

Alaska Intertie Management Committee
MEETING MINUTES
Thursday, May 23, 2013
Anchorage, Alaska

1. CALL TO ORDER

Chair Brad Evans called the meeting of the Alaska Intertie Management Committee to order on May 23, 2013 at 10:04 a.m. A quorum was established.

2. ROLL CALL

Members present: Brad Evans (Chugach Electric); Jim Posey – Anchorage Municipal Light & Power (ML&P); Allen Gray – Golden Valley Electric Association (GVEA), Joe Griffith – Matanuska Electric Association (MEA); and Gene Therriault – Alaska Energy Authority (AEA).

3. PUBLIC ROLL CALL

Public present in Anchorage: Sara Fisher-Goad, Kirk Warren, Kelli Veech and Teri Webster (AEA); Jeff Warner and Louis Agi (ML&P); Burke Wick and Brian Hickey (Chugach Electric); Bernie Smith (Regulatory Commission of Alaska); Denali Daniels (MEA); Brian Bjorkquist (Department of Law); John Burns (GVEA); Kirk Gibson (McDowell Rackner & Gibson); and Sunny Morrison (Accu-Type Depositions).

4. PUBLIC COMMENT

There was no public comment.

5. AGENDA COMMENTS/MOTION FOR APPROVAL

Mr. Griffith proposed the introduction of a resolution for consideration entitled "Resolution of the IMC on Railbelt Reliability and Reserves Criteria," to be set for action at some point in the future. Mr. Griffith also introduced a proposed fiscal '14 budget to be approved within the next 30 days. Mr. Warner stated it needs to be approved by July 1st, 2013.

Chair Evans stated discussion items can be put on the agenda, but action items have to be given public notice before they can be put on the agenda.

MOTION: Mr. Griffith made a motion to approve the agenda as amended. Motion seconded by Mr. Therriault. The motion was approved unanimously.

6. APPROVAL OF PRIOR MEETING MINUTES - September 13, 2012

The September 13, 2012 minutes were approved as amended.

7. NEW BUSINESS

7A. Update on Budget, FY '14 Budget and Operations

Mr. Warner stated the Intertie Operating Committee (OC) approved the amended proposed budget and suggested going through the budget line by line at the next meeting when it will be approved. Mr. Griffith stated the biggest two line items are the cyber study and the Eva Creek stability study totaling \$230,000.

Chair Evans requested someone speak about the Eva Creek stability study. Mr. Warner stated the study was brought forward to address issues regarding how the intertie has changed over the years and determine if any operational changes should be implemented.

Chair Evans asked Mr. Gray if the study will include the near-term anticipated changes. Mr. Gray assumes the Battery Energy Storage System (BESS) operations will be included in the study. Chair Evans asked the technical group to consider reaching out a couple of years when they scope the study to keep it from becoming stale. Mr. Warner stated the data is available for a lot of the new units which could be included in the study. He stated the focus has been a 2015 system study.

Mr. Griffith requested the study recognizes Eva Creek, Healy Clean Coal and everybody else that is hooking up to the system as factors in the study. He suggested having a system stability study, rather than only Eva Creek's effects on the system.

Chair Evans stated this study is a refresh of the prior work and recommendations are made from the analytics. He stated this is not an asset management activity, but an activity of the reliability council. Chair Evans said there is a blurring of the lines in doing this study. He recommends setting a timely meeting date to approve the proposed budget.

Mr. Griffith commented there needs to be more than just a cyber-security study. He believes cyber security should be implemented across the control system, but first there needs to be an understanding of who the generating utilities are and how the control system is currently protected. Chair Evans and Mr. Griffith agreed \$50,000 would probably be enough to scope out a study for this system.

Mr. Therriault asked what the date was that the modified proposed budget was released because the requirement in the agreement is that the budget is available for comment for 30 days. Mr. Griffith stated April 18th, 2013, was when the budget was approved by the OC to send to the IMC.

Mr. Therriault asked Mr. Gray if the new numbers for GVEA's utilization of the intertie includes any additional negotiations regarding power sent to them from Southcentral. Mr. Gray stated the numbers only included Chugach Electric, ML&P and Bradley Lake receipts. He said if they end up buying power from Homer Electric Association (HEA), then the numbers will increase a little bit. Mr. Therriault asked Mr. Gray if the numbers in the budget will provide a solid basis. Mr. Gray believes that is an accurate statement. He stated they have not finalized purchasing of any other power.

Chair Evans stated he will place the approval of the budget as an action item on the agenda for the next meeting.

Chair Evans asked if the operators wanted to bring anything to the Committee's attention. Mr. Warner commented the OC is in the process of addressing the task associated with HEA given to them by the IMC. He stated HEA is participating in the OC meetings.

7B. Update on Static Var Compensator (SVC) Projects

Mr. Griffith asked if there are adequate funds in the budget to complete the SVC project and incorporate it into the existing control system with the appropriate security.

Mr. Agi stated they have had problems with the contractor, including not being able to meet their scheduled commitments within the year 2013. He said the contractor's new projection for the Teeland install is December 1, 2014. He stated there is a possibility that a last generation machine could be used onsite as an interim solution before the start of winter. Mr. Agi stated the Teeland interim solution would cost approximately \$450,000, creating a financial problem.

Mr. Griffith asked if the problem was hardware delivery or software. Mr. Agi stated the problem is not having sufficient controller software development/writing capacity in place to make the deadlines. He stated the consequences have not been decided, but they might insist on an increased surety arrangement to meet the contract commitment going forward. Mr. Agi stated the interim solution will not be as adequate compared to what was contracted, but it should be enough to keep current power transfers working through the winter. Mr. Agi said he is not currently addressing who would pay for the interim unit, but using it as a spur to accelerate getting the contract for the SVC's in place on time.

Chair Evans asked when the bid was put out on the street. Mr. Agi stated it was approximately two years ago. Mr. Griffith and Mr. Warner believe it was in 2011. Chair Evans asked when we first sat down with the awardees. Mr. Agi stated it was in the fall of 2011. Chair Evans asked if any of the bidders had a shelf-stable platform to do this job. Mr. Agi doesn't believe any of the bidders had a shelf-stable platform. Mr. Agi stated the only problem the contractor is having is getting the adequate programmers in place to address the software.

Chair Evans asked what schedule was put out in the bid. Mr. Agi stated the bidders proposed schedules which were revised to reflect mid-year completion in 2013. The 2013 schedule wasn't met because of supplier constraints and internal problems. It was then revised to a third quarter completion in 2013.

Chair Evans said he would not ask for all the details at this juncture. Mr. Griffith stated he believes all the details are needed to assess the situation. Chair Evans asked who the technical people are on this project. Mr. Agi stated Russ Thorton from Electric Power Systems is the construction manager.

Mr. Warren commented this was a design/build contract and the first deadline date was extended for half a year. He stated the crux of the issue with the schedule is if the contractor will not have the originally designed SVC installed, then the contractor needs to provide a date they will have the temporary unit installed to get us through the winter without any damages to the participants of the intertie. Mr. Warren commented IMC should not participate in any additional costs that are incurred because of the contractor's delay. He recommends the next change order require the contractor pay damages if they do not meet the new completion date.

Chair Evans stated the update on the SVC projects will be put on the next agenda. Mr. Agi commented more information will be known within a couple of weeks regarding the amended contract, the change order, commitments and the additional surety placed on the contractor. Mr. Griffith requested a current and complete status of the hardware for all three of the sites and a current and complete status of the software.

Chair Evans requested Mr. Warren give a project manager's report, including scope, budget, schedule and quality. Chair Evans stated there were other locations to perform the same kind of function and new ones should have been built.

7C. Generation and Transmission Operations post Chugach/Homer Electric Power Sales Agreement

Chair Evans asked Mr. Warner if there is anything needed from the Committee regarding this item. Mr. Warner requested updates on the process of addressing the assignments. Chair Evans stated it was strongly suggested at the last Bradley Lake Project Management Committee (BPMC) meeting that the IMC technical people are coordinating with the Bradley Lake people regarding proper custody transfer and Railbelt Reliability Council (RRC) issues. He requested Mr. Warner come up with the list of things that are necessary to incorporate a new load-balancing authority. Chair Evans also requested Mr. Warner give him evidence and clarity on project manager reports to ensure the deadline is being met. He strongly suggested Mr. Warner use the operating guidelines as a structure to create the technical list of what has to happen and what has to be accommodated in the software.

Mr. Griffith requested an update on the status of the Soldotna and Dave's Creek SVCs. Chair Evans stated he will take care of that request.

7D. Open Access Language

Chair Evans stated he has talked to all members regarding the activity on open access and expects to have the draft language within the next 10 days. Chair Evans stated the areas that need

full attention and critical thinking are preexisting rights, definition of congestion, recognition of congestion in a pool, operational cures for congestion, and the pre-usage cure process.

Mr. Therriault asked if the draft language will be on the agenda at the next meeting. Chair Evans stated the draft language will be an item on the next agenda with the hope of getting the language out prior to that meeting date. Mr. Therriault commented the state will have some comments and is looking forward to starting that dialog. Mr. Therriault asked if there could be interim language that everybody agreed on. Chair Evans said that would have to be discussed after the product comes out.

Mr. Griffith encouraged everyone read Article 6 and Article 16 of the amended and restated agreement, which directly influences this issue. He stated the draft language should be for the operational criteria and the good of the whole system, not just the segment the state owns. Chair Evans fully agrees.

Mr. Burns stated GVEA is satisfied with the progress. Mr. Warner state ML&P is looking forward to the draft language and believes the comments made by Chair Evans and Mr. Griffith are valid.

7E. Reliability Standards

Mr. Griffith encouraged everyone to read the Operating & Reliability Standards the RRC has prepared. Mr. Griffith stated the document addresses both reliability standards and reserve criteria which the IMC must endorse for the entire railbelt.

Chair Evans asked for comments from members. Mr. Warner believes the IMC is the appropriate body to adopt reliability language for the entire Railbelt.

Chair Evans requested the appropriate technical people from the IMC look at and clean up the matrix of information Mr. Griffith provided in the email associated with his proposed resolution. He stated it can't be adopted the way it is because there's overlap, repetition, old information from groups that are not functional, which would create a great deal of confusion.

Mr. Griffith stated he doesn't suggest the document be adopted as is, but believes all of the nodes of importance and the reliability of the railbelt have been addressed in the document. Mr. Griffith offered to begin cleaning up the document and will get somebody to act as an editor and come back to the Committee.

Chair Evans stated it is a membership task to refresh the thinking on these standards and as the document gets cleaned up, which should happen well in advance of the meeting, they will be sent out and move for action at the next meeting. Chair Evans stated it is important to stabilize the platform because it has been awkward for the Railbelt to accommodate change with the RRC that is buried into an asset management agreement. He believes this step is a necessary interim solution, but the vehicle doesn't exist to make a natural transfer of responsibility. Chair Evans is supportive of getting the reliability standards fully out in the open and believes there is an obligation to firm up the RRC's ways and means of operating the system.

Mr. Griffith stated one of the issues discussed in another forum was acceptance by the individual utilities of the process and the reserve and reliability criteria. Mr. Griffith said his own utility has approved it formally, but does not recall if anybody else has. Chair Evans stated the IMC is signatory and doesn't know if that is necessary.

Mr. Warner asked Mr. Griffith what it means to clean up the document. Mr. Griffith wants to make the document publishable, but doesn't know if he can totally deconflict some of the language. Chair Evans suggested to sit down with each member's technical representative and go through the document to determine what is and isn't going to be included in the resolution. Mr. Warner asked if this should be done by committee. Chair Evans stated Mr. Warner's group would be the ones coordinating with all the members and making sure they participate fully.

8. NEXT MEETING DATE

The next meeting date is Tuesday, June 11, 2013, at 9:00 a.m.

9. ADJOURNMENT

There being no further business of the IMC, the meeting adjourned at 11:44 am.


Bradley Evans, Chairman


Gene Theriault, Secretary