

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

County Manager's Conference Room
Henrico County Administration Building
4301 East Parham Road
September 19, 2014
9:30 A.M.

Approved Minutes

Present were board members Steve Sinclair, Fairfax County; Michael Barancewicz, Loudoun County Schools; Bill Eger, City of Alexandria; Matt Groff, Prince William County; Susan Hafeli, Fairfax County; Lori Herrick, City of Virginia Beach; John Morrill, Arlington County; Jim Morris, Virginia Beach Public Schools; 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; and Jerry Walker, Henrico County.

Also present were VEPGA member representatives Seth Austin, Chesterfield County Schools; Larry Burkett, City of Richmond; Julia Reynolds, Chesterfield County; Jerry Riddick, City of Norfolk; and Aida Velasquez, Metropolitan Washington Airports Authority.

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

I. Call to Order

Mr. Sinclair called the meeting to order at 9:45 a.m.

II. Approval of Minutes of Previous Meeting (2/7/14)

A motion to approve the minutes from February 7, 2014 meeting was made by Mr. Simmons and seconded by Mr. Reinsel. The motion passed unanimously.

III. Additions to the Agenda

There were no additions to the agenda.

IV. 2014-2018 Dominion Agreement

Steve Sinclair noted that preparations for the new agreement began in 2012 with an extensive review of the terms and conditions by the Policies & Procedures Committee. There were also numerous meetings of the negotiation team that included Steve Sinclair, Matt Groff, Cliona Robb, Louis Monacell and Glenn Watkins. He also pointed out that, unlike previous contracts, this one includes a table of contents for the terms & conditions.

Cliona Robb provided several handouts to the board to follow during her explanation: one-page summary of the new contract, the Q&A memo sent to members, a two-page crib

sheet of where the new items are located in the terms & conditions, and a larger markup of the changes to the terms & conditions.

VEPGA's customer charges had remained flat and were considered antiquated. Therefore it was agreed to raise the base rates. The raise however was offset by a new, more favorable rate, to members with the largest consumption of electricity.

Glenn Watkins noted that Dominion Virginia Power has obliged VEPGA by allowing us to adjust the fuel rider to provide stability in overall charges. However the ability to offset higher rates come July 1 is not likely because VEPGA has used almost all of its previously banked credits.

The C1 and C2 riders for demand side management are not included in the VEPGA contract because many VEPGA members are implementing DSM on their own. Cliona said the one exception is any future C1 and C2 riders for voltage discount.

Louis Monacell said that the total annual bill for VEPGA is just over \$400 million and that base rates account for approximately one-half of this total. Therefore annual savings of \$6.2 million per year lower than jurisdictional base rates, represents saving of 3% for the duration of the contract.

Glenn Watkins said that VEPGA also saves on the fuel factor based on the methodology of calculating by kWh per month. June, July, August and January, when fuel bills are higher, are months when VEPGA uses relatively less electricity than jurisdictional customers.

The board discussed benefits accrued to VEPGA members from these savings and the need to update the benefits fact sheet sent with the last annual assessment because it referenced savings based on the last contract. It was agreed to send an updated benefits fact sheet to members in late January along with notice of the rate adjustments to become effective July 1, 2014.

Bill Eger asked how the average and excess allocation factor for generation facilities is determined. Glenn Watkins responded that the same methodology for determining the allocation factor has been in place with the Virginia SCC since 1972. Other states use a different allocation factor.

In regards to net metering Cliona Robb explained that the new contract preserved the status quo in that VEPGA members can only aggregate meters on contiguous properties. Should the legislature act to allow local governments to aggregate meters on non-contiguous properties, similar to what is currently allowed for agricultural operations, then Dominion Virginia Power may seek additional standby charges for VEPGA.

In regard to solar purchase power agreements (PPAs), VEPGA members can now participate in the jurisdictional pilot that is capped at 50 MW. During contract negotiations Dominion Virginia Power unsuccessfully sought to cap VEPGA participation in the pilot to 1 MW. So VEPGA members are on par with jurisdictional customers and will be counted towards the cap on a first come, first serve basis.

Cliona Robb explained that the renewable generation rider (Schedule RG-CM) will provide greener power but not complete generation from renewable sources. In regards to a solar purchase power tariff, this may be an option if VEPGA REC tariff revenues become significant enough to fund purchases.

Cliona said that the construction pilot has a deadline of July 1, 2016 for projects to commence.

The board discussed LED light fixture rebates. Because VEPGA does not pay the C-1 and C-2 riders the rebates are not available to members. Lori Herrick said that VEPGA could ask for it in the next contract or reopener. Steve Sinclair responded that if we ask for it then we need a strategy to pay for it. Both Lori Herrick and Dave Simmons suggested a possible "opt in" for members willing to pay the riders in order to take advantage of the rebate program.

In regards to rate comparisons, Cliona said that Dominion Virginia Power will track implemented rate switches for lost revenue with an intent to ask for a revenue requirement in the next contract. Steve Sinclair said VEPGA needs to make sure that the revenue requirement is calculated by net losses.

Bill Eger made a motion, seconded by Jerry Walker, to recognize the hard work of the negotiation team. The motion passed unanimously

V. Resignation of Chair and Vice Chair

Steve Sinclair said that due to his retirement and Matt Groff's promotion that they had submitted their letters of resignation to be effective September 19th. Continuing, he said the resignations are effective immediately and turned over presiding duties of the board to Michael Barancewicz.

VI. Nominations and Election of Board Members to Serve Unexpired Terms

Mr. Barancewicz asked for nominations to fulfill the unexpired term of Steve Sinclair. Mr. Reinsel made a motion, seconded by Mr. Raike, to appoint Susan Hafeli to fulfill the term which expires in 2017. The motion passed unanimously.

Mr. Barancewicz asked for nominations to fulfill the unexpired term of Matt Groff. Mr. Salehi made a motion, seconded by Mr. Reinsel, to appoint John Morrill to fulfill the term which expires 2016. The motion passed unanimously.

VII. Election of Officers

Mr. Barancewicz asked for nominations for board chair. Mr. Simmons made a motion, seconded by Mr. Raike, to appoint Jerry Walker as chair. The motion passed unanimously.

Mr. Barancewicz turned over presiding duties to Mr. Walker.

Mr. Walker nominated Susan Hafeli to serve as board vice chair. Mr. Simmons seconded the motion and it passed unanimously.

Louis Monacell presented an inscribed crystal plaque to Steve D. Sinclair in appreciation for outstanding dedication and service on behalf of, and for the Virginia Energy Purchasing Governmental Association and its membership.

The board adjourned for lunch at 11:50 a.m. and reconvened at 12:17 p.m.

VIII. Committee Updates

A. Policies & Procedures

With the new contract executed Mr. Sinclair had nothing to report. He noted that the committee did a thorough vetting of the terms and conditions and that the committee will likely not meet again for a few years. As board chair Mr. Walker will now serve in the role as chair of the committee

B. Energy Efficiency & Conservation

Susan Hafeli reported on the September 3rd meeting of the committee. Angela Navarro from the Southern Environmental Law Center (SELC) gave a presentation on the new EPA 111(d) rule proposal, a copy of which is included in the board packet.

Whit Fulton from Infinite Invention gave a presentation on a new product, the ConnectDER, which attaches and interfaces solar panels directly to residential meters. Mr. Morrill pointed out that this innovation makes solar energy readily dispatch able for the utility.

At the meeting Cliona Robb gave details on renewable options under the new contract and an update on the DEQ/DMME Solar Working Group.

Susan Hafeli discussed with the board the value of putting presentations given at the EECC online for members. Mr. Lerch will arrange the website to include downloadable presentations. He will also explore the cost of opening up the WebEx capability to accommodate members beyond the EECC.

The committee will meet again in early December, 3rd or 10th, to develop the program for the annual meeting. Mr. Lerch pointed out that the Hampton Roads Facility Maintenance Conference will take place at the Hampton Roads Convention Center on April 22nd. The past two years VEPGA had a booth at the conference held at the Virginia Beach Convention Center. The following day was the VEPGA annual meeting also held at the convention center.

C. Budget & Finance

Mr. Lerch, referring to the attachments in the board packet, reported on the financial position of VEPGA in terms of current fund balance and year-to-date budget.

D. Joint Action Committee (JAC)

Jerry Riddick reported that the committee met yesterday via video conference call and there was only one item on the agenda.

IX. Legal Update

A. General Assembly Update (net metering legislation; DEQ/DMME distributed solar stakeholders group)

Cliona Robb reported on recent developments of the DEQ/DMME distributed solar stakeholders group efforts to draft a valuing of solar report to the General Assembly. Senator Edwards who requested the report in his role as chair of the rules committee was replaced as chair by Senator Norment. Dominion Virginia Power, APCO, ODEC and NOVEC sent emails expressing their dissatisfaction with the current draft report and announcing their withdrawal from the group. While the report is not intended to be a consensus document, the utilities were not satisfied with how disagreements from the majority were being represented in the document. The final document will likely be sent to both Senator Edwards and Norment.

In regards to net metering, Joe Lerch reported that the Virginia Municipal League has developed a draft legislative priority that would allow local governments to aggregate meters on non-contiguous properties. At their annual conference VML members will likely vote to adopt this legislative position.

B. Dominion 2014 IRP

Louis Monacell provided an overview of Dominion Virginia Power's Integrated Resource Plan. He noted that a law passed in 2014 allows Dominion to write off soft costs attributed to the proposed 3rd reactor at the North Anna nuclear plant. While this will reduce their revenues thereby not triggering an SCC review of over earnings, it does mean these costs cannot be added to future generation riders related to the 3rd reactor.

Rick Raike noted that approximately 80 gigawatts of generation will be coming off-line in the United States in the coming years, most of that being coal-fired power plants.

X. Current Roster of VEPGA Members

Joe Lerch reported that the current roster of VEPGA members has been updated on the website and is the same list provided Dominion Virginia Power for the contract. He noted that both the City of Charlottesville and Charlottesville schools have rejoined VEPGA, while Culpeper ended their membership.

XI. VEPGA List Serve

Mr. Lerch asked the board if they would be interested in setting up a list serve for VEPGA members to share news and information. The board agreed that a list serve associated with the topics of the EECC would be of value to members.

XII. Next Meeting Date(s)

Mr. Walker reminded everyone that the next board meeting will be November 7th. That meeting will include approval of the board meeting calendar for 2015, including a date for the annual meeting.

XIII. Adjournment

The meeting adjourned at 1:39 p.m.

Respectfully submitted,

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

Joe Lerch
Secretary