

Minutes:

Stowe Electric Commissioners' Meeting

August 18, 2021 at 8:30 a.m. at Town of Stowe Electric Conference Room

Present:

BOARD MEMBERS: Richard ("Dick") Marron, Chairman; Larry Lackey, Vice-Chairman, Heidi Scheuermann, Commissioner

STAFF: Ellen Burt, General Manager; Brent Lilley, Director of Operations; Patricia ("Trish") Waugh, Business & Customer Care Manager; Mike Lazorchak, Manager of Regulatory Compliance; Lily Burgess, Clerk of the Board

GUESTS: Pam Allen and Adam Houghton, ControlPoint

Dick called the meeting to order at 8:31 a.m.

Approval of the July 21, 2021 Meeting Minutes

On motion made and seconded, the minutes of July 21st were approved.

ControlPoint Presentation: Distribution System Study and Capital Projects

ControlPoint prepared Stowe Electric's Distribution System Study in 2020. This Planning Study determined the best strategic system upgrades to address SED's current and future needs for reliability, power quality, growth, and flexibility. Pam elaborated on how the Stowe System is set up, VELCO's transmission line, as well as SED's 3 substations.

The Wilkins Substation has 2 distribution circuits and serves about 60% of customers. These 2 circuits are the most heavily loaded in Stowe's system and carry the majority of the critical infrastructure for the Stowe Village (Fire, Police, Rescue, Health Department, Water and Sewer Departments, Stowe Electric Department, the Town Offices, the High School and Emergency Shelter). Currently, the Wilkins Substation does not have sufficient transformer capacity to back up the 12kV loads at the Houston and Lodge Substation (Spruce Peak). Daytime backup of Houston and Lodge Substations is only possible in April and May. The preferred solution would be to add a 3rd circuit at Wilkins Substation (which would also reduce the number of customers per circuit) to be fed by a new 10/12.5 MVA transformer as well as peak backup of 12kV Mountain Line loads for maintenance and contingency scenarios. The estimated start date for these upgrades would be September 2022, with a completion date of June 2025. This approach would be a 10 to 15-year solution with a budgetary cost of \$3.29 million. A complete rebuild of the Wilkins Substation would be a 30-year solution at an estimated cost of about \$6 million. A complete rebuild of the Wilkins Substation would require an additional system study. Since the new transformer would be a key part of the rebuild, it would have to be installed first anyway (to be completed by 2025). Upgrades to substations will have to be done by contractors.

The Houston Substation has the Transmission Ground Fault Over-Voltage (TGFOV) concern. This restricts any additional Distribution Generation (DG) capacity and causes Circuits 5 and 6 to be constrained, due to the presence of Distributed Energy Resources on the low voltage side. This concern is important, but not a critical priority.

Unfortunately, a battery storage solution (like GMP) would only worsen the situation.

Finding a solution that would allow new solar energy projects to come online requires an Engineering Study to assess and evaluate options such as high side voltage transformers and upgrading the 34.5V insulation levels. The budgetary estimate for this project would be \$370,500, not including the cost of the Engineering Study. The State incentives for solar systems are decreasing considerably over the next few months. Mike stated that SED is considering a community solar project by installing solar panels on the SED garage building. Mike is currently investigating funding and grants for such a project. This would allow customers currently on constrained circuits, as well as low-income customers, to buy in to a solar project within Stowe.

Recloser Controls at Houston Substation Circuits 5 and 6, and Lodge Substation Circuit 7. These recloser controls are at the end of life and have limited data acquisition capability. To upgrade the controls to more modern models that have built-in data acquisition and communication, and that furthermore have significantly more flexibility to reduce the length of time and number of customers affected by outages will cost about \$150,000.

The construction plan and timeline for these capital projects were discussed.

Expected future load growth, and the need for additional system capacity due to State mandates for more electrification such as heat pumps and electric vehicles, were discussed in detail.

Adam Houghton and Pam Allen exited the meeting at 9:23 a.m.

Financial Report

SED ended May with \$182,751 in total net income, which is \$24,807K (16%) above the 2021 straight-line YTD budget. Since SED is a winter peaking community, at the five-month mark, the straight-line budget is finally beginning to become more closely in line with SED's actuals. Operating Revenue overall is up 4% over budget. Large commercial was up 8% over budget with an actual increase of 6% over the same period in 2020. Residential was up 4% over budget and accounts for 42% of the revenue. Commercial Revenue represents 48% of SED's Operating Revenue and Snow-Making represents 10%.

Operating expenses – transmission and distribution overall costs - remained relatively flat for May, up 2% over budget. Purchase power costs were up 3%, which reflects the 4% overall increase in sales. Billing and Collections and Administrative costs were 2% under budget.

Rebates and SED's yearly Rebate budget were discussed in great detail. SED to date has paid incentives for 1 used and 3 new all-electric vehicles, 5 new hybrid plug-in vehicles, 2 residential lawnmowers,, 5 e-bikes, 6 water heater heat pumps, 7 ducted heat pumps, and 48 ductless heat pumps (cold climate heat pumps).

Operations Report

July has again been very busy for Operations. SED received a total of 18 new service orders in July and energized 13 new services. YTD, service orders are up 63% compared to 2020 and 2019. SED initiated 61 work orders and completed 48 work orders during the month of July. Crews are continuing work on the new tie point that serves the Lodge Substation. SED

has identified 46 ash trees and 64 danger trees along its Transmission corridor. These trees are scheduled to be removed before winter. SED also received 63 DigSafes, for a total of 371 so far this year.

Regulatory Report

SED staff continues to make progress on Net-Metering and program administration, attending various meetings and workshops. This includes working with ControlPoint Technologies on managing and integrating distributed generation technology and inverter technology within SED's distribution system. Mike and Brent are also following revisions to Rules 5.100, 5.400, and 5.500, which are the PUC Net-Metering Rules.

Staff continues to focus on the Moscow Mill stabilization project. The bid package for the stabilization project was released and SED has a site visit with interested contractors scheduled for August 19th. Unfortunately, SED anticipates COVID-19 impacts to the construction supply chains as well as staffing, both which might delay the project completion to Spring 2022.

Other Business

NextEra Energy 3.5MW Solar Project: Staff continues to work with ENE and NextEra to finalize the purchase power agreement (PPA) for the NextEra 3.5MW solar project to be built in 2022. GMP has not sent NextEra an update on the interconnection requirements for the project, but the PPA has an opt-out clause allowing SED to back out if GMP's interconnections costs are too prohibitive.

Heidi Scheuermann made a motion to authorize Stowe Electric's General Manager to enter into the Purchase Power Agreement with DG Northeast 2020 Holdings, LLC for a 3.5MW solar project for a duration of 25 years. Larry Lackey seconded the motion, and the motion was approved.

Town of Stowe Selectboard: Heidi suggested to strengthen the relationship with the Town and its elected officials. She would like SED to be on the Selectboard Agenda soon to report on the incentives and rebates issued, the 3.5MW solar project, the Mill project as well as the necessary bond for capital improvements. Heidi commended SED on its social media presence, but also mentioned that not all ratepayers are on social media. Dick mentioned that Selectboard meetings are more likely to be covered by the local press. Dick and Heidi would be attending the Selectboard meeting with SED staff.

The Board scheduled the next Commissioners' meeting for September 22nd at 8:30 a.m. and tentatively for October 20th and November 17th.

There being no further business, the meeting was adjourned at 10:04 a.m.

Respectfully Submitted,



Lily Burgess
Clerk of the Board