

**Virginia Energy Purchasing Governmental Association
(VEPGA)**

County Manager's Conference Room
Henrico County Administration Building
4301 East Parham Road
November 2, 2012
9:30 A.M.

Approved Minutes

Present were board members Steve Sinclair, Fairfax County; Mike Barancewicz, Loudoun County Schools; Bill Eger, City of Alexandria; Matt Groff, Prince William County; 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, York County Schools; and Jerry Walker, Henrico County.

Also present were VEPGA member representatives Paul Braese, Chesterfield County; Brian Gorham, Prince William County Schools; Susan Hafeli, Fairfax County; John Morrill, Arlington County; Jennifer Privette, City of Newport News; Jerry Riddick, City of Norfolk; Ralph Russell, MWAA – Dulles; George Shadman, Albemarle County; and Aida Velazquez, MWAA – Reagan National Airport

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 9:44 a.m.

II. Approval of Minutes of Previous Meeting (8/24/12)

Mr. Tschirhart noted that the minutes should reflect that he represents York County Schools instead of Gloucester County. Also, Mr. Lerch noted that Mr. Collins from Arlington County should be added to the attendees list.

A motion to approve the minutes as amended was made by Mr. Simmons and seconded by Mr. Raike. The motion passed unanimously.

III. Additions to the Agenda

Mr. Sinclair reported on the recent Governor's Energy Conference held in Richmond. Many of the same VEPGA members attended this event as last year. He noted that the Attorney General's panel on re-regulation was very interesting. Steve Haner representing Newport News shipbuilding was particularly good and may make a good speaker for the VEPGA annual conference. He thanked Mr. Salehi for his hours manning the VEPGA booth. Mr. Salehi noted that a lot of smaller towns stopped by as well as Delegate Ramadan from Loudoun.

IV. Committee Updates

A. Selection Committee for RFP for Consulting Services

Mr. Sinclair reported that VEPGA received 3 responses from the RFP for consulting services posted in September. Messrs Raike, Reinsel, Groff and Sinclair served on the committee and conducted conference calls with each consultant (about 1/2 hour each). Rankings were consistent amongst members of the committee. The committee recommends hiring Technical Associates Inc. (TAI) for a 3-year contract with 3 one-year renewals.

Mr. Reinsel noted that Glen Watkins, president of TAI, has been doing this since 1972, and that he basically served as financial consultant to SCC during the 1970s.

A motion was made by Mr. Reinsel, seconded by Mr. Salehi to hire TAI on the terms as discussed. The motion passed unanimously.

B. Energy Efficiency and Conservation

Mr. Barancewicz gave a brief overview of the EECC meeting on September 10. Mark Tschirhart presented a slide presentation on Citi-Multi, a variable refrigerant flow system. Cliona Robb updated the committee on renewable energy pricing and purchase power agreements (PPAs). Mr. Barancewicz also shared Loudoun County schools energy assurance preparations in reaction to the "derecho" that hit Northern Virginia during the summer. Also discussed were the impacts on low natural gas prices in relation to decisions for the future of energy production in Virginia. He noted that this would make for a good topic at the annual meeting.

The committee discussed how to expand participation with the Virginia Association of Energy Engineers, including the potential to invite them to VEPGA annual meeting.

Rachel Sanders with Dominion Power confirmed that VEPGA can visit North Anna nuclear power plant as part of annual meeting. An offsite meeting will be needed. Potential topics include a presentation on the pros and cons of ESCOs.

C. Joint Action Committee (JAC)

Steve Sinclair reported on behalf of Jerry Riddick who provided a summary via email of the meeting on September 13. There was a discussion of Rate Schedule 102 (traffic signals). Mr. Salehi said that the LED light schedule was also discussed. He said that Dominion Virginia Power did not factor in maintenance in developing rate schedule.

D. Finance

Mr. Sinclair reported that the Finance Committee will hold its annual meeting in January. He asked Cliona Robb to work with David Baker on draft letter to members explaining \$125,000 refund. The committee will make a recommendation to present at the next board meeting on setting annual dues.

E. Policies & Procedures

Mr. Sinclair made request for board members to submit issues to be addressed in terms & conditions. The committee will meet in December.

V. Legal Update

A. Regulatory and Legislative Update

1. Update on Purchased Power Agreements for On-Site Renewable Energy

Ms. Robb reported that over the course of the summer stakeholders have been meeting. Tony Smith from Secure Futures is representing the customer/solar renewable side while Bill Murray has been negotiating on behalf of Dominion Virginia Power. DVP wants to be involved in approving any PPAs. Steve Walz from the Northern Virginia Regional Commission is working on compromise bill that would limit PPAs limits to tax exempt organizations with certain caps.

Mr. Morrill asked if there was any discussion of the definition of renewables. Ms. Robb responded that DVP wanted to limit it to solar.

Mr. Sinclair said that VEPGA should approach DVP on this issue through contract negotiations if legislation does not pass.

Mr. Reinsel said that a citizen approached him on placing solar on roofs with a proposal to start at 16 cents per kWh with 3 percent increase every year.

Mr. Barancewicz stated that the typical roof space can only cover 20-30 percent of needed electric load of a building.

Mr. Morrill referred to Arlington's community energy plan which projects robust solar installation out to 2050 with wide distribution. Some utilities say this may result in destabilizing the system. There is the need for data to ground truth.

The board agreed that Christian & Barton should continue to monitor and represent VEPGA on aspects that would benefit members in relation to any legislation.

2. Attorney General's Report on ROE Adders

Ms. Robb gave a brief summary on the report.

3. Other Matters

There was a discussion of rates and fuel factor. On January 25th VEPGA will get notice of rates for both for FY14. Mr. Monacell said that C&B monitors DVP's monthly fuel report to SCC. Based on what they are seeing, their overall best guess is that rates will remain relatively flat. He also said that they are expecting a new rider this month for the Brunswick County 1.3 billion dollar gas plant.

Mr. Salehi inquired about the decrease in Rider T. Mr. Monacell said that PJM eliminated the emergency demand response program by shifting to capacity auction and that this is a permanent reduction.

Mr. Monacell also reported on the Virginia Supreme Court ruling in 2011 biennial review case. They upheld the SCC ruling reducing ROE from 11.9 % to 10.9 %. He noted that while this helps jurisdictional customers but does not affect VEPGA rates, it will benefit next negotiations because the starting point is the jurisdictional rates.

C. Contract

1. DVP Rate Schedule Comparisons for Accounts that May Save

DVP prepared a draft letter (Attachment B in board packet) to VEPGA members with their individual comparisons. For each member there will be unique savings where DVP calculates potential savings on existing accounts for switching to an alternate rate.

Mr. Salehi pointed to load issue where heating and cooling are combined to determine load when in actuality there are never used at same time. The result is that you end up with a larger transformer than you need. Ms. Robb found that after July 1, 2001 the VEPGA contract did address demand requirements for new or increased load. In her opinion it shouldn't be applied to a switch in rates.

The meeting adjourned for lunch at 12:10 pm and reconvened at 12:44 pm.

2. Fuel Audit

Ms. Robb reported that the Allowance for Funds Used during Construction (AFUDC) should not have been included in VEPGA's fuel factor prior to January 1, 2011. This inconsistency as compared with jurisdictional customers could be worth more than \$170,000 to VEPGA. Christian & Barton is discussing this with Dominion and it will be part of the upcoming contract negotiations.

3. Terms & Conditions for next VEPGA Contract

Mr. Sinclair noted that this was previously discussed under Policies & Procedures committee report.

4. TERF chart

Mr. Monacell said that Christian & Barton will take the first cut at drafting the ground rules for negotiating with DVP on when TERF applies.

5. REC pricing for greener RECs

There was a discussion of Regional RECs noting they are important for meeting SIP compliance. Mr. Monacell said that VEPGA could pursue this option as a non-core function. The board deferred the issue to the next meeting. Prior to next meeting it was decided to send out a notice to members to see if there is interest in regional RECs.

6. Excess facilities charges on existing facilities

The board decided to poll members on excess facilities charges. Ms Robb will draft the questions for Mr. Lerch to send out along with inquiry on minimum charges.

7. VEPGA rate components; considerations for switching rate schedules

It was decided to post general info on website for consideration of switching rate schedules. It was also requested that Technical Associates give presentation at next annual meeting on the topic, as well as progress on terms & conditions.

VI. Financial Statements

Mr. Lerch referred to the attachments on balance, expense and revenues. Mr. Sinclair asked that the proposed budgets for FY 14 be prepared by mid-December.

VII. Current Roster of VEPGA Members

Following up on previous meeting report on this topic Mr. Lerch said that he needs to follow up with two members on finalizing JPA documents.

VIII. Energy Mangers Workgroup

Mr. Tschirhart noted that he is vice-president of Southeastern Virginia chapter of American Association for Energy Engineers. Their next meeting is in Virginia Beach. He will send email for distribution to VEPGA members.

IX. VCU Energy and Sustainability Conference

It was decided to send email to members notifying them of the conference. Mr. Walker noted that VML, VACo, and VSBA are all sponsors.

X. Adjournment

Prior the meeting adjourning at 1:20 p.m., the meeting dates for calendar year 2013 were set for February 8th, May 3 or 10 (annual meeting), August 23, and November 1.

Respectfully submitted,



Joe Lerch
Secretary