

VEPGA
December 2, 2011
Final Minutes

Virginia Energy Governmental Purchasing Association
(VEPGA)

County Manager's Conference Room
Henrico County Administration Building
4301 East Parham Road
December 2, 2011
9:30 A.M.

Minutes

Present were board members Steve Sinclair, Fairfax County; David Baker, Fredericksburg City Schools; Mike Barancewicz, Loudoun County Schools; Tom Colbert, Prince William County Schools; Bill Eger, City of Alexandria; Matt Groff, Prince William County; Lori Herrick, City of Virginia Beach; Wayne Lassiter, City of Richmond; Rick Raike, Hampton Roads Sanitation District; Tom Reinsel, Fairfax County Schools; Najib Salehi, Loudoun County; Dave Simmons, Gloucester County Schools; Jerry Spivey, City of Norfolk; Mark Tschirhart, Gloucester County Schools; and Jerry Walker, Henrico County.

Also present were VEPGA member representatives Paul Braese, Chesterfield County; Mike Brown, City of Chesapeake; Brian Gorham, Prince William County Schools; Susan Hafeli, Fairfax County; Jeff Lee, Alexandria Sanitation Authority; and Jerry Riddick, City of Norfolk

Also present were VEPGA counsel Louis Monacell and Cliona Robb with Christian & Barton and VEPGA Secretary/Treasurer Joe Lerch with the Virginia Municipal League.

I. Call to Order

Mr. Sinclair called the meeting to order at 9:30 a.m.

II. Approval of Minutes of Previous Meeting (8/12/11)

Mr. Reinsel noted a correction to the discussion on Virginia Power's Rate Comparisons (last sentence of agenda item VI). A motion to approve the minutes as amended was made by Mr. Simmons and seconded by Mr. Colbert. The motion was passed unanimously.

III. Additions to the Agenda

Mr. Sinclair noted that Tom Colbert will be retiring from Prince William County Schools at the end of the year and presented him with a card and gift in recognition of his service to VEPGA and Prince William County. Mr. Colbert has been a member of the VEPGA board since its organization.

Mr. Sinclair also noted that extra copies of the VML Town & City magazine with an article on VEPGA were available for board members. Additionally there were extra copies of the recently printed VEPGA brochure and the 2011 Update to the Elected

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Officials Guide to Ensuring Fair Regulation for Electricity. He asked Mr. Lerch to post the article and brochures on the VEPGA website.

IV. Appointment of new board member

Mr. Sinclair explained that with the departure of Mr. Colbert that the VEPGA bylaws provide that the remaining members of the board may appoint a replacement to fill the unexpired term. A nomination was received from Bill Eger from the City of Alexandria. Hearing no other nominations Mr. Sinclair asked for a motion.

A motion to appoint Mr. Eger to the remainder of Mr. Colbert's term was made Mr. Reinsel and seconded by Mr. Walker. The motion passed unanimously and Mr. Eger began his term as a new board member to serve until 2012.

V. Committee Updates

Mr. Barancewicz gave a report of the November 30th meeting of the Energy Efficiency & Conservation Committee (EECC). Topics covered included solar PPAs (Purchase Power Agreements), standby charges for residential solar installations of 10 to 20 kW, renewable portfolio standard (RPS) bonuses for utilities for RECs, update on the VEPGA Master Account sharing under EPA Energy Star, and annual meeting planning.

In relation to solar PPAs Mr. Barancewicz reported on recent legal action by Dominion VA Power to block a solar PPA for Washington & Lee University and this might affect VEPGA members. In relation to the standby charge for residential solar installation he noted that while this does not currently apply to VEPGA members there is the possibility it could in the future.

For the annual meeting Mr. Barancewicz is working with Dominion on a tour of a power generating facility. Current possibilities include the Possum Point station or Chesterfield station. The tour would take place in the morning, the business meeting during lunch, and then presentations of two hot topics in the afternoon. The committee will meet in late January to finalize details including date, location and topics. Mr. Sinclair authorized the EECC to make the appropriate decisions with the board to be informed in early February.

Mr. Riddick gave an update on the Joint Action Committee (JAC) whose most recent meeting was December 1st. Three subcommittees of the JAC are assigned the following topics: LED street lighting, Electric Vehicle (EV) rate for charging stations, and allowing electrical construction by VEPGA members. In regards to LED the main issue is the cost of the fixture. While LEDs have come down in price from \$1100 to \$450 it is still significantly higher than the current price per unit of \$80 for a high pressure sodium fixture. For EV stations Dominion is exploring rates for electricity for VEPGA members to provide for municipal fleets as well as for public use.

Other issues being explored by the JAC include updating the E-builder system, billing formats, and the possibility of beginning negotiations on rates and terms a year and a

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half in advance of the expiration of the current contract. The JAC plans to meet on the 2nd Thursday of each quarter with the next meeting being in February or March.

In relation to LED streetlight pilot programs Mr. Salehi noted that the technology for LED seems to be changing rapidly.

Mr. Sinclair said that the budget committee will meet in Fredericksburg on January 5th at 10 am at the Hyperion Coffee shop to finalize the budget proposal for FY 13. The committee is typically attended Mr. Baker (chair) and Mr. Sinclair but others are welcome to attend. Mr. Sinclair asked Ms. Robb and Mr. Monacell to prepare a budget proposal for consideration. Mr. Lerch then reported on current statement of revenues and expenses VEPGA for the 1st four months of the fiscal year. The only member not to pay dues for the year was the George Washington Regional Commission.

Bringing up an additional item Mr. Sinclair asked Mr. Lerch if we know who is not a VEPGA member or who may have let their membership lapse. Mr. Lerch responded that he has yet to complete the analysis. This raised the question as to whether a lapsed member (who had not paid dues) had repealed their delegation of authority under the Joint Powers Agreement. Mr. Lerch said he will include in his analysis all members, current and lapsed, that have signed onto the Joint Powers Agreement.

VI. Legal Update

A. Legal Authority to Purchase via Contract and to Shop Competitively (closed meeting)

Mr. Groff made a motion seconded by Mr. Baker to enter into a closed meeting under Code of Va. § 2.2-3711(A)(7) to consult with legal counsel employed or retained by a public body regarding specific legal matters requiring the provision of legal advice by such counsel. The motion passed unanimously.

Mr. Groff made another motion seconded by Mr. Colbert to permit non board member VEPGA member representatives to attend, as their presence will reasonably aid the board in its consideration of the bargaining position and negotiating strategy as allowed under Code of Va. § 2.2-3712(F).

The board came out of executive session and took a roll call vote to certify that (i) only business matters lawfully exempted from open meeting requirements under these chapters and (ii) only such public business matters as were identified in the motion by which the closed meeting was convened were heard, discussed or considered in the meeting of the public body.

Roll Call

Mr. Baker	Aye
Mr. Barancewicz	Aye
Mr. Colbert	Aye
Mr. Eger	Aye
Mr. Groff	Aye

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<i>Ms. Herrick</i>	<i>Aye</i>
<i>Mr. Lassiter</i>	<i>Aye</i>
<i>Mr. Raike</i>	<i>Aye</i>
<i>Mr. Reinsel</i>	<i>Aye</i>
<i>Mr. Salehi</i>	<i>Aye</i>
<i>Mr. Simmons</i>	<i>Aye</i>
<i>Mr. Sinclair</i>	<i>Aye</i>
<i>Mr. Spivey</i>	<i>Aye</i>
<i>Mr. Tschirhart</i>	<i>Aye</i>
<i>Mr. Walker</i>	<i>Aye</i>

The board adjourned from 12:10 pm to 12:45 pm for lunch

B. Update on Recent SCC Actions, including final orders on rate cases

Ms. Robb and Mr. Monacell reported on Dominion Power's 2011 Integrated Resource Plan (IRP) filed on September 1, 2011 before the SCC. A presentation prepared by Dominion was distributed to board members for reference. Referring to the charts in the handout Mr. Monacell explained how Dominion developed four different plans to supply energy to meet demand over the next 15 years.

A discussion commenced on the meaning of the claim that Virginia is the 2nd largest importer (behind California) of energy. Mr. Monacell said that Howard Spinner provided testimony before the SCC outlining 5 reasons why this is not true.

Mr. Sinclair said that the SCC will be reorganizing and that this will result in the Division of Economics and Finance being disbanded with staff being shifted to other divisions.

C. Fuel Update

Mr. Monacell reported that with the North Anna nuclear plant down fuel costs for Dominion were increased by \$1-2 million per day. He also reported that for fuel costs they experienced an under recovery balance of \$26.2 million for the months of July, August, September and October. VEPGA members ended up under-contributing \$1.5 million for this period.

VII. Alternative Energy

A. Update on Solar PPAs

Referring to the memo in the board packet Ms. Robb reported on the filing of "declaratory judgment" before the SCC from Washington & Lee University to allow them to enter into a solar purchase power agreement with a private entity. The filing was in response to a "cease and desist" letter from Dominion Power to the SCC arguing that the PPA violates their "exclusive franchise to furnish electric service in its service territory".

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While W&L removed its filing and will seek instead a solar lease agreement, the implications of the debate may have an impact on VEPGA members that have already entered into, or considering, solar PPAs. This could result in legislation being introduced in the 2012 General Assembly to settle the issue.

Ms. Robb also reported on a filing by Dominion Power for a community solar program whereby they would lease rooftops for larger scale solar power generating.

B. Earning RPS Bonus using mostly existing generation

Ms. Robb reported on a proposal by the Virginia Alliance for a Better Renewable Energy Standard (VABRES) to introduce the Virginia Renewable Energy Act of 2012. The purpose would be to create new sources of renewable energy in the Commonwealth and not allow the investor-owned utilities to count on RECs or existing sources of renewable energy to meet RPS goals to receive bonuses.

Additional legislation for the 2012 session could involve the solar standby installation charge as well as gas utilities seeking a rider for economic incentives to provide natural gas. Mr. Monacell reported that the Commission on Electric Utility Regulation (CEUR) will likely meet sometime in January after the legislative session commences.

Mr. Barancewicz started a discussion amongst the board members regarding the purpose and aims of providing solar power. Should it be used to provide power to the grid or on site?

Ms. Robb said she will prepare a memo for VEPGA members on issues surrounding solar PPAs, solar standby installation charges, and Renewable Portfolio Standards. Mr. Sinclair asked that the memos be prepared into white papers and include the issue of Virginia as an exporter of energy. Once complete they could present an opportunity for a press release.

VIII. Financial Statements

Mr. Lerch gave this report under Committee Updates.

IX. Adoption of 2012 Meeting Schedule

For the 2012 calendar year the Board will meet February 24th, August 24th, and November 2nd in the County Manager's Conference Room of the Henrico County Administration Building. The annual meeting (including business meeting) will take place either May 4th or 11th depending on what date works best for Dominion to tour one of their electric generating facilities.

XI. Adjournment.

The meeting adjourned at 2:17 pm.

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Respectfully submitted,

A handwritten signature in black ink, appearing to read "Joe Lerch". The signature is written in a cursive style with a large initial "J" and "L".

Joe Lerch
Secretary