



VERMONT ELECTRIC COOPERATIVE, INC.
REGULAR MEETING OF THE BOARD OF DIRECTORS
APPROVED MINUTES
August 30, 2022

As required under the VEC Bylaws, notice of this meeting was sent to each director on August 23, 2022, either via US Mail or by electronic means for those directors requesting such delivery.

Present were directors Rich Goggin (President), Paul Lambert (First Vice President), Carol Maroni (Second Vice President), Jody Dunklee (Secretary), John Ward (Treasurer), Tom Bailey, Ken Hoepfner, George Lague, Bonnie Pratt, Mark Woodward, Charlie Van Winkle, and Don Worth. Also present from VEC were CEO Rebecca Towne, Chief Operations Officer Peter Rossi, Manager of Government Affairs and Member Relations Andrea Cohen, Manager of Safety, Security, and Facilities John Varney, Chief Financial Officer Caroline Mashia, Innovation and Technology Leader Cyril Brunner, People and Culture Leader Jeff Bickford, Project Planner Laura Kinney, Manager of Power Planning Craig Kieny, Transmission and Rate Specialist Katie Orst, and Power Planning Analyst Dan Potter.

AGENDA ITEM #1 -- CALL TO ORDER

President Goggin called the meeting to order at 12:02 p.m.

AGENDA ITEM #2 -- SAFETY MINUTE

Worth reminded the Board about the importance of first aid and CPR training, requesting that VEC consider hosting a training for them. Goggin and Varney noted that they would follow up with the Board and arrange the training.

AGENDA ITEM #3 -- APPROVE BOARD MEETING MINUTES

Hoepfner moved and Van Winkle seconded that the minutes of the regular monthly Board of Directors meeting held July 26, 2022 be approved as presented.

The minutes were approved by unanimous vote.

AGENDA ITEM #4 – REVIEW 2023 BOARD BUDGET

Goggin noted that he worked with Mashia and Board members to develop the 2023 Board budget for the Board's consideration. He mentioned that dollars were allocated to in-person training events in the hopes that more opportunities become available. It was also noted that online Director training is a great cost-effective opportunity encouraging Directors to visit NRECA's website. Goggin solicited for additional Board feedback, particularly around areas where the Board could reduce the budget. The discussion was tabled and will be discussed further as part of the broader budget.

AGENDA ITEM #5 – NORTH TROY BATTERY PROJECT

Kieny reviewed the current joint 3 MW/12 MWh battery project with Green Mountain Power located at the corner of Route 101 and Veilleux Road in North Troy. Kieny requested that the amount the Board previously approved increase from \$2.0M to up to \$2.5M. Kieny noted the request is due to increases in assumptions for materials, contractor work and rising inflation. He stated that the project is partially funded by a \$2.0M grant from the Department of Energy and provides VEC an opportunity to learn how to use a battery to capture otherwise curtailed renewable energy in the SHEI, which will provide long term value to members.

There were several comments and questions throughout the presentation.

Lague moved and Pratt seconded that Vermont Electric Cooperative Inc. (VEC) is authorized to increase spending by up to \$500,000 for the North Troy Battery Project as previously approved on 10/26/2021 with VEC's share of revised costs not to exceed \$2,500,000.

The motion passed by majority vote.

AGENDA ITEM #6 – POWER SUPPLY COSTS & OPTIONS PRESENTATION

Kieny presented the projections for the 2023-2029 purchase power costs and VEC's 100% carbon free strategy. He noted there are significant increases in power costs for 2023 resulting from relatively low natural gas storage levels, retirements of baseload fossil fuel and nuclear plants, and the high cost of liquified natural gas (which provides a backup to energy prices) due to demand in Europe.

Kieny reviewed VEC's total energy requirements and its committed resources along with its purchase power cost projections. He identified the cost drivers of a \$8.6M increase in 2023 power costs compared to the 2022 budget resulting in approximately 22% potential increase in power supply costs based on current market rates. Kieny discussed strategies to lower this impact but noted that even with mitigation there would be significant cost increase for 2023.

Kieny presented on the projected costs for VEC to move to 100% carbon free (renewable and nuclear) noting an additional annual projected 1.4%+/- power supply cost increase in 2023 through 2029, which was consistent with previous projections. He reviewed VEC's short term and long-term power supply options, seeking Board direction.

There were numerous questions throughout the presentation.

AGENDA ITEM #8 – BREAK

This agenda item was moved forward and there was a break in the meeting from 2:13p.m. to 2:25 p.m.

AGENDA ITEM #6 – POWER SUPPLY COSTS & OPTIONS (continued)

There was a lengthy discussion about options the Board may consider to mitigate a rate increase. Items discussed included: consider postponing the current commitment to carbon resources, review open position contracts, review Renewable Energy Credit (REC) strategy, and consider nuclear power options. Board members weighed in on approaches they were comfortable with, as well as items that they would like further exploration and discussion on.

Kieny, Orost, and Potter left the meeting.

AGENDA ITEM #7 – MANAGERS' REPORTS

There were several questions on the details included in the management reports.

AGENDA ITEM #9 – COMMUNICATIONS COMMITTEE REPORT

Maroni reported that the committee reviewed the member survey, VEC's mid-year progress report, and the 2023 Communications Plan. She commented that member outreach continues to grow and that the Committee brainstormed possible spring and summer in-person activities. Maroni noted that the member survey results reflected overall high satisfaction, and that the Committee also reviewed areas where VEC could improve and possibly update survey questions.

AGENDA ITEM #10 – MID-YEAR ANNUAL PERFORMANCE PLAN UPDATE

Towne provided a presentation describing VEC's progress in meeting key performance metrics in the 2022 Annual Plan. Several metrics are on target, and many are well ahead and expected

to surpass the goal, while a few are at risk of not meeting the goal at year-end due to various reasons, primarily related to impacts of global supply chain and power supply costs.

There were questions from directors throughout the presentation.

AGENDA ITEM# 11 – DISCUSS STRATEGIC PLAN PROCESS & 2023 STRATEGIC GOALS

Towne presented proposed 2023 goals for VEC in areas of finance, member engagement, operations reliability, distributed renewable energy, technology, and human resources. They are as follows:

Financial:

1. Sustain financial strength by meeting budgeted TIER, maintaining credit rating, maintaining equity ratio target of 40-45%
2. Structure rates to continually align actual costs with tariff rates and incentivize load management
3. Increase load through competitive incentives for beneficial electrification, decarbonization, and economic development
4. Keep rates affordable and pursue energy equity

Member Engagement:

1. Become our region's trusted leader for managing the transition to beneficial electrification
2. Promote member understanding and awareness of their role in their energy future through programs, partnerships, flexible communications, and soliciting their feedback
3. Acquire load management capability for 75% of EV chargers and batteries behind the meter, and explore capability for all other devices especially heat pumps

Operations/Reliability:

1. Continually reduce outage duration and quantity for members
2. Continue investments in best practices for resiliency and reliability such as operational improvements, smart devices, microgrids, and affordable resiliency options for members
3. Leverage and expand long-term commitments, flexibility and capacity with Hydro-Quebec
4. Prioritize investments in infrastructure for electrification and increased load
5. Identify and implement a next generation AMI platform
6. Use data analysis and system analytics to achieve evolving grid optimization, including orchestrating and optimizing distributed energy resources

Distributed Renewable Energy:

1. Achieve transition to a reliable, affordable, carbon-free and 100% renewable energy portfolio
2. Pursue complementary forms of renewable energy and/or storage
3. Influence and educate energy policy makers and regulators in guiding the revision requirements, regulations and cost of in-state and regional renewables
4. Influence optimal locations for renewable installations, lead SHEI opening and closing in a predictable, cost-effective way that best meets VEC and Vermont energy goals

Human Resources:

1. Foster a culture of leadership and learning
2. Attract, retain and grow the workforce to live our mission while creating our energy future
3. Promote zero injury philosophy across the organization

There were several comments throughout the presentation and a suggestion to add one additional goal around building and supporting communities. Overall the Board supported all the proposed goals. Towne noted next month that the Board would discuss VEC's vision statement and revise VEC's long-term plan based on the newly supported goals.

AGENDA ITEM #12 –OTHER BUSINESS

There was no other business

AGENDA ITEM #13 -- ADJOURN

Lague moved and Woodward seconded to adjourn. By unanimous vote, the meeting adjourned at 4:21 p.m.

Respectfully submitted:

Jody Dunklee, Secretary

Rich Goggin, President