

## **Minutes:**

Stowe Electric Commissioners' Meeting  
January 26, 2022 at 8:30 a.m. at Town of Stowe Electric Conference Room

## **Present:**

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

STAFF: Ellen Burt, General Manager; Brent Lilley, Director of Operations; Sarah Juzek, Controller; Mike Lazorchak, Manager of Regulatory Compliance; Lily Burgess, Clerk of the Board

Dick called the meeting to order at 8:34 a.m.

## **Approval of the December 29, 2021 Meeting Minutes**

Larry commented on the December 29<sup>th</sup> minutes that in general the information reported needs to be attributed to someone, and discussions and presentations need to state who said what. He requested the change be made going forward, especially in the Regulatory Report section as well as when a Commissioner or someone else said something important. Larry further stated that the Minutes were a mess when they state something was discussed in detail. Dick responded that there was already more in the transcribed minutes than is technically required but that Larry's point is well taken and if someone has a comment or observation, those should be attributed to that person.

On motion made and seconded, the minutes of December 29<sup>th</sup> were approved.

## **Financial Report**

November 2021 Financial Results: Sarah reported that SED ended November with \$864,648 in total net income, which is \$517,170 above the 2021 straight-line YTD budget of \$347,478.

The Operating Revenue overall was \$188K favorable to the budget. SED Electric Sales were \$86K over the budget. Residential Sales are \$229K down from the budget, and this number is netted with the Net Metering Credits. The Commercial Energy favorable variance to budget continues to grow to \$547K, which is caused by the budget being based on last year's COVID numbers. Commercial Demand is still unfavorable to the budget by \$148K.

Commercial Large Accounts are becoming more in line with the straight-line budget with a variance of \$77K unfavorable to budget.

Contract Work Fees continue to be favorable to the budget by \$99K.

Operating Expenses overall were \$356K favorable to the budget. Purchase Power costs were \$401K under the budgeted amount. Most of the savings is from purchasing less energy than originally planned.

Transmission & Distribution expenses are unfavorable to the budget by \$36K. This is the result from the increase in materials netted with the savings from our line clearing delay. Non-Operating Revenue & Expenses overall was \$27K unfavorable to the budget.

## **Operations Report**

Brent reported that SED received a total of 6 new service orders in December and energized 5 new services. A total of 160 customer service orders were energized in 2021. The crews transferred 11 poles on Stowe Hollow and replaced 7 condemned poles on Taber Hill Road. No CPGs were issued or systems interconnected.

SED initiated 34 work orders and crews completed 33 work orders during the month of December. The total work orders completed in 2021 were 481, vs 422 completed in 2020. SED also received 16 Dig Safes in December, for a total of 666 this year vs. 551 last year.

SED experienced 23 outages during the month of December: 12 were due to trees, 10 were company initiated and 1 was due to equipment failure.

## **Regulatory Report**

VLITE Grant Application for the Moscow Hydro Project: Dick stated that he forwarded the information to the other Commissioners, and he asked Michael to briefly discuss the application. Michael asked the Commissioners whether they would like to learn more about the budget first or have him present a high-level overview of the purpose of the project. Dick responded that an overview of the project and the conditions of how to get the grant would be sufficient.

Michael explained that the VLITE grant needs to make an impact on low-income customers in Stowe. He further explained that this project could also be tied to SED's Tier II plan (RES obligation) to offer equitable opportunity for low-income customers to participate in SED's energy transformation projects such as net-metering, electric vehicles and cold-climate heat pumps. Michael acknowledged that what SED has experienced is that it is hard for low-income customers to participate in renewable projects for a number of reasons, but mainly because these projects (net-metering, heat-pumps, electric vehicles) are expensive. Michael explained that SED has developed an innovative plan to overlay the community-solar format into a community-hydro format. Based on the production of the hydro facility, SED would then set aside a portion of the kWh generation to offer to participating low-income customers as a bill credit. Just like community solar, each participating customer would receive a set monthly percentage of the hydro generation. The savings to these customers would be directly tied to SED's spending obligation in Tier III. As Michael explained, SED has not been able to meet this spending obligation in the past three years, since it is not easy to engage this population. However, this community-hydro project would

allow SED to meet the spending target in a way that would be fair to SED's customer base. Michael concluded that this project would give SED the behind-the-meter renewable energy generation that would benefit all of SED's customers. Ellen asked Michael what the cost would be if all low-income customers participated. Michael answered that SED would set the "spending" or "off-set" cap at SED's Tier III budget, which for next year is around \$25,000.

Larry interjected that he is trying to understand how this project would be an energy-transformation project, or in other words a Tier III project. He stated that he looked back on the definition of the statute of energy transformation, and it talks about projects that reduce fossil fuel consumed by customers. He stated that the participating customers would not actually be reducing their fossil fuel consumption, but only would be getting a credit on their bills.

Michael explained that the VLITE grant would not be for energy transformation projects, such as Tier III. The VLITE grant would be to serve low-income customers in SED's territory. Michael further stated that SED would not be receiving any double savings, but this would allow Michael to tell the Public Service Department (PSD) and the Public Utility Commission (PUC) that this is how SED is helping its low-income customers. Dick explained that one of the limitations that VLITE has on their grants is that they have to help implement the State's energy plans. To the extent that the hydro power replaces carbon generated electricity, these particular grants were made available to municipal utilities and electric coops specifically to help meet the comprehensive energy goal and help provide assistance to low-income ratepayers.

Larry stated that he saw in the summary of the application describing the project it listed it would meet part of SED's Tier III requirements, but he must have misread it. Michael explained that it would meet Tier II, but not Tier III, but it would allow SED to report to the PUC that they are serving their low-income ratepayers. Michael elaborated that \$25,000 per year will not allow SED to get many heat-pumps installed for low-income customers but the bill credit will make a tangible economic benefit to a low-income family. Larry asked where the \$25,000 comes from and Michael answered that the State decided that all the utilities should set their Tier III low-income benchmark based on 31% (state-wide low-income or poverty level in VT). Michael elaborated that rather than have each municipality or utility determine what their actual low-income customer percentage is, the State assigned a flat averaged 31% to every utility. This means that SED needs to meet this 31% of its Tier III spending, which is based on MWh and their Tier III offset. SED's budget is \$85,000, so 31% of that has to go to this equitable participation for low-income. Larry inquired if even if 31% of SED's customers are not low income, SED still needs to reach this goal. Michael confirmed that this is correct.

Larry asked how SED would determine who is eligible for this bill credit. Michael explained that it is based on income-level, and that customers would have to submit an application to participate in the program. Most customers would already be receiving federal and/or state benefits by meeting the necessary income requirements.

The current target is to make this program available to 45 participants. Larry inquired why SED would limit the program to 45 customers. Michael stated that Stowe does not have a large low-income population, and that SED wants to spread the \$25,000 to the maximum meters possible. When Sarah and Michael sat down to run the numbers and the average usage of low-income ratepayers, the number they calculated was that 45 customers would be the maximum that the program could handle. Dick asked whether SED identified whether there are 45 customers in need, or whether the number might be closer to 90.

Michael responded that SED has not yet identified the entire low-income population in Stowe, but 45 customers seems like a reasonable number. Dick expressed that SED has just provided a lot of assistance to people during COVID pandemic, and many of those would most likely be among the 45 ratepayers, so SED already has an idea who they are. Michael agreed and also mentioned that SED works closely with Capstone to help identify these individuals.

Larry asked whether eligible individuals would include renters, people that pay the electric bill but don't own the premises. Michael confirmed that and Dick responded that most low-income individuals would be renters, and Ellen agreed. Dick acknowledged that this is a good project, but that he would have to abstain at the VLITE level.

Larry interjected to ask if this program requires approval by the PUC. Michael responded No and Larry countered that he is surprised by that and stated that this would be the nature of a new tariff that would need to be approved. Larry furthermore stated that then it would be up to the Board of Commissioners to figure out if the program meets all the statutory requirements. Ellen agreed that the Commissioners would have to decide whether this program is a good idea, and if they would like to go along with it.

Larry asked how much the credit per customer would be if 45 customers participated, and how many kWh per customer it would amount to, and how much in dollars. Michael replied that he did not have the spreadsheet in front of him, but that he could gladly forward the information. Larry stated that he would be interested to see it, especially how much these credits would be considering SED is planning on spending over a \$1,000,000 of ratepayer money. He elaborated that he would like to know how much of a benefit SED is providing to these customers.

Dick interjected that he did not think SED would be spending \$1M for those 45 customers. Larry responded that the total project cost is estimated to be \$1.5M and Dick explained that this is the total cost of the hydro project. Larry clarified that he could separate his concerns into two questions: 1) should Stowe Electric proceed with the redevelopment of this hydro plant, and 2), if SED does proceed should they earmark all or a portion of the output of the plant to eligible low-income customers under the proposed program.

Dick elaborated that one of the reasons for creating this program was to receive the \$125,000 VLITE grant, which would then become part of the \$1.5M. He continued that it is a short-term program for 3 years and could then be re-evaluated. Larry asked if per SED's assessment, three years would be the minimum period that SED would have to provide this benefit in order to be eligible for the VLITE grant. He continued to inquire what the thought was beyond the 3-year period for the low-income program, and Michael responded that the executive director of VLITE suggested that the term for this program remain under 5 years. Ellen stated SED would send further information on this program to Larry, and that the total bill credit would be an average of 200-300 kWh every month for three years.

Larry asked when they (the Commissioners and Ellen) would talk whether they ought to proceed with the hydro project, and that this was the first time he saw a budget. Michael replied that the budget is for the hydro plant, including the turbine and generator unit. Ellen elaborated that Michael and she were working on the many aspects of this project and that Braintree Electric would be contributing 50% toward the costs. Now that Ellen found a way to get the Houston Substation upgrade done for a lot less money, Ellen was planning to ask the Board next month to review and approve the project in 3 phases. Larry asked if it was done in phases, whether the hydro would already produce energy before the project was completed and Michael confirmed that it would.

Michael elaborated that with this site, SED would have to remediate the sluiceway, so the flood resiliency project must occur regardless of whether SED goes forward with the hydro project or not. Michael furthermore explained that rather than just absorb those costs as a flood control project for the building and the site, he would like to add value by setting it up so SED can add hydro. Michael continued that after the remediation SED can continue with multiple phases to decide on the feasibility of hydro plant based on a number of factors such as funding and whether or not SED can convince the Department of Energy to turn this project into a demonstration site for new technologies. The hydro project can therefore be divided into multiple phases. SED has a lot of funding feelers out at the State and at the Federal level.

Ellen reminded Larry that if SED has to decommission the hydro and the dam, just taking the dam down would cost \$1,000,000. She continued to explain that how SED is approaching the project would be less cost to the ratepayers. Larry responded that he understood and asked whether Ellen had an engineering estimate for the basis of the \$1.5M. Michael reiterated that the \$1.5M is only related to the plant such as the turbine selection, the generator, and the commissioning costs, and does not include the make-ready work for the hydro-electric project itself. Michael stated that he had been working with SLR on how to provide the flood control solution such that SED is prepared for a hydro project and furthermore to avoid SED having to spend additional monies to make the site eligible and ready to go for a hydro project. Larry asked Ellen whether she was going to present something to the Commissioners next month. Ellen replied that Michael and she have been diligently working on this project for the past year, and if they can get the information ready, she will present it in February, otherwise in March. Dick asked Ellen if Braintree Electric would be paying half the cost, how much that would be. Ellen replied that it was her understanding that they would be paying half of the costs of the engineering, the turbines and the hydro itself. What Braintree asked for in return would be the Renewable Energy Credits (RECs).

She continued to explain that in other words, SED would get the energy generated and Braintree would receive the Renewable Energy Credits. Larry interjected that if SED sells the RECs what would SED's customers that are eligible for the low-income program receive. Michael explained that the RECs are separate from the electricity generated and not related to the low-income bill offset program. RECs represent the energy SED generated by renewable energy sources, which then can be sold to anyone in ISO-New England. Michael continued to explain that Vermont's RECs are more valuable to the Massachusetts municipal utilities as a Tier I Connecticut credit and Ellen confirmed that these utilities pay much more in Connecticut and Massachusetts than the utilities in Vermont. Larry wondered how SED creates a generation resource that is renewable, and then SED sells the renewable attributes to another utility, but the purpose of this program is for low-income customers being able to participate in these renewable projects. He continued to ask what these customers are receiving if they are not receiving renewable energy, since SED is selling the energy. Michael explained that the power generated through the hydro-plant would flow directly into SED's grid, since it is generated behind the meter. And that the low-income customers would receive the kWh credits regardless of what SED decided to do with the Tier II credits. Michael continued to explain that SED can decide to keep the RECs, let them expire or sell them through ENE and that the low-income customers would still receive the benefit of the \$25,000. Larry stated the low-income customers would receive the money and the electrons but would not receive renewable electrons. Dick interjected that he does not understand some of the REC details either, but

he does see that the behind-the-meter hydro power is renewable energy and that this generated power will be used within the SED service territory. This generated power is carbon free, and will not go into the grid, but will stay in SED's distribution system.

Ellen reminded the Commissioners that SED also received \$63,000 from APPA to cover all the engineering costs to create a micro-grid after the hydro plant is operational and generating power. She continued to say that depending on the time of year, during major outages SED could then use the Nebraska Solar plant as well as the Hydro plant to keep the Town offices, the Fire and Police Departments, SED's facility, the High School and Emergency shelter open with the behind-the-meter generation. She stated that after the disasters in California and Texas the Department of Energy in D.C. strongly urged utilities to invest into creating a micro-grid within their utilities.

Larry asked if these issues are wrapped together. Larry reiterated that before SED accepts money from Braintree Electric and makes any commitments to them, the Commissioners ought to talk whether this is a good idea. Ellen acknowledged that Larry mentioned this before. Larry also stated that he would like to see the economics of this hydro project in terms of what the cost of this resource is if SED re-develops it, and whether it is the best alternative. He stated that he believes that this is one of the things that the Statute requires the Commissioners to show, including whether the cost of developing the hydro plant is lower than simply making the alternative compliance payments. He asked whether he is correct in thinking that SED can choose not to proceed with the Moscow Mill Hydro project, after SED has been awarded the grant from VLITE. Dick responded that the answer would be Yes, since VLITE would not pay out the grant unless SED goes ahead with the low-income project. Larry responded if that is the case, all the other questions about whether SED should re-develop the Hydro site and who receives RECs can wait.

Michael reported that there are no significant updates since the previous meeting.

Heidi stated that they had discussions regarding utility preparedness for winter fuel. VPPSA and other utilities presented documents, and Heidi asked Michael if he was aware of this issue, and whether SED had an opportunity to weigh in on this matter. Michael responded that he pays attention to all this and is part of the same meetings as VPPSA. Michael furthermore stated that SED has ENE helping with these matters. Michael asked Heidi if she would like him to weigh in on the committees, and that he would gladly do so. Heidi responded that she wanted to make sure that SED knows what its preparedness is and that SED was on track. Ellen furthered that Brent and she were on a call with VELCO yesterday regarding what is going on at ISO-NE if SED needed to take snowmaking down.

## **Other Business**

Houston Substation Upgrade: Ellen referred to the Executive Summary and her write-up of the solution for the Substation to take care of the Net-Metering constrained circuit issues not only sooner than previously anticipated, but also for considerably less money. Dick responded that he is happy that SED is able to complete the upgrade at a lower cost and so soon. Larry stated that maybe the information was in Ellen's report, but that he would like to know when the fix to circuit would be implemented, so that SED can start accepting

new net metering projects. Ellen responded that the upgrade will most likely be completed this summer.

EV Charging Stations: Ellen reported that she knows the Commissioners do not want to see the electric vehicle charging data every month, but since SED entered into the Assure maintenance plan, SED is now receiving much more detailed information. She stated that among other things, it shows that people are buying more electric vehicles and are actively using them. Larry noted that the Charging Hours vs Occupied Hours were interesting, simply for the fact that it is an important thing to monitor. He furthered that SED will want the chargers to be available for many people to use, and cars should not be parked without charging.

Larry asked if SED has been seeing opportunities for funding for installing additional charging stations, or whether SED has seen customers - other than SED - interested in installing charging stations at commercial locations. Ellen stated that she went up to the Mountain last year, and actually met Larry by coincidence, and Ellen thinks that the Mountain has additional EV charging stations in their budget to be installed at the resort itself. She elaborated that the Mountain wanted to move forward this year, but Vail did not have it in their budget for last year.

Ellen explained that she also has been working with Trapp Family Lodge on a request for additional EV chargers and that she will call Walter back and offer a turn-key solution. She is also considering offering installing a fast charger. SED would be billing Trapp for the material and labor.

Larry responded that he was wondering if at some point commercial entities will install EV charging stations without asking the electric utility to run it for them. Michael responded that they might but that EV chargers were very expensive to install and maintain. Larry stated that in his mind that would be ideal, since he felt that SED started the installation of EV chargers to get early adoption and to get the program off the ground, but now private entities should take care of the chargers themselves. Ellen responded that the reason why SED was proactive and offering the turn-key option was that it meant selling more electricity to commercial customers. Dick asked if SED has grants or incentives for at-home charging, and Michael responded that SED currently does not since SED is not able to control level 2 chargers at residential housing units yet.

Heidi asked whether the next Commissioners' meeting will be in person or via Zoom. She felt strongly that it should be in person since everyone else was at work. Larry responded that lots of people are still working from home.

The Board scheduled the next Commissioners' meeting for February 16<sup>th</sup> at 8:30am.

There being no further business, the meeting was adjourned at 9:25 a.m.

Respectfully Submitted,



Lily Burgess  
Clerk of the Board