

VERMONT ELECTRIC COOPERATIVE, INC.
REGULAR MEETING OF THE BOARD OF DIRECTORS

December 17, 2019

APPROVED MINUTES

As required under the VEC Bylaws, notice of this meeting was sent to each Director either via US Mail on December 10, 2019 or by electronic means for those Directors requesting such delivery.

CALL TO ORDER – AGENDA ITEM #1

President Rich Goggin called the meeting to order at 12:02 p.m. in the Robert P. Northrop Boardroom at VEC offices in Johnson, Vermont. Present were Directors Ken Hoepfner, Carol Maroni (Second Vice President), Mark Woodward (Secretary), George Lague, Charlie Van Winkle, Rich Westman, Don Worth, Paul Lambert (First Vice President), John Ward (Treasurer), Tom Bailey, and Jody Dunklee. Also present from VEC were CEO Rebecca Towne, General Counsel Vickie Brown, Chief Financial Officer Mike Bursell, Chief Operations Officer Peter Rossi, Safety & Security Manager John Varney, and Manager of Government Affairs and Member Relations Andrea Cohen.

Warren Coleman and Justin Johnson of MMR joined the meeting.

MEMBER INPUT – AGENDA ITEM #2

No members were present.

SAFETY MINUTE – AGENDA ITEM #3: Peter Rossi

Rossi shared tips for staying safe over the holidays, including keeping Christmas trees well-watered, getting rid of old heat-producing lights, and taking care with candles.

APPROVE 11/26/19 REGULAR BOARD MEETING MINUTES -- AGENDA ITEM #4

President Goggin asked if there were any additions or corrections to the minutes of the regular monthly Board of Directors meeting held on November 26, 2019.

Worth moved and Hoepfner seconded:

That the minutes of the regular monthly Board of Directors meeting held on November 26, 2019 be approved.

A director suggested adding the following items to the bullet points summarizing the learnings from the Albany training:

- District representation should be reviewed at least every 10 years.
- Capital credits checks sent out prior to the holidays or annual meeting are a strategy for member engagement.
- The Board creates the expectations and has a role in oversight.

The minutes were approved by unanimous vote.

Legislative Preview -- AGENDA ITEM #5

Kris Smith, VEC's Manager of System Operations, and Craig Kieny, VEC's Manager of Power Planning, joined the meeting.

Coleman and Johnson introduced themselves to the Board. Coleman noted that this is the second half of the biennium, and legislators are feeling a need to make progress in addressing climate issue. They are also feeling pressure from external sources who are not normally involved in the legislative process. In addition there has been more off-season work on climate issues this year than usual. All this adds up to an expectation for a quick start to the session.

He summarized the bills that will be a priority this year including the following:

- Updating the role of Efficiency Vermont. This is following a PUC docket which evaluated expanding EVT's focus beyond electric efficiency into transportation and thermal efficiency. A new carbon reduction metric would be part of this expanded role. A draft bill is being developed which sets new guardrails for efficiency utilities and defines the complementary role of utilities.
- Transportation Climate Initiative. This is a regional initiative to reduce carbon in the transportation sector. It involves a "cap and invest" program for transportation greenhouse gas reduction (similar to RGGI). Vermont is working with 11 Northeast and Mid-Atlantic States and Washington, DC on the development of this regional approach. Revenue raised from this market based mechanism would be used in a variety of ways

that invest in electrification of transportation, such as public transit, bike and pedestrian infrastructure, and other carbon-reduction efforts to be defined by Vermont.

- Increases in Renewable Energy Standard. There is interest, particularly from Renewable Energy Vermont, to increase the renewable energy requirements likely including overall renewable energy portfolio percentages and timing, in-state requirements for renewable energy and potentially the Tier III energy transformation provisions to reduce carbon emissions.
- The Global Warming Solutions Act. This legislation would set mandates for climate pollution reduction. It would set a requirement for a 28% reduction in climate pollution by 2025 (the Paris Climate Accord goal), and net-zero by 2050. State government, through various state agencies, would collaborate to develop programs to meet those requirements. These could include reduction in use of fossil fuels, and farm and forest carbon sequestration.

Coleman noted the draft report on broadband feasibility for utilities does not seem to include any hard conclusions but rather points out pros and cons of having utilities involved in broadband roll-out. A final version is due from the Department of Public Service on January 1, 2020 to the legislature.

There were numerous questions and answers throughout the presentation.

POWER SUPPLY STRATEGY -- AGENDA ITEM #6

Kieny reminded the Board that VEC's current power supply strategy – based on guidance from the Board -- is to be as renewable as required by Vermont's Renewable Energy Standard (RES) and after that to acquire the least expensive resources possible. He noted that the purpose of this discussion is to provide information to the Board so that it can consider whether to change that direction and understand implications of potential changes to the RES being considered this legislative session.

Kieny provided a summary of VEC's current committed resources compared to total system requirements for the next 20 years as filed with regulators in our Integrated Resource Plan earlier this year. He showed these comparisons with and without the contribution to load as a result of Tier III. VEC is meeting and exceeding our Tier II requirements (for in-state renewables built after 2014) through 2038. He provided a comparison showing which VEC's resources are

carbon free and which are also renewable. He shared the results of our member survey showing that a clear majority are willing (1) to pay more for a carbon-free power portfolio -- but not if it includes more nuclear -- and (2) to pay more for a renewable portfolio.

Finally he provided the cost impacts of moving to a 100% carbon-free or renewable power supply based on several different assumptions as to how to reach those goals.

There was extensive discussion concerning whether to pursue a change in direction at this time. Towne noted that management could provide more refined projections of the cost to reach carbon-free or 100% renewable goals under different approaches (e.g., by purchasing RECs with or without the energy component) and different time frames, taking rate impacts into account. Other options were discussed and considered. Management will take the opinions expressed by Board members in developing different scenarios to be presented at the March Board meeting.

Kieny and Smith left the meeting.

There was a break in the meeting at 3:15

The meeting resumed at 3:30

BOARD 2020 CALENDAR -- AGENDA ITEM #7

Goggin noted that he and Towne developed a draft calendar for 2020. Rather than discuss now, he asked that directors to share their feedback with him and Towne.

MANAGERS' REPORTS – AGENDA ITEM #8

Varney provided an update as to progress on the new Newport Service Center. He reported that VEC has received a variance from the state fire marshal, which will avoid the need for a sprinkler system in the warehouse.

He further reported that using an electric heating system will result in a significant increase to the project cost, making this option cost-prohibitive. Varney is working on getting better cost breakdowns from the potential vendors to see if there is any room to mitigate this increase. There was a discussion as to various options that have been considered. If the cost estimates change to an extent that make this a feasible option, management will bring it back to the Board.

Bursell noted that we are still ahead of overall 2019 budget despite the Halloween storm and we are expecting the request for an emergency declaration for that storm to go to Washington imminently.

There were further questions on details included in the managers' report.

ANY OTHER BUSINESS – AGENDA ITEM #9

Towne noted that management will send a link via email to a survey for directors to use to complete the Board self-assessment.

ADJOURN -- AGENDA ITEM #10

Ward moved and Lague seconded that the meeting be adjourned.

The motion carried unanimously.

The meeting adjourned at 4:00 pm.

Respectfully submitted:

Mark Woodward, Secretary

Rich Goggin, President