

2023 Strategic Planning

ANNUAL PERFORMANCE PLAN



MAINTAIN FINANCIAL STRENGTH		
LONG TERM GOAL	PERFORMANCE METRIC (KPI) [threshold – target – stretch]	IMPLEMENTATION INITIATIVES
Sustain financial strength by meeting budgeted TIER, maintaining credit rating, maintaining equity ratio target of 40-45%	<ul style="list-style-type: none"> • Operating Budget spending to budget [-5% - 0 – 5%] • Capital Budget spending to budget [±5% - ±2.5% – ±1%] • Improve quality of financial reporting [Implement current year forecast model -Implement long-term forecast model – Implement process to improve accountability for budget to actual variances] 	<ul style="list-style-type: none"> • Meet the Operating and Capital Budgets • Workday Adaptive – expand internal reporting for budget comparisons • Workday Adaptive – Implement current year forecasting • CFC Compass – Implement long-term forecast model • Engage with rating agencies to introduce new CFO, CEO and explain financial impacts in 2023
Structure rates to continually align actual costs with tariff rates and incentivize load management	<ul style="list-style-type: none"> • Analyze and update tariff rates [Update line extension and misc services billing rates - conduct a cost of service study – build a rates road map] 	<ul style="list-style-type: none"> • Utilize most recent labor and materials cost to update rates for billable services • Utilize AMI Data to identify peak load and patterns • Use COSS results as planning tool for rate design

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<p>Increase load through competitive incentives for beneficial electrification, decarbonization, and economic development</p>	<p>Exceed Tier III Energy Transformation Goals in MWh [27,000 – 38,000 – 47,000]</p>	<ul style="list-style-type: none"> • Implement 2023 Energy Transformation Plan • Attract and retain C&I members (account support, broadband, grants) • Continue Tier 3 CAP program • Pursue IIJA & IRA opportunities for cost-effective programs for VEC & VEC members
<p>Keep rates affordable and pursue energy equity</p>	<p>Subscribers Enrolled in LI Community Solar Program by year end [80%-90%-100%]</p> <p>Maximize participation in income-qualified programs (T3, WRAP, IRA). [200 - 400 – 600].</p>	<ul style="list-style-type: none"> • IIJA/IRA opportunities • Implement Weatherization Repayment and Assistance Program (WRAP) • Implement Affordable Community Renewable Energy (ACRE) • Energy Transformation LI participation • IRA \$ income qualified programs • VHAP promoting and implementing • Target communities- Richford and Newport (community fund, special projects)

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ENGAGE MEMBERS		
LONG TERM GOAL	PERFORMANCE METRIC (KPI) [threshold – target – stretch]	IMPLEMENTATION INITIATIVES
Become our region’s trusted leader for managing the transition to beneficial electrification	[define key activity & results roadmap for trusted leader in energy transition - execute robust employees energy transformation education program - Build comprehensive strategy & partners to leverage IRA rebates & tax credits for residential energy transformation]	<ul style="list-style-type: none"> • Implement NISC Connect Marketing platform • Explore ChooseEV and other energy transformation calculators • Explore technologies/strategies/ education to reduce panel or service upgrades needed • Promote and educate (2023 Communications Plan) • Explore needs & gaps In energy transition space • Help build access/clarity around creating energy roadmap for residences and businesses
Promote member understanding and awareness of their role in their energy future through programs, partnerships, flexible communications, and soliciting their feedback	Maintain Member Satisfaction Rating over 8,7 (despite significant rate increase). [8.55-8.7-8.8]	<ul style="list-style-type: none"> • Implement 2023 Communications and Engagement Plan. • Partner and Coordinate to streamline (EVT, DU’s) • Internal education program to build employees understanding on VEC’s Energy Transformation/Load Management Programs

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	<table border="1"> <thead> <tr> <th>Year</th> <th>Value</th> </tr> </thead> <tbody> <tr> <td>2014</td> <td>8.53</td> </tr> <tr> <td>2015</td> <td>8.43</td> </tr> <tr> <td>2016</td> <td>8.55</td> </tr> <tr> <td>2017</td> <td>8.46</td> </tr> <tr> <td>2018</td> <td>8.59</td> </tr> <tr> <td>2019</td> <td>8.74</td> </tr> <tr> <td>2021</td> <td>8.72</td> </tr> </tbody> </table>	Year	Value	2014	8.53	2015	8.43	2016	8.55	2017	8.46	2018	8.59	2019	8.74	2021	8.72	<ul style="list-style-type: none"> • Explore AMI disaggregation through NISC Bidgely product • SmartHub 2.0 rollout
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<p>Acquire load management capability for 75% of EV chargers and batteries behind the meter, and explore capability for all other devices especially heat pumps</p>	<p>Percent of EV's Managed with Smart Charging (currently at 18%) [20% – 25% – 30%]</p> <p>Percent of Batteries Managed (currently at 41%) [45% – 50% – 55%]</p>	<ul style="list-style-type: none"> • Implement Camus DERMS • Explore partnership with EV Aggregators • Implement Free Level 2 Charger program • Level 1 charger smart plug pilot • Monitor load management incentive levels • Identify unmanaged EV's with AMI data and enroll in programs • Direct Outreach and promotion of opportunity 																
<p>Engage to strengthen and connect communities</p>	<p>Implement new and enhanced community engagement opportunities. [4-8-15]</p>	<ul style="list-style-type: none"> • Develop and Implement cost effective family friendly engagement opportunities • Organize HS and Tech School visit program • Outreach to younger members (25-40), and "less satisfied" members (District 5-6) • Implement targeted surveys on special topics 																

PURSUE OPERATIONS RELIABILITY

LONG TERM GOAL	PERFORMANCE METRIC (KPI) [threshold – target – stretch]	IMPLEMENTATION INITIATIVES
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Continually reduce outage duration and quantity for members	Reduction in number of worst performing circuits (starting from 2022) [2 – 3 – 4]	<ul style="list-style-type: none"> • Disastertech storm response implementation • Disastertech historical outage map • Monitor GMP PUC outage reporting batteries • Reduce small wire through capital projects
Continue investments in best practices for resiliency and reliability such as operational improvements, smart devices, microgrids, and affordable resiliency options for members	Experiment with pilots and implement software [1-2-3]	<ul style="list-style-type: none"> • NISC Asset Management Beta participation and Implementation • Explore next phase of vegetation management software (satellite or other) • Explore use of Drones • Implement electronic material chargeout platform, explore barcoding • Craftsbury Microgrid project
Leverage and expand long-term commitments, flexibility and capacity with Hydro-Quebec		<ul style="list-style-type: none"> • Understand & proceduralize how to use interconnections to HQ through Highgate (block load, emergency load reduction) • Monitor hydro acquisitions (Great Bay Hydro) to understand potential value • Explore ongoing power supply contracts – and constraints – with HQ
Prioritize investments in infrastructure for electrification and increased load	Reduction in miles of small wire on VEC system	<ul style="list-style-type: none"> • Small wire elimination capital projects • Strategic undergrounding • Monitor/mitigate supply chain challenges
Identify and implement a next generation AMI platform	Begin AMI Project [Send out RFP – Determine funding–begin implementation plan]	<ul style="list-style-type: none"> • Identify, budget and plan for 2024 implementation • Leverage state and IJA grid modernization funds <ul style="list-style-type: none"> • Develop and roll out implementation plan

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<p>Use data analysis and system analytics to achieve evolving grid optimization, including orchestrating and optimizing distributed energy resources</p>	<p>Innovative Technology Initiatives Completed in data & grid orchestration [3 – 4 - 6]</p> <p>Cybersecurity Trainings [90% on-time, no-reminder compliance With all cybersecurity training, 95% – 100%]</p> <p>C2M2 Domain Maturity [1 domain - 2 domains - 3 domains]</p>	<ul style="list-style-type: none"> • GIS Transmission Modeling • Implement Camus DERMS (Distributed Energy Management System) • Explore partnerships with EV Aggregators • FutureGrid Analytics Pilot • VELCO/PNNL/GMP Common Information Model • NRECA Smart Inverter Controls Pilot in the Islands • Continue involvement with external partners (UVM, NRECA, Industry Groups) • Progress three domains in the C2M2 model • Identity and Access Management (IAM). • Threat & Vulnerability Management (TVM). • Situational Awareness (SA), maybe • Continued expansion of Proofpoint • Role Based Access Control • Explore and implement mobile device security
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<h3>ORCHESTRATE DISTRIBUTED RENEWABLE ENERGY</h3>		
<h4>LONG TERM GOAL</h4>	<h4>PERFORMANCE METRIC (KPI) [threshold – target – stretch]</h4>	<h4>IMPLEMENTATION INITIATIVES</h4>
<p>Achieve transition to a reliable, affordable, carbon-free and 100% renewable energy portfolio</p>	<p>Additional costs for power supply to be 100% carbon-free in 2023 [\$1M - \$688k - \$500k]</p>	<ul style="list-style-type: none"> • Implement cost-effective Renewable Energy Credit process to be 100% carbon-free in 2023. • Develop roadmap to transition to 100% renewable by 2030.

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<p>Pursue complementary forms of renewable energy and/or storage</p>	<p>Storage, peak management, and/or renewable energy Initiatives Completed [2 – 4 - 6]</p> <p>Amount of cumulative (KW) distributed resources managed for peak reduction [1,853 – 5,000 – 8,000]</p>	<ul style="list-style-type: none"> • VELCO Radio Site Storage projects (250kW each) • Explore Generac/Poisgen rooftop solar + battery projects • Leverage IJA storage and grid modernization funds • Explore Enphase and Generac battery integrations • North Troy Battery Project • South Hero Battery Project • Craftsbury Outdoor Center Microgrid • Implement Flex Load C&I Pilot • NRECA Heat Pump Pilot
<p>Influence and educate energy policy makers and regulators in guiding the revision requirements, regulations and cost of in-state and regional renewables</p>		<ul style="list-style-type: none"> • Ongoing statehouse and PUC presence and participation. • Frequent communications to VEC lawmakers and regulators • Attend public meetings and hearings to represent VEC interests.
<p>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</p>	<p>Develop new, predictable, fair SHEI financial mechanisms for renewable energy development [develop SHEI tariff – collaborative strategy for post-K42 development–mitigate high costs of current net metering policy]</p>	<ul style="list-style-type: none"> • SHEI discussions with other utilities, REV & regulators • Explore ways to mitigate net metering costs vs other types of local renewable energy

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LEAD WITH PEOPLE		
LONG TERM GOAL	PERFORMANCE METRIC (KPI) [threshold – target – stretch]	IMPLEMENTATION INITIATIVES
Foster a culture of leadership and learning.	Number of training opportunities for managers and team leads [6 – 12 – 18]	<ul style="list-style-type: none"> • Expansion of Asana and project management expectations. • NISC trainings on Connect, Messenger and other platforms. • Companywide trainings on things like Teams, Office, etc. • Manager development program with both group discussion/trainings and individualized development plans. • Learning opportunities like job shadowing, lunch and learns with departments we don't normally work in, in order to build both knowledge and empathy across functional areas. • Trainings focused on collaborative decision making by managers/teams. • Implementation of a company-wide, responsive and required employee feedback system.
Attract, retain and grow the workforce to live our mission while creating our energy future.	Diversity, Equity, Inclusion, Belonging training opportunities [2 – 4 – 8]	<ul style="list-style-type: none"> • Diversity, Equity, Inclusion, and Belonging training opportunities. • All external job openings posted on minority-focused job boards. • Outreach to career services at colleges/tech centers. Build interest in the industry and positive awareness of VEC via job fairs and

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		<p>community relations activities like mock interview or other job search prep activities.</p> <ul style="list-style-type: none"> • Evaluate and edit both internal job descriptions (for accuracy) and public-facing job descriptions (for marketing). • Every hire posted (except for reclassifications without position change). • Every hire interviewed by a diverse hiring committee.
<p>Promote zero injury philosophy across the organization</p>	<p>Develop safety & health learning opportunities for all employees [8 – 12 – 16]</p>	<ul style="list-style-type: none"> • Near-miss learning opportunities documents & communicated company-wide • Conduct a “safety challenge” • Conduct office staff ergonomic training and implement follow-up system to verify use & effective (including home setups) • Increase opportunities for internal folks to take the lead on training. <ul style="list-style-type: none"> • NISC Safety Tailboard Custom Form Implementation