



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

February 1, 2023

### **Board of Directors:**

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

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

### **Alternates present:**

Penny Jones, Morrisville (P)	Lynn Paradis, Swanton (X)
Abbey Miller, Enosburg (P)	

### **Others present:**

Ken Nolan, VPPSA (X)	Alex Nicholson, VPPSA (P)	Amy Parah, VPPSA (P)
Grace Sawyer, VPPSA (X)	Shawn Enterline, VPPSA (X)	Crystal Currier, VPPSA (P)
Sarah Braese, VPPSA (X)	Julia Leopold, VPPSA (X)	Steve Farman, VPPSA (P)
Josh Bancroft, VPPSA (P)	Amanda Simard, VPPSA (P)	Heather D'Arcy, VPPSA (P)
Jason Shafer, disastertech.com (P)	Ken St. Amour, VPPSA (X)	

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

- 1.** Vice Chairman Morley called the meeting to order at 9:32 a.m.
- 2.** Vice Chairman Morley asked if there were requests for changes and/or modifications to the current agenda. The Chairman was asked to add an item under Other Business for discussion related to the VELCO Operating Committee.
- 3.** Vice Chairman Morley asked if there were public comments and/or individuals who would like to address the Board. There was no public in attendance.
- 4.** Director Johnstone made a motion to accept the minutes of the Board of Directors meeting held on January 4, 2023. The motion was seconded by Director Bailey. Motion approved.
- 5.** Director Elwell made a motion to approve the Preliminary Monthly Financial report for the period ending December 31, 2022. The motion was seconded by Director Petraska.

## **APPROVED**

The Controller provided a review of the preliminary 2022 operational revenue vs expenses and noted that net income is \$2.6 million, and operational revenue exceeds budget by \$86K or 3%. Conferences, travel, and mileage are significantly below budget and ended the year \$74K under budget. Standard Offer revenues remains under budget by \$49K at year end due to projects going online later than anticipated. Other items of note: REC purchases continue to be under budget by \$92k or 16.7%. McNeil generation is under budget 16.13% YTD. P10 net income is under budget by \$15K caused by rising fuel costs.

The General Manager notified the Board of a request made by the Chair to reduce the volume of information in the monthly Board packet by moving the financial report into a separate document. Separately, the General Manager and Controller had been discussing providing full financials on a quarterly basis, instead of monthly. This change is in process and the financial report presented this month is a sample of what the Board may see in future monthly packets. This change has also been approved by the auditors. Going forward staff is proposing a summarized monthly financial report along with a narrative calling out significant budget to actual variances each month with more detailed financial reports provided quarterly or semi-annually.

The motion was approved.

**6.** Director Johnstone moved to approve Resolution 2023-01 Project #10 Reserve & Contingency True-up. The motion was seconded by Director Bailey.

The Controller provided a report of the capital improvements at Project #10 along with a summary of funds in the reserve and contingency fund. The total capital expenditures for 2022 were \$1.3 million and \$71,383.08 is available for transfer from the reserve and contingency account to the reserve account. VPPSA staff recommends transfer of the current year excess related to the 2022 R&C True-up to the P10 reserve fund for future expenditures.

The motion was approved.

The General Manager gave a brief overview of the history of the reserve and contingency account and the general reserve account. Director Elwell brought up the significant cost increases being experienced across the membership, and resulting rate cases, and he was concerned about the amount of money in the voluntary reserve account. There was a brief discussion around that fund and the level at which it is funded. The General Manager suggested that a separate item be placed on the April or May agenda to discuss the details of the P10 reserve fund and for the membership to determine the desired level of future funding. Director Johnstone suggested that discussion should take a deeper look at all aspects of the funds impacts, including potential revenue, penalty, and borrowing implications of a plant shutdown, to ensure that we have funds to cover repairs if needed to ensure that we do not end up having to pay penalties if the plant does not run.

**7.** The General Manager notified the Board of a conflict with the date of the March Board Meeting and had originally proposed a motion to change the VPPSA regular Board of Directors meeting from March 1, 2023 to March 8, 2023. However, NEPPA has chosen to conduct a 2-day Board Meeting on March 8<sup>th</sup> and 9<sup>th</sup>, so the General Manager and two VPPSA Board members would not be able to make the March 8<sup>th</sup> date either. The General Manager proposed a new motion to move the VPPSA regular Board of Directors meeting from March 1, 2023 to March 15, 2023 and that the staff take the necessary steps to notify of this change in compliance with VPPSA's Bylaws. Director Johnstone moved to approve the motion as proposed by the General Manager. The motion was seconded by Director Bailey.

The General Manager also reminded the Board that the April meeting historically has also been when the Annual Meeting was held for the election of officers. It has often been a 15-20-minute annual meeting followed by a full regular Board Meeting. Staff is discussing expanding the annual meeting to include presentations by outside parties on industry issues and inviting state regulators/legislators to the event. This would necessitate holding a shortened regular Board meeting.

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The motion was approved.

**8.** For the past several years Jay Shafer, a meteorology professor, from Lyndon State College has been working to develop a micro-area weather forecasting model and has been partnering with VELCO, GMP, and VEC to develop utility applications. VPPSA understood that Mr. Shafer's work in state was primarily being funded by GMP & VEC with other utilities being able to "opt-in". Two key things have recently changed and as a result VPPSA's Operating Committee representative, Steve Fitzhugh, asked Mr. Shafer to give a short software demonstration and project proposal to the Board. Director Elwell commented that this program appeared to be similar to the Blue Thunder (Deep Thunder) program, that considerable time and money was spent developing in the past and asked if we no longer have a choice on this software how much is this going to cost? According to Mr. Shafer, the project capital investment is quoted at \$1,000,000 coming from Transco which will receive warrants to acquire stock in DisasterTech in the future and a 10-year license for VELCO and its owners in return for the investment. VELCO's believes that roughly 95% of the cost will be borne by all of New England and 5% by Vermont due to the project's transmission benefits and the ISO- New England transmission tariff cost allocation structure. Chairman Fitzhugh provided some additional history on how the project came to be and the evolution of the plan over the last few months. Director Johnstone asked for clarity around the "2-year sprint" model discussed by Mr. Shafer. It was clarified that the final product would be customized based on the user input received during the sprint. Julia Leopold asked clarifying questions around the various forecast models being utilized in the software. Alex Nicholson asked clarifying questions about how the information could be integrated into the GIS system.

There was a discussion by board members about how this project came into being without VPPSA's "opting-in" as was understood to be the process. Concerns were expressed with how projects appear to be created by VELCO and Board members encouraged the General Manager to continue raising VPPSA's governance concerns at VELCO Board discussions.

**9.** 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 costs for each member. Mr. Enterline presented detailed analysis of the December power prices and the LNG volatility over the last 25 years, volatility of electricity prices for the last 19 years, and the December short-term coverage. The short-term coverage is not included in the budget. In the budget any needs not currently covered under long-term contract is expected to be purchased at spot market cost. However, due to the significant market volatility the actual spot prices for December ended the month significantly below the cost of the hedge VPPSA had purchased when the short-term coverage was locked in. The short-term coverage purchases are decided at the end of the prior month to meet VPPSA power supply hedging policy, which requires meeting at least 95% coverage for the energy forecast of each member. The General Manager and the Manager of Power Resources may be presenting the board with a new policy proposal to address the level of volatility being experienced. Mr. Enterline also presented information regarding the Mystic Station costs that were new to the VPPSA members in 2022. ISO-NE denied Mystic the ability to decommission due to reliability issues its decommissioning would have caused in the Boston area and the potential impact of losing the associated LNG plant also located in Boston. The costs are being incurred under a Reliability Must Run (RMR) contract between Mystic and ISO-NE. The VPPSA members cost fluctuations are primarily being driven by the pass-thru fuel costs. Mr. Enterline then presented the results of P10 generation for 2022. In December P10 earned almost \$377K during the Christmas storm by running when drawn upon by ISO-NE during the holiday shortage event. Director Johnstone asked that VPPSA have a review of how to replace long term contracts that may be impacted by the closure of the Mystic resource well in advance of the RMR contract end date and to keep the Board posted on the progress.

**10.** Ken St. Amour provided a brief AMI project status update. The General Manager noted that the Aclara contract negotiations are complete with the exception of the Statement of Work. The loan closing was held on January 23<sup>rd</sup> and the final interest rate was 5.28%. The funds are currently being held in escrow pending finalization of the member contracts. Bill Ellis has drafted PUC petition and testimony

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and is awaiting finalizing with the executed contract, financing completion & the DPS grant. VPPSA submitted a proposal to the DPS on November 30<sup>th</sup> requesting \$5.247 million on behalf of all members and VPPSA continues to await a DPS response. The DPS appears to be completely swamped and VPPSA has heard of others waiting two years for their funding.

**11.** 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. It was noted that the Project Plan is under review. To address the increased requests for GIS data VPPSA is currently formulating a formal data sharing procedure. With the hope being that protocols created through this process will be applied to most if not all data sharing requests in the future. Not only will this process assist in standardizing and expediting the data sharing process, but it will also assist in maintaining a high level of data integrity, security, and quality for VPPSA members.

**12.a** Julia Leopold, VPPSA's Director of Public Affairs provided the Legislative update to the Board. After a relatively slow start to the session, the pace is beginning to pick up with the new climate and renewable energy bills being introduced. VPPSA and other utilities introduced themselves in House Environment & Energy and VELCO, the DPS, and ISO-NE provided "Electric Grid 101" sessions. Several new bills have been introduced including H.21 Landlord Notice of Utility Disconnect, H.56 Ratepayer Protection, H.96 Clean Heat Standard, and S.5 Affordable Heat Standard. Other imminent bills include 100% Renewable Energy Standards and Act 151. Ms. Leopold gave a more detailed overview of the Affordable Heat Standard for the members and the potential implications for the future. VPPSA's position is currently to request clarification in the bill about how this interacts with the Tier III requirements. There seems to be an overlap between the two at this point. The General Manager provided some additional information and a discussion ensued. There was a brief discussion on H.21 about how the disconnect notices are currently being regulated and the potential change. Penny Jones noted that Morrisville currently requires the landlord's name be included on the bills and a duplicate can be sent to the landlord (or tenant) for a fee. The General Manager gave an overview of the current events surrounding Renewable Energy Vermont's (REV) proposed Renewable Energy Standard (RES) revisions. The REV proposed bill is not palatable to the municipal utilities. They are proposing that renewable energy would not include nuclear energy, biomass, or large hydros and only 40% of utility power supply could come from existing sources while 30% would need to be from new sources and 30% would have to meet the current Tier II definition. In essence, 30% would have to come from solar sources.

**12.b** Julia Leopold, VPPSA's Director of Public Affairs provided the Communications update to the Board. VPPSA has been utilizing the new email list to send communication to the utility staff and it has been going well. Ms. Leopold is considering using this platform to distribute social media campaigns. VPPSA has launched the online rebate portal and is currently educating utility staff, customers and dealerships about the platform and available incentives. Other current campaigns include developing a bill insert for Tailored Efforts, flyers, and newsletters about the availability of VLITE funds, and press releases related to rate increases. Future planned campaigns include, but are not limited to, the Value of Public Power utilizing the tag line developed last year. Other campaigns under consideration include an AMI Education outreach and highlighting VPPSA's successes of RES and Tier III.

Lunch break @ 12:43  
Reconvened @ 1:11

**13.** The written Executive Summary and regulatory update was provided to the Board. Sarah Braese, VPPSA's Assistant General Manager, provided a brief update on various regulatory hot topics. For Renewable Energy Standards Tier III: VPPSA has published appropriate representations of members' generation portfolios, preliminary reports show that VPPSA has met the 2022 Tier III Compliance Obligations and VPPSA has submitted the 2023 Tier III Annual Plan. As noted previously, VPPSA launched its new online rebate processing portal. Ms. Braese provided a brief overview of the Clean Energy Policy and the relevant items on the FERC docket. The General Manager provided some additional details around the inverter-based resources FERC docket item and a brief discussion ensued

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around the regulatory environment. Ms. Braese provided a brief update on the recent grant concept paper and applications that VPPSA has filed. The General Manager gave a review of the Demand Resource Plan (DRP) that Efficiency Vermont (EVT) submitted. EVT asked to utilize some of their budget funds to use an open-source software to provide a statewide platform for flexible load management. This proposal is an expansion of the previous plan that EVT has been funding control panels on devices being installed that would allow the utility to control the demand. VPPSA disagrees strongly with the proposed expansion and has focused its negotiations of a new DRP MOU with EVT around this issue. The message from DPS is that Flexible Load Management is coming and if the small utilities do not move forward with embracing this technology the DPS is not going to get in the way of others looking to take over the service. For the VPPSA membership AML is the first step and our technology roadmap will address the next steps.

**14.** The General Manager provided a brief update related to Project 10 activities. P10 continues to operate well following the overhaul this past summer. Ken St. Amour and Dave Gagne are working through the NERC self-certification audit with final replies due by February 13th. No issues or violation concerns have been identified during documentation prep, but NPCC will undertake its review following the submittal. Preliminary review indicates that P10 performed well during the Christmas Eve outage and received additional revenues from the Pay for Performance shortage event. The last major upgrade in the plans for P10 is to upgrade the Programmable Logic Controllers (PLC's).

**15.** The General Manager provided a brief update on status of the rate case submittals and IRP's. VPPSA has brought in Utility Financial Services to assist with the Barton and Jacksonville 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; REV is launching its bill to revise the RES statute; and VPPSA has been in active discussions with BED, WEC, and VEC about developing a joint RES structure everyone can support. Susan Anderson and Steve Kaminski have been nominated and will be part of the slate of VELCO Directors up for election by the owners in April. Ken St. Amour gave a brief update that the VPPSA IT cyber review is underway, and once completed will move to individual members one at a time. Staff is hoping to get the recommendations in time to use the information in the next round of grant money available for cyber security upgrades.

**16.** Board Member Updates: Tom Petraska let the Board know that they were installing security cameras at their substations. Director Dasaro indicated that Enosburg was also going to be installing security cameras at their substations.

**17.** Executive Session: None

**18.** Other Business: The VELCO operating committee vice chair position is vacant and VELCO's Chief Operating Officer Colin Owyang has proposed nominating VELCO employee, and current operating committee secretary Tina Stevens as vice chair, and then appointing VELCO Board secretary Jaime Smyrski as operating committee secretary as well. Chairman Fitzhugh asked for input on what position the board members would like him to take on voting for the nominated parties. The Board came to a consensus that it was fine to vote in the affirmative.

Director Bailey made a motion to adjourn the meeting. The motion was seconded by Director Elwell. Motion approved.

The meeting was adjourned at 1:50 p.m.

Respectfully submitted,

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Grace Sawyer, Controller



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