

The VELCO logo is in a bold, white, sans-serif font. It is positioned on the left side of the top banner, which features a scenic background of Vermont mountains with autumn foliage and several electrical transmission towers.

VERMONT'S TRANSMISSION RELIABILITY RESOURCE

# Vermont Electric Power Company, Inc.

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MOVING **POWER.** MOVING **FORWARD.**



# VELCO operates Vermont's High Voltage Transmission Grid on behalf of VT Transco, LLC

VT Transco assets (\$1 billion):

- 660 miles of transmission lines
- 12,000 acres of rights-of-way
- 44 substations
- Equipment enabling interconnected operations with Hydro-Quebec
- Fiber optic communication networks that monitor and control the electric system, as well as provide the backbone for most Vermonters' high-speed data internet access
- Manages 52-mile high-voltage direct current line through the Northeast Kingdom



- Formed in 1956 when Vermont's distribution utilities joined together to share access to clean hydro power and maintain the state's transmission grid
- First "transmission only" company in US
- Responsible for operating, maintaining, and constructing assets to meet the reliability needs of Vermont's high-voltage grid
- Owners and customers are Vermont's 20 local electric utilities (IOUs, Municipals and Cooperatives)
- Subject to state and federal regulation

- **Electric transmission system reliability is critical and it's the law.**
  - North American Electric Reliability Council set stringent standards—backed by potential fines and verified by auditing—following 2003 blackout
  - First reliability standards became mandatory and enforceable June 2007
  - Strict and getting stricter
- **Vermont System Planning Committee ensures collaborative transmission planning**
  - VSPC comprises all utilities, regulators, Efficiency Vermont and 3 PSB stakeholder appointees – including business representative
  - Purpose: identify needed transmission system improvements as early as possible to allow sufficient time to plan/implement more cost-effective nontransmission alternatives to meet reliability needs wherever feasible
  - Key to process: 20-year transmission plan updated every three years. First iteration in 2009 identifies \$500-\$900 million in needed reliability upgrades
  - Drafting reforms to better align process with ISO-NE responsibilities and federal information sharing requirements – make process more nimble and work products more dynamic

# Ratepayer Assistance

- **VELCO Financial Strength**
  - DBRS credit rating raised two notches to “A with a Stable Trend”
  - \$135m bond results in 2009 “best in the nation” and secured ~ \$20m savings
- **VELCO Cost Controls/Revenue Distribution**
  - DU owners challenge company to increase efficiency and lower cost – in VT and across the region
  - State regulation credits all VELCO revenues to the benefit of each distribution utility’s ratepayers
- **Improved Transmission Project Cost Estimates**
  - VELCO-developed cost estimate methodology adopted by ISO-NE September 2010 (Attch D, PP 4)
  - Major step towards providing more accurate, transparent and timely project cost estimates
- **Improved Project Management – including Public Outreach**
  - Southern Loop Coolidge Connector 18% under budget and completed 4 months early
- **Federal and Regional NTA Advocacy**
  - Planning process should provide clearer signals as to where NTAs can resolve deficiencies
  - An NTA should share a portion of the transmission deferral savings if it more cost effectively solves the reliability deficiency
  - Socializing this portion of the deferral savings can more cost effectively achieve reliability objectives
- **\$138m “eEnergy Vermont” Smart Grid Project**
  - Deliver mechanisms for customers to better manage their energy patterns
  - Provide faster outage notification and more accurate restoration times
  - Improve timeliness and accuracy of billing, fewer estimated bills
  - Reduce utility operational costs through enhanced asset and load management

# Information Resources

- 2009 Vermont Long-Range Transmission Plan
  - <http://www.velco.com> Long-Range Planning section (or <http://bit.ly/lrplan> )
- Vermont System Planning Committee
  - <http://www.vermontspc.com>
- ISO-New England for regional grid information
  - <http://www.iso-ne.com>
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