generators. Director Elwell seconds. Motion passes.

7. At the June Board meeting the Board approved VPPSA Staff selling forward RECs through 2024 in-order-to lock-in value before anticipated rule changes in the MA and CT markets take effect. Since the last meeting staff went to market and closed on several sales over the past month. The prices related to these transactions came in above the five-year power budget price projections, meaning that staff was able to improve the projected future budget position for RECs that were forward sold. by approximately \$600k above what is in the current budget.

There was a general discussion about the impact of power supply costs, specifically transmission and the effect on individual member power supply budgets.

8. Ken St. Amour, VPPSA's Manager of Information Technology & Security Services, provided a brief update on AMI activities. He continues to work with Jackie Lemmerhirt on the Cost/Benefit analysis and Allen Stamp on the Statement of Work and Terms and Conditions.

Both Ken St. Amour and Jackie Lemmerhirt have provided comments and negotiating points based on discussions with Aclara during the RFP process. Final negotiation positions will be determined in a meeting scheduled for the first week of July. One area of risk is the negotiations with CIS vendors. Allen Stamp is working with Aclara on the Statement of Work to accompany the Terms and Conditions, both of which are still being developed.

Jackie Lemmerhirt discussed working on the cost benefit analysis for each member and indicated the latest versions have been emailed to each member. The most recent changes include a decrease in the annual charges from Aclara, a reduction in cost by removing the requirement of a new hire for each member, and the added cost of replacing all water meters (if applicable). The new model assumes one new hire to operate the AMI system that is shared among all members. The cost of utility staff, specifically meter reading personnel was not removed, unless the specific utility directed her to do so. It was noted that Ms. Lemmerhirt is available to meet with any members who have questions or who would like to discuss changes.

Director Morley asked how the NPV was calculated, and Ms. Lemmerhirt indicated that it was based on a term of 15 years at a rate of 7 %.

The General Manager noted that Bill Ellis is drafting the contracts between VPPSA and its members and it is expected that the initial draft should be available by next week.

9. Melissa Bailey, VPPSA's Manager of Government Relations, provided a Legislative and Regulatory update. The Legislature reconvened on June 22<sup>nd</sup> to consider two bills dealing with municipal charter changes for Montpelier and Winooski that had been vetoed by the Governor. The Senate Finance, House Energy/Technology and the Joint Information Technology Oversight Committees heard an overview of the Department of Public Service's ten-year Telecommunications Plan.

On the Regulatory front, the Public Utility Commission held a workshop on potential updates to the State's interconnection rule (5.500). In a follow-up request for information the PUC asked utilities and others to respond to a series of detailed questions about how Distributed Energy Resources should be integrated into Vermont's interconnection framework.

There was a general discussion on renewable energy, transmission costs, FERC and ISO operations and the requirements that are being pushed on local utilities that continue to increase.

The Public Utility Commission is also seeking comments on whether these substantive interconnection topics should be addressed through a formal rulemaking, through a tariff, or through Public Utility Commission order. Comments are due July 30, 2021.

The change requiring utilities to assess the Energy Efficiency Charge (EEC) on gross usage for net metering customers took effect with service rendered on July 1<sup>st</sup>. Ms. Bailey asked that Board members reach out to VPPSA staff with any concerns they have regarding this change.

The workshop in the proceeding to investigate low-income rates for residential electric customers will be held on July 8<sup>th</sup>. The workshop will include a presentation on an independent evaluation of Green Mountain Power's Energy Assistance Program and lessons learned. Utility staff are encouraged to attend the workshop. Ms. Bailey also reminded the Board, that the Disconnect Moratorium has been extended through July 15<sup>th</sup>.

There was a brief discussion on the disconnect moratorium, the VCAAP program, the VERAP program and whether these programs were successful for the utilities.

## DRAFT

10. Melissa Bailey, VPPSA's Manager of Government Relations provided an overview on the RES Tier 3 Project activities. It was noted that the 2020 RES compliance is due at the end of August and it is expected that VPPSA will be able to meet its targets and also bank some 2020 credits for use in 2021.

Ms. Baily informed the Board that VPPSA has seen a large increase in prescriptive incentives paid under the 2021 Tier 3 program. This has achieved 3,460 MWhs of savings or roughly 30% of the total Tier 3 compliance for 2021; essentially hitting the 2021 prescriptive goal within the first six months of the year. There was a brief discussion related to electric vehicles and how much of an incentive is needed to encourage people to purchase EVs.

The 2021 Tier 3 Custom projects that are currently underway include a commercial heat pump in Johnson, an electric bucket truck in Johnson, a heat recapture project in Northfield, several heat pumps in Morrisville, electric buses in Lyndonville and a service upgrade in Barton. Two projects that are completed include, a line extension in Hardwick and a generator removal in Lyndonville.

11. Alex Nicholson, VPPSA's GIS Technician, provided an update on the activities of the GIS project. All licenses and software for the year have been updated and renewed. There has been a significant effort made on continued development of the standard schema and applying that new structure to existing member data utilizing Lyndonville as the transitional utility. Many steps have been taken to achieve this goal and many fields have been added/updated to create standardized data. Mr. Nicholson anticipates moving this project forward by completing the standard schema for all utilities and adding a coding dictionary with various fields/values with an estimated completion by the end of September 2021.

12. The General Manager and Dave Gagne, Project 10 Operator, provided a brief update on the activities at Project 10. The backup generator installation has been delayed. The preliminary work is complete except for the delivery and installation of the actual generator. The electrical contractor has provided notice that Caterpillar is having difficulty obtaining the necessary parts and therefore, the generator construction is taking longer than expected. Delivery is now expected in August with installation taking 1-2 days after delivery.

The building addition is proceeding as anticipated. The final drawings have been approved and the foundation plan is under review and nearly finalized the installation of the slab is expected to occur in July/August timeframe and the building delivery is expected in October.

Discussions are proceeding with MD&A for an independent review of previous borescopes and an inspection of the generators. In addition, the General Manager has been in contact with a new insurance broker who will review the existing insurance package and provide advice on possible changes that can be made to control costs.

A new fiber line that connects directly to ISO -E has been installed, per ISO requirements.

Mr. Gagne provided a brief update on additional plant operations activities.

13. The General Manager provided a brief update on several topics, including:
  - 1) Re-Opening - the VPPSA office re-opened on July 6<sup>th</sup>. The VPPSA staff has developed a hybrid schedule that allows a work from home component (flexible working arrangement). The General Manager encouraged the Board to inform him if this creates any issues and/or inability for Directors to maintain contact with the staff.

## DRAFT

- 2) Board Retreat - The Board Retreat is scheduled for July 19<sup>th</sup> beginning at 9:30am at West Hill B&B in Warren, Vermont. Primary topics will be around how to address the regulatory, staffing and customer pressures on members, and what role VPPSA should be playing in helping to alleviate those pressures in the future. At the request of the Chair and Vice-Chair, VPPSA staff has prepared a survey to circulate to the Board, the member's staff and governing boards seeking feedback. The survey is due back no later than July 9<sup>th</sup>.
- 3) McNeil District Energy - The discussions with BED relative to the District Energy Project and the possible benefits to McNeil Joint Owners continues. BED has opened conversations with the DPS relative to possible RES Tier 3 credits for the project and how these credits could potentially be allocated amongst the owners. Senator Leahy has included \$5 million towards the project in his Congressionally Directed Funding Appropriations Bill request and therefore, it is expected the project will continue to move forward. It is expected that a formal proposal will be put before the board within the next two to three months.
- 4) Storage RFP -VPPSA staff have received the second round of RFP bids. Bidders were asked to propose "turnkey" systems whereby the developer would build the batteries and turn over ownership to VPPSA once the project was complete. Initial review indicates that at least three bidders have proposals that could provide economic benefit. Staff will be meeting with those bidders over the next month to dive deeper into the proposed structures with the goal of narrowing the selection to two bidders that would then meet with potential host utilities.
- 5) Five-year shaped purchase - VPPSA staff continues to develop the quantities needed for the next five-year purchase. Recent changes due to Covid and the amount of data required to analyze the purchase have delayed efforts; however, staff envisions that the proposals for each member will be complete within the next two months. The goal is to close a transaction by October since prices tend to be the lowest during this time of year.

### 14. Board Member Updates

Director Beliveau mentioned that Swanton is including an EV exhibition at their utility to encourage customers to discuss their fears over the energy supply.

Orleans is in discussions for the purchasing of Barton and collecting data on what acquiring Barton would look like and if a merger of the two municipal utilities would be beneficial to both Barton and Orleans.

### 15. Executive Session

None

### 16. Other Business

None

Director Petraska motioned to adjourn, seconded by Director Humphrey. The meeting was adjourned at 12: 53p.m.

Respectfully submitted,

Kim Lyon

Kim Lyon, Assistant Secretary