



Board of Directors Meeting Minutes

June 7, 2023

Board of Directors:

X	Denis Fortin, Barton		Jonathan Elwell, Lyndonville
X	John Dasaro, Enosburg	X	Scott Johnstone, Morrisville
X	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.

Alternate Directors present:

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

Others present:

Ken Nolan, VPPSA (X)	Alex Nicholson, VPPSA (P)	Amy Parah, VPPSA (X)
Grace Sawyer, VPPSA (X)	Conner Daley, VPPSA (P)	Amber O'Neill, VPPSA (X)
Heather D'Arcy, VPPSA (X)	Steve Farman, VPPSA (P)	
Lance Woods, VPPSA (P)	Amanda Simard, VPPSA (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 comment.
- 4.** Director Morley made a motion to accept the minutes of the Board of Directors meeting held on May 3, 2023. The motion was seconded by Director Johnstone. Motion approved.
- 5.** Director Petraska made a motion to approve the Monthly Financial report for the period ending April 30, 2023. The motion was seconded by Director Dasaro.

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The Controller provided a summary of operational revenue vs expenses for the period ending April 30th, 2023. It was noted that YTD net income is approximately \$1.35M. VPPSA's Operational loss is \$35K year to date, which is less than the budget by \$69K primarily due to Personnel salaries being below budget by \$55K related to the delayed hire of the new IT position and the lag time in hiring replacements for vacated positions. Other items of note: There have been no REC purchases as of April month end however, purchase contracts have been signed for \$1.1M, and the REC's were delivered in June. McNeil generation is under budget 13.29% for the year resulting in revenue being below budget by \$161K. P10 income is over budget by \$153K primarily because of Property Insurance being underbudget by \$24K, fuel expenses were less than anticipated so far this year and interest income is \$58K greater than budgeted year to date. No change with AMI or Sander's grant.

The motion was approved.

6. Director Morley moved to approve Resolution 2023-03 related to renewal of VPPSA's Line of Credit as presented. The motion was seconded by Director Johnstone.

The Controller presented that VPPSA presently maintains a \$10 million line of credit, at a cost of \$1,000 annually per \$1 million of credit, that can be accessed as needed to address cash flow issues. The line is up for renewal at the end of June. Normally VPPSA would go out to bid as part of the renewal process; however, changing to another financial institution would require VPPSA to move their primary deposit account before closing on a line of credit of this magnitude causing undue risks. The Controller is in negotiations with KeyBank to renew the line of credit and is assessing dropping the line amount back down to the pre-COVID limit of \$6M. A brief discussion ensued on the total line of credit VPPSA should carry.

The motion to approve Resolution 2023-03, related to renewal of VPPSA's Line of Credit not to exceed \$10M, was approved.

7. Director Johnstone made a motion to authorize the General Manager to execute the membership agreement with BED in substantial the form presented. The motion was seconded by Director Sullivan.

Director Morley asked the Board for some insight as to why BED left the VPPSA membership originally. The General Manager gave a brief explanation. The General Manager presented that for several years VPPSA has had a strategic goal of expanding membership and has discussed efforts to work more closely with BED on several occasions. The discussions to date have uncovered several possible collaborations: solidify staff sharing, succession planning, VTTRANSCO financing, share Tier III RES credits, exploring an Energy Efficiency Utility.

According to VPPSA's Bylaws, the Board needs to find that BED is eligible for Strategic membership and that adding them would be beneficial to VPPSA. The discussions to date have uncovered several possible collaborations. A brief discussion ensued on the fee structure, voting rights, and building a full membership succession plan.

The motion was approved.

8. Director Sheets made a motion to authorize the General Manager to move VPPSA's regularly scheduled July Board meeting from July 5th to July 12th. The motion was seconded by Director Sullivan.

Due to several vacations staff wanted to provide the opportunity for the Board to discuss moving the meeting date to Wednesday, July 12th. A brief discussion ensued regarding conflicts on July 5th and July 12th.

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Director Sheets Moved to amend his original Motion to instead move the July Board meeting from July 5th to July 19th. As the Motion seconder Director Sullivan accepted the amended Motion.

The motion, as amended, was approved.

9. The General Manager provided a brief update on CUD Make Ready. Many members have been dealing with increasing CUD Pole Attachment applications for several months as the CUD's receive their federal funding and complete initial design work. Those efforts have spurred two separate discussions in recent weeks: Reliability Grant Applications and Make Ready Cost Concerns.

VPPSA has been approached by the NEK CUD in particular asking if members would be open to preparing a joint application for reliability funding intended to move cross country lines to roadside. From a CUD perspective, they are seeing some of their highest make ready costs occurring on cross country lines. Federal funding could not only address some electric utility reliability concerns, but at the same time would allow the new line to be designed to accommodate the CUD attachment, thereby eliminating what could otherwise be a substantial cost. VPPSA could utilize its grant consultant to seek out possible funding opportunities, and the NEK CUD has expressed a willingness to contribute a consultant to help draft an application. A brief discussion ensued with no member interest at this time.

VPPSA has been made aware of a growing dispute between the CUDS, Vermont Community Broadband Board (VCBB), and the larger utilities (in particular GMP) around recent make ready cost projections. The CUDs have expressed concern to the VCBB that these costs threaten broadband deployment. The VCBB in turn has raised the issue with the DPS, and a meeting of the utilities, CUDs, VCBB, and DPS has been scheduled for June 9th. VPPSA has not yet been invited to that meeting, and ironically anecdotal comments have reached VPPSA that the CUDs are citing VPPSA members' lower costs in support of their complaint, while simultaneously suggesting that the municipalities are not able to move quickly enough to meet deadlines. The utility consensus is that the DPS and VCBB are likely to push this issue toward a PUC investigation that could draw VPPSA fully into the discussion.

10. The General Manager reminded the Board that several years ago VPPSA became a founding sponsor of the DeltaClimeVT business accelerator. As part of this effort staff became connected with Pecos Wind which is a startup established by engineers from several major wind developers. Pecos is seeking to develop a small wind turbine that could be deployed at commercial/agricultural sites while minimizing environmental impacts and reducing deployment costs. VPPSA views this as a possible approach to meeting Tier II requirements with a resource other than solar. Staff has been working on a Community Wind concept structured similarly to the ACRE grant VPPSA recently received. In other words, the generators would be located throughout VPPSA member territories, the output would be aggregated up to a VPPSA composite through a PPA with Pecos Wind, and then the composite output would be made available to all members. Before VPPSA proceeds with moving those locations forward staff wanted to give all members an opportunity to propose customers or municipally owned locations they felt would be viable. Discussion ensued concerning annual benefit, viability, area needed and possible sites. Board members provided several possible sites to add to VPPSA's assessments.

11. The General Manager updated the Board on VELCO DER Communications. VELCO has initiated a fiber deployment project to expand its existing fiber network into the sub-transmission and distribution network to ultimately connect communication to every generator over 150KW in size. More recently FERC and NERC have promulgated rules expanding requirements on transmission providers and ISO to perform more dynamic assessments of the power grid to ensure reliability. These rules are in large part stemming from the rapidly increasing amount of inverter-based generation on the system and decreasing amount of "spinning steel" to provide inertia.

VELCO has now expanded the fiber project through work with Pacific Northwest National Lab (PNNL) to also develop a common communications framework for utilities to share data. VELCO is presently working with the utility control centers (GMP, VEC, BED) to establish the protocols but envisions them to

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apply to all utilities over time. Most recently the statewide application in the IIJA GRIP program, where all utilities including VPPSA were urged to participate in a statewide battery grant application spearheaded by the DPS, included a concept of developing a hierarchical framework for controlling batteries such that distribution utilities would have initial control, but could defer control to their sub-transmission provider or VELCO for higher level use.

The VELCO executive team continues to tell the VELCO Board that they have no interest in controlling utility assets, but the various projects underway are clearly aligning to build the communications network to provide the possibility of statewide control of assets, and VELCO's mid-level operations staff are hinting in conversations that they believe VELCO will ultimately need to control assets to keep the lights on. The General Manager will be reaching out to VELCO to invite various VELCO staff and board members to discuss their proposal at the July VPPSA Board meeting.

12. Heather D'Arcy, VPPSA's 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. Ms. D'Arcy presented a detailed review of the Mystic Station costs and what the variances would be absent the Mystic costs and how the unfavorable rate variance for most members is primarily due to the unbudgeted Mystic Station Cost. Ms. D'Arcy also gave an overview of the Renewable Energy Credits. She also provided an overview of the forward sales already under contract for 2023-2025.

13. The General Manager informed the Board that after the May Board meeting Director Johnstone reached out to suggest that the Board discuss whether it was possible/reasonable for VPPSA to establish a reserve fund to smooth the Mystic cost not recoverable in rate cases. The General Manager reminded the Board that staff had previously proposed implementing budget billing to address large budget to actual variances. The Board determined that doing so would create significant accounting complexity with little advantage and instead requested VPPSA to offer a payment plan which some members took advantage of. There was a consensus that a Mystic related reserve fund was not warranted at this time.

14. The written Regulatory and Power Services update was provided to the Board. The General Manager provided a brief update on various regulatory hot topics. VPPSA screened and rejected over 20 applications and conducted 10 interviews for the two Power Analyst positions. One offer for the Power Analyst position has been accepted for a June start date and VPPSA is continuing to solicit candidates to fill the second position. Ms. Braese attended the 2023 NECPUC Symposium held in Stowe and noted several discussions around innovative rate designs, utility billing structures capable of accommodating more time-varying rates in the future and broadband infrastructure.

VEIC/Efficiency Vermont filed a revised and executed MOU with VPPSA under Case No. 22-2954-PET, the Energy Efficiency Utility (EEU) Demand Resource Plan (DRP) proceedings for 2024-2026 and the 2027-2029 performance periods. The updated filing also included an Amended and Restated Operating Protocol. These filings represent several months of negotiations with VEIC/EVT to refine and clarify the roles and responsibilities between EVT and VPPSA members.

VPPSA filed its response to the PUC Order in Case No. 23-1364-INV (EV Rates & Act 55 Compliance) it appears that EVSE manufacturers will be actively engaged in this docket.

The PUC issued an Order Responding to Participant comments in Case No. 19-0855-RULE, Net Metering (Rule 5.100) and Case No. 19-0856-RULE, Interconnection Rules (Rule 5.500) including notification that the Commission has begun the formal rulemaking process by filing the proposed rule with the Vermont Interagency Committee on Administrative Rules (ICAR) and the Vermont Secretary of State.

VPPSA continues to engage with and monitor, negotiation, and administer potential grant funding sources including state funds for Energy Storage (ESAP), ACCD EVSE (community charging) ACRE and VLITE. As other opportunities arise, we will coordinate with members to encourage participation.

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15. Connor Daley, VPPSA's Manager of Government & Public Affairs, provided a brief update and overview to the Board including S.5 Affordable Heat Standard, which was vetoed by the Governor and the Legislature overrode it. Mr. Daley provided an overview of several bills which have passed the Legislature but have received no action by the Governor including S.112 Misc. Changes to the PUC, in which VPPSA testified in Senate Finance supporting the bill. S.100 Housing Opportunities Made for Everyone and S.137 Energy Efficiency Modernization.

Mr. Daley has begun planning for communications, events and public affairs throughout the summer including *Communities at the Heart* Campaign. Also, over the summer Mr. Daley plans to attend as many member locations/site visits as possible.

16. The written Executive Summary was provided to the Board. The General Manager provided a brief update of the AMI project status. The revised member contracts incorporating comments from Eli Emerson have been sent out and staff are now answering questions. Johnson, Northfield, and Swanton have returned executed contracts. Ms. Parah will follow up with the remaining members in the coming weeks to verify status and schedule Trustee/Commission visits as needed. A brief discussion ensued on the need for Barton to decide a path forward for the utility before committing and Hyde Park's inquiry about the project. There was further discussion on the GIS roadmap for water meters. The General Manager suggested the members stay on track with the Electric GIS roadmap and not get distracted with including the Water GIS roadmap.

17. Board Member Updates: None.

18. Other Business: Enosburg has a meeting with ANR tomorrow night related to their hydro relicensing, including amending their renewal proposal from last year.

19. Executive Session:

Director Morley made a motion to enter Executive Session under the provisions of 1 V.S.A. §313(a)(3) to discuss personnel issues. The motion was seconded by Director Johnstone. The motion was approved.

The Board entered Executive Session at 12:05

The Board returned to Regular Session at 12:30

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

The meeting was adjourned at 12:30 p.m.

Respectfully submitted,

Amy Parah

Amy Parah, Assistant Secretary