



VERMONT ELECTRIC COOPERATIVE, INC.
REGULAR MEETING OF THE BOARD OF DIRECTORS
APPROVED MINUTES
October 26, 2021

As required under the VEC Bylaws, notice of this meeting was sent to each director on October 19, 2021 either via US Mail or by electronic means for those directors requesting such delivery.

AGENDA ITEM #1 -- CALL TO ORDER

President Rich Goggin called the meeting to order at 12:02 pm via videoconference. Present were directors Paul Lambert (First Vice President), Carol Maroni (Second Vice President), John Ward (Treasurer), Jody Dunklee (Secretary), Tom Bailey, Ken Hoepfner, George Lague, Bonnie Pratt, Mark Woodward, Charlie Van Winkle, and Don Worth. Also present from VEC were CEO Rebecca Towne, General Counsel Vickie Brown, 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 Michael Bursell, Project Planner Laura Kinney, and Power Supply Manager Craig Kieny.

AGENDA ITEM #2 -- SAFETY MINUTE

Goggin's safety minute noted that we have experienced the first frost of the season. He reiterated the importance of clearing frost from your car windows before setting off on the road.

AGENDA ITEM #3 -- APPROVE BOARD MEETING MINUTES

President Goggin asked for a motion to approve the September minutes.

Van Winkle moved and Worth seconded that the minutes of the regular monthly Board of Directors meeting held September 28, 2021 be approved as presented.

The minutes were approved by unanimous vote.

AGENDA ITEM #4 – CEO REPORT

Towne reported that VEC continues to work through the Barton bid process. She also noted that Tilson and the NEK Communication Union Districts Interim Executive Director are willing to speak with the Board at a future meeting. There were questions about how internal time was tracked for time spent working with broadband providers.

AGENDA ITEM #5 – ACTION ON FINANCE COMMITTEE RECOMMENDATIONS

Ward summarized the meeting at the finance committee held on October 21, where the committee discussed and recommended approval by the Board of (1) the 2022 operating budget, (2) a proposed rate increase for 2022, and (3) a purchase of VT Transco stock.

Ward moved and Van Winkle seconded to adopt the following resolution:

Be it resolved:

That Vermont Electric Cooperative Inc. (VEC) is authorized to implement a rate increase of 1.96% effective on January 1, 2022. The elements of this rate increase were explained and discussed at a meeting of the VEC Finance Committee held on October 21, 2021 and at a meeting of the VEC Board of Directors held on October 26, 2021.

Brown explained that this resolution would be submitted to the Public Utility Commission as part of the new streamlined procedure which allows cooperatives and municipal utilities to implement a rate increase of 2% or less.

The motion was approved by unanimous vote.

Ward moved and Van Winkle seconded that the Board approve an operating budget as presented at the Finance Committee meeting on October 21, 2021.

The motion was approved by unanimous vote.

Ward moved and Lague seconded that the Board authorize the purchase of - Transco stock including any available over subscription shares up to \$3,000,000 as proposed and discussed with the Finance Committee meeting on October 21, 2021.

The motion was approved by unanimous vote.

Ward moved and Woodward seconded to approve the Finance Committee meeting minutes.

The motion was approved by majority vote.

AGENDA ITEM #6 – STRATEGIC PLAN PROCESS AND REVIEW OF 2022 KEY METRICS

Towne noted that she was asking for Board approval of the annual performance metrics that staff has been developing for the past few months as measures of success in pursuing the Key Focus Areas for 2022 approved by the Board in July. She explained how the annual performance plan ties to the Board's five-year strategic plan. She then walked through the proposed performance metrics. There were a number of questions as well as discussions and ideas offered throughout the presentation.

Goggin noted that if Board members have any additional suggestions for initiatives, they should send them to Towne.

Woodward moved and Lambert seconded to approve the performance metrics included in the presentation.

The motion passed by unanimous vote.

AGENDA ITEM #7 – JOINT UTILITY SCALE BATTERY STORAGE PROJECT WITH GREEN MOUNTAIN POWER

Kieny presented a proposed joint project with Green Mountain Power to install a 5 MW/12 MWh battery located on land owned by VEC in North Troy. The battery would be jointly owned 50/50 by VEC and GMP and partially funded with a Department of Energy grant of \$1.7 million. GMP would operate and maintain the battery to achieve the maximum benefits, sharing the benefits equally with VEC. The primary purpose of the battery project is to capture renewable energy that would otherwise be curtailed due to SHEI constraints. VEC would also use the battery for peak shaving and may participate in the regulation and energy arbitrage markets.

Kieny explained the financial model that supports the agreement and presented the agreement's risks and benefits to VEC. There were numerous questions throughout the discussion.

Woodward moved and Van Winkle seconded to approve the following resolution:

That Vermont Electric Cooperative Inc. (VEC) is authorized to enter into a Joint Ownership Agreement (JOA) with Green Mountain Power Corporation to support the purchase, installation and operation of a battery energy storage system at VEC's North Troy substation. This resolution includes approval of up to \$2M in construction costs for VEC's share of the project. The substantive terms of the JOA are summarized on a term sheet appended to this Resolution and have been discussed at a meeting of the VEC Board of Directors held on October 26, 2021; and

That the CEO, CFO, COO, or any one of them, hereby is authorized and directed on behalf of VEC to sign, execute and deliver a final JOA which contain terms that are materially similar in substance as the terms presented in the term sheet and to do all things which any two or more of them by so doing deem in their sole judgment to be necessary or advisable to act on, carry out or perform the JOA; and

That the CEO, CFO, COO, or any one or more of them be and hereby is/are authorized and directed on behalf of VEC to sign, execute and deliver any and all instruments or documents of whatever kind or character which any two or more of them deem in their sole judgment to be necessary or advisable to act on, carry out or perform the PPA and to agree to such modification which any two or more of them by so doing deem in their sole judgment to be necessary or advisable to carry out the intent of the Board of Directors.

The motion passed by majority vote.

AGENDA ITEM #8 – BREAK

There was a break in the meeting from 2:25 to 2:30.

AGENDA ITEM #9 – VERMONT FUTURE COMMUNITY CONVERSATION

Senate Pro Tem Becca Balint and House Speaker Jill Krowinski, as well as staff members Conor Kennedy and Carolyn Wesley, joined the meeting.

Representative Krowinski noted the state has access to \$600 million in covid-relief funds and potentially even more if the infrastructure bill passes in Congress. They are taking time to listen to Vermonters about how best to use this once-in-a-lifetime funding opportunity to make the state stronger. She asked to hear about what is working well, and what is challenging, with the key question being if Vermont could make one big investment or foundational policy change, what would that be?

Senator Balint added that they are synthesizing all the feedback they have received as part of their outreach and will add VEC's perspective.

Goggin shared VEC's recent commitment to becoming carbon free by 2023 and 100% renewable by 2030. He noted that the challenge of VEC's commitment is affordability. Towne presented some context about VEC and its members, goals, and challenges. She also identified investment opportunities, including needed electric infrastructure upgrades, improvements in the flexibility and resiliency of the grid, and help for members transitioning their homes to support new electric uses. She emphasized the need to ensure that future renewable resources cover round-the-clock power needs and procure the most cost-effective renewable resources.

Directors took the opportunity to share their questions and comments with the legislators.

AGENDA ITEM #10 -- MANAGERS' REPORTS

Bursell addressed a question from a Board member about Global Foundries' decision to become an electric utility and the impact of that decision on VEC. Bursell explained that as part of the agreement, the Vermont distribution utilities were held harmless from any potential adverse financial impacts. Global Foundries is also unique in the state in that it can directly connect to the VELCO transmission system.

There was a discussion about the subsidies embedded in the current net-metering rates. A director asked about the high arrearages shown for farm customers and if VEC has given thought to provide support for farms.

AGENDA ITEM #11 –OTHER BUSINESS

Goggin noted that Barry Bernstein would be resigning as the representative from Vermont on the NRECA Board of Directors. He will schedule a zoom call for anyone interested in serving to understand the scope of the commitment. Once VEC and WEC agree on a representative, then the two company CEOs make the formal nomination to the NRECA. Goggin will work with the new WEC Board chair to discuss whether representation should stay with WEC or move back to VEC. Interested Board members should let Goggin know.

Worth moved and Lague seconded to go into executive session to discuss a personnel matter.

By unanimous vote, the Board entered into executive session at 4:16. The Board exited executive session at 4:24.

AGENDA ITEM #12 -- ADJOURN

Ward moved and Worth seconded to adjourn. By unanimous vote, the meeting adjourned at 4:25 pm.

Respectfully submitted:

Jody Dunklee, Secretary

Rich Goggin, President