



Regular Board of Directors Meeting Minutes

January 4, 2023

Board of Directors:

	Patricia Richards, Barton		Jonathan Elwell, Lyndonville
X	John Dasaro, Enosburg	X	Scott Johnstone, Morrisville
P	Mike Sullivan, Hardwick	X	Stephen Fitzhugh, Northfield
	Vacant, Jacksonville	X	John Morley, Orleans
P	Erik Bailey, Johnson	X	Bill Sheets, Swanton
X	Thomas Petraska, Ludlow		

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

Alternates present:

Penny Jones, Morrisville (X)	Lynn Paradis, Swanton (P)
	Chris Recchia, Barton (P)

Others present:

Ken Nolan, VPPSA (X)	Alex Nicholson, VPPSA (P)	Amy Parah, VPPSA (X)
Grace Sawyer, VPPSA (X)	Shawn Enterline, VPPSA (P)	
Sarah Braese, VPPSA (X)	Julia Leopold, VPPSA (X)	Steve Farman, VPPSA (P)
Josh Bancroft, VPPSA (P)	Amanda Simard, VPPSA (P)	Reginald Beliveau, Swanton (X)
	Erica Welton, Lyndonville (P)	

Numbers in bold type correspond with agenda item numbers:

- 1.** Chairman Fitzhugh called the meeting to order at 9:30 a.m.
- 2.** Chairman Fitzhugh asked if there were requests for changes and/or modifications to the current agenda. There were no changes.
- 3.** Chairman Fitzhugh asked if there were public comments and/or individuals who would like to address the Board. There was no public in attendance.
- 4.** Director Morley made a motion to accept the minutes of the Board of Directors meeting held on November 2, 2022. The motion was seconded by Director Petraska. Motion approved.

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5. Director Petraska made a motion to approve the Monthly Financial report for the period ending November 30, 2022. The motion was seconded by Director Johnstone.

The Assistant Controller provided a review of the 2022 operational revenue vs expenses and noted that net income is \$2.2 million, and operational revenue exceeds budget by \$235K or 12%. Conferences, travel, and mileage are significantly below budget and anticipate being \$70K under budget at year end. Payroll and overhead continue to be slightly under budget but anticipate ending the year right on budget. Other items of note: We received the VLITE grant of \$81,000 which is included in the RES financial reports but there have not been any expenditures related to this project. RES Tier III REC purchases continue to be under budget by \$49k or 19%. McNeil generation is under budget 18.94% YTD. P10 income is overbudget by \$39K despite the increasing fuel costs.

The motion was approved.

6. The General Manager reviewed the events of the severe Christmas Eve storm. VPPSA has joined the statewide emergency management calls and is anticipating the legislators to have questions regarding the outage and mutual aid during the emergency. The DPS seems to have developed the belief that VPPSA is a conduit for member information. Director Morley does not agree with VPPSA being in the middle of the communication path. Director Recchia believes that the DPS is looking for VPPSA to ensure that the members are keeping the VTOutages site up to date. Director Morley indicated that even if there are no outages during a storm they still go in and enter zero so that the DPS knows it is updated. The General Manager asked the directors if VPPSA should be in the communication chain or do we need to let the DPS know to contact the members individually? It was the consensus that the DPS should contact the members directly, but for VPPSA to continue to be in the Emergency Management calls during normal operating hours. The General Manager asked if members received calls or emails from NEPPA for mutual aid requests? The members did get contacted but were too busy with their own outages. Director Johnstone indicated that Morrisville's customer outages were not bad overall, but the number of events or separate outages were not tracked during the storm. VEC, WEC, and GMP struggled to get customers back online, but VPPSA members seemed to restore service more quickly. The General Manager requested the members provide general information on their outages and mutual aid provided so that we can have a narrative for VPPSA on the storm results. Once AMI is up and running the information will be easier to gather and more accurate. ISO-NE activated its Pay-for-Performance Program for the second time ever and P10 was called to operate.

Ludlow - Friday night: no outages. Provided aid to GMP. Serviced one outage and then additional aid to GMP for 8 days over two events.

Johnson - Had one three-hour outage before the big storm and had no outages during the major storm. Provided mutual aid to Hyde Park for their 4 outage events.

Swanton- All customers were out of service, and most were back within 12 hours. Velco had a bump that took it down and they could not come back up until everything was checked. Aided Enosburg for 3.5 days and asked VEC if they needed aid after they finished helping Enosburg. Swanton lost phone and internet as well.

Morrisville- 75 events and 1200 customers out of power. Finished restoring on Christmas morning and did not provide mutual aid, but the Town Highway crew helped cut trees for part of a day.

Enosburg - 11 events & 68% (1300) of customers affected for 4 days. They contracted with a logger to help with downed trees and Swanton provided mutual aid.

Orleans- had no outages but provided mutual aid for Barton from Friday - Saturday evening. John Morley is helping develop a plan with Steve Cutler on how to reduce outage times.

Northfield - feeder lockout for about 4-5 hours. During the remainder of the storm there were approximately 50 customers out of service. A propane tank took out a pole servicing 26 customers.

Hardwick - 50% of their customers were out from Friday through Sunday evening all was done with internal crews and trimming contractors.

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Lyndonville information to be gathered following the meeting.

7.a Julia Leopold, VPPSA's Director of Public Affairs provided the Legislative update to the Board. The new legislative session starts today, and it may take a little while to get the various committees' setup and going due to the super-majority of the Democrats. Hot topics of discussion expected for the session include the Clean Heat Standard, 100% Renewable Energy Standard, Act 151 fund usage and extending the program, and the Municipal Energy Resiliency Program. Reginald Beliveau asked about the Hydro owners going to the legislature as stakeholders with more clout for some issues. Director Johnstone said that Morrisville is already starting that process and feels that we do need to have an offensive position (instead of defensive or reactive) with this session. Enosburg invited all the Franklin County reps to visit and provide information to the rookies.

7.b Julia Leopold, VPPSA's Director of Public Affairs gave a Communications and advertising campaign update. The current campaign is promoting the availability of VLITE funds. Future planned campaigns include: The Value of Public Power utilizing the tagline "Community is at the heart of X Utility". Director Morley thought that this would be a good campaign to use after recovering from a large storm as a press release touting how much work and how great the utility responded. Director Dasaro reminded everyone to vet any pictures that they use in posts. There was a consensus that this campaign could begin to move forward. In addition, there is a collaborative Heat Pump campaign coming up. Director Johnstone asked about the purpose of the campaign when studies show that these are typically used as an air conditioner and back up heat source. Director Morley brought up the fact that during the recent storm when people lost power, they also lost heat and with the push for EV's customers could also be losing their transportation in these situations. What are the legislators going to do about the RES policy in light of this? A single solution is not going to be the answer, we must continue with diversity. Also, there is tailored Efforts outreach, and press releases related to rate increases. There are a couple of additional campaigns under consideration for the future. Chairman Fitzhugh asked about the regulations regarding the disconnect notices now that the emergency ruling has expired. Sarah Braese indicated that the new filing looks very similar to the filing that was utilized under the emergency rules. Director Morley indicated that he would like to have a standard VPPSA template for the members. Penny Jones asked why it has not reverted to the original rules now that the emergency rule has expired? A standardized template would be helpful. The members need to let Ms. Braese know by Friday if they would like VPPSA to do this on their behalf.

8. Shawn Enterline, VPPSA's Senior Power Analyst provided an overview of the power supply markets, the primary driving factors related to power costs, actual and future energy prices, and the budget vs actual for each member. It was noted that the Stetson Wind contract has been fully executed and began deliveries on January 1st. Shawn Enterline also discussed the impact of the Christmas storm on the energy markets. P10 had a failed start on the 23rd and Dave Gagne stayed after hours to correct the issue so that on the 24th when ISO-NE started the units they both ran and earned the real-time energy price and earned a bonus due to how well the units performed. At this time, it looks like there will be close to an additional \$100,000 in income from P10 for the event. Two things caused the capacity scarcity: 1. Generation was below the Day Ahead committed level and 2. Imports from HQ were below anticipated levels. Also, due to the load loss from outages some members who had bought day ahead energy were able to sell at real time and earn some additional revenue. McNeil should also have a decent month because it operated through the event.

9. The General Manager provided the AMI status update. The Aclara contract is under final review. The General Manager noted that the loan closing is being held pending the first tranche of members signing their AMI contracts with VPPSA. The member contracts are awaiting final review to align with the executed Aclara contract. Bill Ellis has drafted PUC petition and testimony and is awaiting finalizing with the executed contract, financing completion & the DPS grant. VPPSA submitted a proposal to the DPS on November 30th requesting \$5.247 million on behalf of all members and VPPSA is still awaiting a DPS

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response. Ken St. Amour indicated that he would like to schedule the two final member meetings with Northfield and Ludlow to discuss the impact of the project with the local stakeholders.

10. Alex Nicholson, VPPSA's GIS Administrator provided an overall GIS program and project plan update. Alex also provided an update on the status of each member's project and the anticipated roll-out of the web mapping application for each member. The General Manager noted that the Project Plan has been submitted for review. The available GIS information has been utilized in recent grant applications. The question came up to gauge if there were any reservations from the members on allowing mutual access to the GIS data? This would allow members to view each other's data. Internally this would allow a single VPPSA map. Penny Jones brought up the fact they currently share data with Stowe so this could be an issue for other members. However, there could be a restricted access role that allows view only. There was a brief discussion on the pros and cons of allowing access to the data. The discussion will continue offline with the individual members to work through the nuances.

11. The written Regulatory report was provided to the Board. Sarah Braese, VPPSA's Manager of Government and Member Relations, provided a brief update on various topics including the submission of the 2023 Tier III Annual Plan. The new rebate processing platform (P3) was supposed to launch on the 1st but is now anticipated to launch on Friday. The 2022 Tier III obligations appear to have been fully met and the 2021 RES Compliance was approved. The response to case 22-4869-INV regarding EV rates was filed and there has been no comments at this point. The General Manager provided some background and detail on what is going on with the Ryegate Biomass plant. The price was set in the legislation for the power from the plant and the plant installed some emissions control equipment to qualify for out of state RECs. At the beginning of the contract the plant received 90% of the REC's for sale/revenue. With the expiration of the contract coming up the plant owner expressed that it is no longer financially viable and convinced the legislature to extend the contract through 2032. The contract extension was under negotiation when the owner of the plant filed bankruptcy for other plants it owned. This caused some controversy and questioning of the potential impacts on the Ryegate plant. During PUC review of the contract extension ambiguity developed around who receives the RECs going forward and concerns were raised because the vendors providing fuel inventory have not been receiving payment. VPPSA has stepped out of the fight. Ryegate's 3-month extension on the current contract has come to an end and negotiations are still underway for the new contract. Ryegate filed an MOU accepting the contract extension with GMP, VEC, and WEC. Stowe and Hyde Park expressed support for the extension but raised concerns around guarantees that Ryegate operates to avoid capacity market penalties. The members had a brief discussion on both the Ryegate and McNeil generation plants and the viability of them in the future. Sarah Braese continued with regulatory updates. PSD filed comments questioning EVT involvement/engagement in flexible load management (FLM), especially potential overlap with DU work that may warrant a pause on their work in this space.

12. The General Manager provided an overview of the grant efforts that VPPSA has participated in during the last year. Four grants have been awarded in 2022 and another grant had funds allocated in the legislature and is awaiting award. VPPSA was awarded \$1.5 million for construction of a solar project that allows low-income customers to buy into the project for low-rate electricity. VPPSA is working on cyber-security testing utilizing grant funds. VPPSA also submitted a concept paper for an additional grant requesting a minimum of \$60-80 million to support deployment of seven utility scale battery storage locations. The General Manager provided a brief overview of several other grant opportunities in the queue including Grid Resilience, CUD make-ready and Hydro-Dam grants.

13. The General Manager provided a brief update related to Project 10 activities. During the Christmas Eve storm both units had failed starts, but Dave Gagne was able to address the issues and overall, the units operated well. VPPSA was notified that it was selected to complete the NERC self-certification audit in 2023. Ken St. Amour, VPPSA Manager of Technology & Security Services, will be leading the effort with assistance from Utility Services. This could take significant staff resources to

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complete in the first quarter of 2023, with the potential for NERC financial penalties for any deficiencies. Also, power supply only bid the units into the winter reserve market to maximize value and minimize risk. VPPSA continues to cover BED's reserve obligation and receive additional revenues whenever forecasts indicate energy markets will be stable.

14. The General Manager provided a brief update on status of the rate case submittals and IRP's. VPPSA is bringing in an outside contractor to assist with a couple of rate cases to speed things along. RES conversations are heating up on several fronts: The Climate Council continues to debate whether Biomass is a truly renewable resource which has major implications for McNeil; Ryegate is running into issues renewing its statewide contract; REV is running an aggressive campaign to revise the RES statute; and VPPSA has been in active discussions with BED, WEC, and VEC about developing a pro-active bill proposing our own RES revisions. The General Manager plans to have VPPSA call a meeting of MEAV to re-establish a leadership structure and a brief discussion ensued about the benefit of VPPSA playing that role. The staff reorganization is underway and should be complete by the end of January. Director Dasaro asked if VPPSA has heard anything more about the sub-station/infrastructure attacks and a brief discussion ensued.

15. Board Member Updates: None

16. Executive Session: None

17. Other Business: Director Johnstone asked if there was any interest from the new Director in Stowe to join VPPSA again? Ms. Braese has met with Stowe's new Manager and the General Manager intends to follow up. Discussions around renewed VPPSA membership have not begun but the goal is to improve interactions with Stowe management.

Director Morley made a motion to adjourn the meeting. The motion was seconded by Director Petraska. Motion approved.

The meeting was adjourned at 12:54 p.m.

Respectfully submitted,

Grace Sawyer, Assistant Controller