by incentivizing products such as heat-pump water heaters, high-efficiency sugaring equipment, and electric vehicles. We are excited by the possibility of offering our members new services and helping to meet the state’s carbon reduction goals.

VEC has been talking for years about the future opportunities that the lower cost of solar and storage will create. The good news is that future is here. The cost of solar has come down so much that it is the lowest-cost energy source, even without subsidies. We have been getting quotes for utility-scale solar in 2017 that show that prices are not going to be negatively impacted by the expiration of the Solar Investment Tax Credit in 2016. This tax credit currently allows developers to write off 30 percent of the cost of the project, which has created a significant incentive to build solar. The goal was to create enough of a demand that costs would decrease to the point that this subsidy would no longer be needed. That policy seems to have worked and has helped pave the way for the lower-cost projects installers are now offering. Now that low-cost solar is available, VEC’s goal is to build two megawatts of utility-scale solar each year through 2032.

In addition to the national Solar Investment Tax Credit, Vermont has been incentivizing net metered solar by paying more than the retail rate and allowing consumers to roll back their bills to zero. This policy has created a serious problem for VEC because those users are not paying for the cost of maintaining the grid, thereby transferring costs to other members. In 2014, the Vermont legislature raised the amount of net metering allowed from 4 percent to 15 percent of a utility’s peak demand. VEC took an active role in the conversations that shaped this law, which created a public process to develop a sustainable net metering program that allows members to install net metering systems but requires them to pay their fair share of the grid costs. Those discussions are happening now and many staff members are participating in the process to establish the rules for a new net metering program starting in 2017.

While we support the continued growth of renewable energy in Vermont, we believe it is a flawed strategy to provide rates that are guaranteed through a public mandate as is currently the case for the net metering program. A government-guaranteed price eliminates the drive to develop projects in the most cost-effective manner and ties the hands of utilities that strive to provide electricity at the lowest rate possible. We are getting quotes from developers for utility-scale solar that is about half the current rate we pay for net-metered solar. This cost differential comes from the advantage of economies of scale. By investing member resources in utility-scale solar, we can achieve our climate and renewable goals without paying more than is needed.

As set in Act 56 earlier this year, Vermont’s goal is to develop more in-state, renewable generation, such as wind and solar. The reality is most of that power will be from solar, as it has become so low in cost and easy to construct. However, the intermittent nature of solar power poses real challenges in terms of reliability. Solar produces only during the day (when the sun is shining) and much more in the summer months. Since VEC’s demand peaks on cold winter evenings, the limitations of solar power pose a par-

Continued on page 7

By David Hallquist, CEO

**CEO Update**

First, I am happy to report that the summer has been good in terms of keeping the lights on. We have not had any major storms. Certainly our employees are enjoying the calm after giving up two Christmas holiday seasons in a row to deal with winter storms.

In June, we welcomed Andrea Cohen to VEC’s senior leadership team as the Manager of Government Affairs and Member Relations. Andrea was previously the Executive Director of Vermont Businesses for Social Responsibility and spent many years working for the Agency of Natural Resources. We were very impressed with her skills in the area of public outreach and look forward to her leadership with member education and outreach. This area is of critical importance because VEC is a cooperative that operates on democratic principles, and the key to a successful democracy is an educated membership.

Andrea replaces Liz Gamache, who left VEC at the beginning of 2015 to become Director of Efficiency Vermont. While we were sad to see Liz leave, we are very happy that she is leading the important work of Efficiency Vermont, which will be a key partner in helping VEC meet the goals set by the legislature in Act 56 earlier this year. ACT 56 establishes goals for electric utilities to help their customers offset fossil fuel by converting to electricity because the overwhelming majority of Vermont’s carbon footprint comes from transportation, heating, and cooling. These goals will be accomplished through the processes of carbon reduction and emission-reduction opportunities to the more than 400 members involved in maple sugar production. The Mann and Baker families, VEC members who own Maple Sugar Mountain in Belvidere, switched to an electric maple evaporator in the past year. This technology represents a revolutionary change in the process of syrup production, and their electric evaporator, called the EcoVap, is the first of its kind in the country. The EcoVap in Belvidere used only one kilowatt-hour of electricity to boil each gallon of syrup, which means the Manns are saving money and reducing fossil fuel use. The EcoVap is exactly the kind of innovation that Act 56 encourages.

If the electricity that the EcoVap uses were all from renewable sources, switching from an equivalent propane or oil evaporator would offset roughly 30 tons of CO2. That equates to about 80,000 highway miles driven annually or seven fewer cars on the road. VEC looks forward to more innovative partnerships like the one we are developing with the EcoVap manufacturer, Mr. Pepin of Dominion Grimm in Montreal.
This past legislative session, the Vermont Legislature took action to protect the approximately $50 million in annual revenue that the state's electric utilities collect from selling renewable energy certificates (RECs) to out-of-state utilities. This law was meant to shield Vermont ratepayers from the dramatic rate increases that would have followed the loss of that income.

The legislature did this through Act 56, a complex law that creates both challenges and opportunities for VEC and the state's other utilities. Notably, it expands their role as contributors to the state's energy objectives; utilities will be called upon to encourage and assist their customers (or members, for the state's two co-ops) in reducing their use of fossil fuels. By 2017, two percent of each utility's electricity sales must derive from these “energy transformations” – by, for example, weaning homeowners and commercial customers from heating oil (by moving them to alternatives like heat pumps or biomass systems) or diminishing the prevalence of gasoline-powered vehicles by providing well-sited electric vehicle (EV) charging stations. The mandate increases to 12 percent by 2052. For utilities, the upside is obvious: a boost in electricity sales. The downside is that they could face fines if they fail to meet these targets.

The new law also requires utilities to increase the percentage of renewable energy in their power portfolios (if they’re not meeting those targets already), and a portion of this must be in-state, distributed renewable power. Providing a greater portion of power from renewables justifies the greater reliance on electricity that the law encourages to meet broader and more varied energy demands.

VEC's 2015 Annual Meeting of the Membership, held at Jay Peak Resort on Saturday, May 9, featured a discussion of this legislation and its potential impact on the Co-op. Darren Springer, then Deputy Commissioner of Vermont's Department of Public Service, gave an overview of Act 56, then House bill 49, which at the time had been passed by the House but was under review in the Senate. CEO Dave Hallquist then explained the Co-op's stance on the bill. VEC, Hallquist explained, supported the bill and was already in compliance with some of the renewable energy provisions. Yet he characterized the energy transformation component, also known as Tier 3, as “challenging.”

“It’s new territory for us,” he said, “but it is consistent with the Co-op’s energy goals. And we’re going to be extracting more value from our smart-grid technology with these changes.”

Hallquist compared the increased reliance on electricity that the bill encourages with adding a third shift in a productive factory whose equipment and infrastructure sits idle overnight. The state’s electric grid, Hallquist said, is presently used at only about 55 percent of its capacity.

“Like any system,” he said, “the more you use it, the more the operating costs go down. Everyone benefits when we use the system more efficiently.”

Tiers 1 and 2 of the legislation both concern renewable energy and bring Vermont into conformity with New England states that require utilities to provide specific proportions of their power from renewable resources. (This is called an RPS, or renewable portfolio standard.) VEC already meets Tier 1, which requires Vermont utilities to source 55 percent of their power portfolios from renewables by 2017 (rising to 75 percent by 2032, which will require an increase by the Co-op over the next 17 years), Tier 2, the provision requiring additional in-state distributed generation facilities, is “achievable,” according to Hallquist, who noted that VEC's Co-op Community Solar program, which will add five megawatts of solar power by late 2016, will contribute to VEC's Tier 2 obligations.

Deputy Commissioner Springer, one of the architects of the bill, explained that the original motivation of Act 56 was to keep Vermont utilities from losing the significant revenue many of them derive from selling RECs, chiefly to utilities in Connecticut and Massachusetts that purchase the RECs to meet their states’ renewable portfolio standards. The Vermont utilities that control those RECs do so by owning or supporting generating facilities that produce power from wind, solar, hydro, or other qualifying renewable sources. However, those REC sales were threatened recently by Connecticut legislators and regulators objecting that Vermont allowed its utilities to count electricity generated here toward the state’s long-term renewable energy goals while selling the credits out of state. A rebellion against Vermont’s system, Springer said, could have cost utilities some $50 million in lost revenues annually, necessitating an immediate 5.6 percent rate increase to make up for the shortfall. By implementing its own RPS and requiring utilities to retain sufficient RECs to meet those requirements, accusations of “double counting” can be silenced.

Springer then explained that lawmakers and regulators, in consultation with energy-sector representatives, added the additional provisions to the bill to move the state more aggressively toward its goal of providing 90 percent of energy used in all energy sectors (electricity, transportation, heating, and cooling) from renewables by 2050. The bill, which was signed into law in June, creates a system called RESET, for Renewable Energy Standard and Energy Transformation, and replaces an earlier program known as SPEED.

Springer said the investments in renewable energy instigated by the bill could potentially create 1,000 new jobs in Vermont and keep some $390 million in energy expenditures in state. It also has the potential to transform the electric utility industry in Vermont. VEC, Hallquist said, is exploring ways to ensure that these changes work to the benefit of the Co-op and its 32,000 members.

**VEC Welcomes New Board Members**

In the 2015 election, these returning and new board members were elected to the board:

**Don Ward,** of Island Pond, re-elected to represent District 1

**John (Jack) Miller,** of North Hero, a past board member, elected to represent District 7

**Molly Lambert,** of Swanton, elected to represent District 6

**Dan Carswell,** of Franklin, re-elected to represent the West Zone

Please feel free to communicate with your representatives on the VEC Board of Directors. VEC is a member-owned cooperative, and the Board of Directors serves to represent members. You can find contact information for board members on the backside of this issue of Co-op Life.

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**VEC employees at the Waterville Elementary School last June. Elementary school presentations are a core part of VEC’s member outreach and education efforts. The presentation focuses on an overview of the electric grid and key safety messages. If you’re interested in organizing a presentation for your local school, contact 1-800-832-2667.**
Weathering Another December Storm, While Charting a Course for the Future

Jay Peak Resort, the setting for Vermont Electric Cooperative’s 77th Annual Meeting of the Membership—held on Saturday, May 9—provided a near perfect example of the world in which VEC now operates and of how the Co-op has achieved financial stability and greater reliability during its recent years of expansion and innovation.

In a time when electric utilities face sluggish revenues in the residential sector, Jay Peak is one of many VEC members that have mitigated the effects of this trend by providing commercial sector revenue. VEC President Tom Bailey made this point to the 265 members and guests who attended the meeting.

“For the past several years,” said Bailey, “I have reported that northern Vermont’s economy, as measured by our megawatt-hour (MWH) sales growth, was steadily getting stronger. This past year was consistent with previous years, as we experienced a one percent increase in overall energy sales.” Yet that growth, he explained, “was primarily in the industrial and commercial sectors of our business. Our residential MWH sales were relatively flat for 2014, as slightly colder than normal weather was offset by homeowners’ conservation efforts and customer self-generation.”

Jay Peak President Bill Stenger referred to this when he welcomed his fellow Co-op members. “We get a bill, too,” he said. “And this year it was a pretty big bill.”

The cold winter allowed for abundant snowmaking, which, along with lighting and powering the ski lifts, accounts for a large portion of Jay’s winter energy usage. In noting this, Stenger mentioned another practice that has come to characterize VEC: its embrace of technology. Jay Peak has worked with VEC’s IT department and with Efficiency Vermont (EVT), on a number of fronts to improve performance and lower the operating costs of Jay Peak’s high-end energy uses. That includes snowmaking. Stenger said that, with advice and direction from the Co-op, he could provide details of its financial status and operations; to discuss Vermont’s energy policies and their impact upon the VEC membership; and to answer members’ questions.

With ballot boxes open for the first two and a half hours in the morning, the annual meeting also concluded the election of directors for open seats on the VEC board.

Incumbent director Don Ward, of Island Pond, was re-elected to represent District 1, and former director John (Jack) Miller, of North Hero, won election in District 7. Both ran unopposed.

Incumbent Dan Carswell, of Franklin, was elected to represent District 6. With his term as VEC director ending in June, Carswell was elected to replace departing director Dan Parsons in District 6.

All terms except Miller’s will be for four years.

Five ballot items were also up for consideration by the members this year. By wide margins, voters approved:

1. Adding language to the bylaws that explicitly encourages members to seek election to the board;
2. Allowing directors unable to attend a board meeting to participate via teleconferencing, though only with the approval of the president and without compensation;
3. VEC’s 5-MW Co-op Community Solar;
4. A 15-year contract (beginning in 2018) for up to 10 MW of capacity with NextEra Energy Seabrook LLC.

The voters rejected a term-limit provision for board members that had been proposed by a group of Co-op members.

Making the best of unlucky Decembers

In 2013, VEC pretty much repeated the pattern set in 2013: cruising along, getting work done, pursuing plans to upgrade the system, and monitoring the budget, and then—WHAM!—a destructive storm struck in December, weakening havoc for members through outages and knocking a year’s worth of conscientious budgeting off track.

In 2013, it was the now-infamous Ice Storm Gemini, which caused more than 58,000 outages, affected nearly 19,000 VEC members, took 10 days and nights to reconnect everyone, and left behind $6.3 million in damages.

In 2014, it was Winter Storm Damon, when heavy, wet snow fell on and off for three days, resulting in 45,000 outages that affected 13,000 VEC members and necessitated a similar prolonged restoration effort bolstered by mutual aid crews from other utilities.

Damon instantly became VEC’s second-costliest storm, at $2.9 million.

In their remarks, VEC President Bailey, Treasurer John Ward, and CEO David Hallquist noted that the Co-op was working closely with state agencies and the Federal Emergency Management Agency (FEMA) as the storm and restoration were underway to document the extensive damages and financial repercussions. President Obama declared six counties within VEC’s service territory to be disaster areas, which qualified VEC (because it is a nonprofit, member-owned utility) for reimbursement of 75 percent of its storm-related costs. (This, too, was a repeat of what happened in December 2013.) The $2.1 million FEMA grant resulting from Damon was formally announced in June—a month after the annual meeting.

“This cooperation from the state and federal governments has allowed us to significantly buffer what could have been a very big financial burden for your very rural electric utility,” said Bailey. “The remaining balance of our storm expenses, a little over $2 million, should be tempered in the future with an accounting order supported by the Vermont Department of Public Service.”

That order, Hallquist said, will allow a gradual repayment of the balance.

Ward also touched upon further financial matters. VEC, he said, had retained its record-high “A minus with a stable outlook” rating at Standard & Poor’s in 2014. “Stronger financial ratings are beneficial for VEC when negotiating power supply contracts and in borrowing funds at lower interest rates,” Ward explained.

The Co-op did institute a 2.93 percent rate increase.

Continued on page 6
SmartHub: A Smart Tool for All Your VEC Needs

Thousands of members have already signed up to take advantage of all the features SmartHub has to offer. Available for your computer, smartphone, or tablet, SmartHub offers convenient access to everything you need to manage your VEC account.

With SmartHub, you can:

- **Sign up to receive outage alerts**—find out when the power goes out and when it’s been restored.
- **Track your monthly, daily, and hourly electric usage**—wondering why your bill went up? SmartHub’s Usage Explorer can provide key information you need to keep your usage under control and lower your electric bill.
- **View and pay bills**—no paper or stamps needed! You can pay with bank draft, debit, or credit card with SmartHub’s simple payment system.

Sign up today at vermontelectric.coop or visit your app store and search for SmartHub!

What are VEC members saying about SmartHub?

“Great app!” — member in Enosburg Falls

“Love it!” — member in South Hero

“I absolutely love your app!” — member in Newport

“By far the easiest website that we make payments on.” — member in Huntington

“Absolutely love VEC’s SmartHub, especially the phone app which has terrific functionality -- and can be used if you have a cell signal but no power! I use it to report outages and get updates on power restoration estimates. Terrifically helpful, especially for someone who relies on a home office. Also appreciate the usage graphs -- great dashboard for understanding your energy use and challenging yourself to conserve!” — member in Hinesburg

VEC Helps to Bring Better Power and Telecommunications to the Northeast Kingdom

This August work is wrapping up on the Northeast Kingdom (NEK) Connector project. The NEK Connector will significantly improve electric reliability and expand telecommunications services in the towns of Bloomfield, Lemington, Norton, and Canaan. The $14.5 million dollar project, which has been in the works since 2010, has been funded by a grant from the federal Economic Development Administration (EDA).

The 23-mile project replaces aging, single-phase electric lines with three-phase lines, which will remove limitations to small businesses and farms that have found it cost prohibitive to extend three-phase service. In addition, the fiber optic cable will make new telecommunications options possible for residents of these NEK towns. The project will connect more than 40 LTE and 37 cellular antennas to fiber cable owned and maintained by VEC and the Vermont Telecommunications Authority.

Of course no project ever happens without some interesting challenges. On July 19 a rogue storm cell centered in on Bloomfield, which tripped and locked out the Island Pond Feeder circuit that feeds the Connector. Crews found blocked roads and multiple large broken trees that damaged the line. It was quite an effort for crews to even access the damaged sites. Approximately 500 members were affected, some without power for almost 20 hours.

All is back in good order now, and, at the conclusion of this project, VEC has cleared 23 miles of right-of-way, set 588 poles, installed 23 miles of new wire, and run over 40 miles of fiber cable.

Jeff Wright, VEC’s Chief Operating Officer, is particularly excited to see the economic development that the NEK Connector helped spur. There are several ventures that will benefit from this infrastructure, including a new sawmill in Bloomfield. “VEC is proud to implement this level of infrastructure improvement in an area that has been underserved for decades. The improvements will help us keep the lights on during storms and other critical times when our members most need electric service. We also want to thank all of the contract and VEC employees who have been so committed to completing this project on schedule and budget.”

Best of all, because of the grant from the EDA this breakthrough project is possible with no impact on VEC’s rates.
**How to Maximize Your Efficient Appliance Rebate**

One of the most popular ways that Efficiency Vermont (EVT) helps Vermonters save energy is by offering rebates on high efficiency appliances. Purchasing a qualifying efficient refrigerator, clothes washer, or clothes dryer may mean you are eligible for a rebate. Since rebates range from $40 to $400, their customer support team is often asked, “How much money can I get back?” That’s a great question, and the answer depends on how much energy the appliance can save.

**The more efficient the appliance, the bigger the rebate**

EVT offers rebates in varying amounts for several different appliances. Believe it or not, there is a method to the madness. ENERGY STAR® and the Consortium for Energy Efficiency (CEE) both identify appliances based on their efficiency. In order to qualify for ENERGY STAR certification, appliance manufacturers must meet strict performance requirements and be certified by third-party testing labs. CEE members publish tiers of efficiency in specifications that support their programs, then manufacturers work independently to achieve those levels. EVT utilizes CEE’s tiered structure to set rebate levels. The CEE tiers rank the top 25% of efficient appliances.

Here’s how it works for refrigerator rebates: Tier 1 is in line with ENERGY STAR standards, at 10% more efficient than the federal standard. Tiers 2 and 3 go above and beyond, at 15% and 20% more efficient than the federal standards, and as a result they qualify for a higher rebate amount. ENERGY STAR also offers their “Most Efficient 2015” ranking at 10% more efficient than the federal standard.

EVT wants to reward shoppers for choosing the most efficient options available to them. They offer rebates for appliances that are Tier 1 and higher, and for ENERGY STAR’s “Most Efficient” appliances. While all appliances on the market are held to a federal efficiency standard, ENERGY STAR is more efficient than the federal standard. CEE tiers then create additional levels at or above the ENERGY STAR requirement to provide even greater differentiation for those who would like to purchase more efficient options. In order for appliances to qualify for a rebate through EVT, they must meet the criteria in CEE Tier 1.

Appliances in Tier 2, Tier 3, and the ENERGY STAR Most Efficient designation generally cost more than the less efficient options. They are also often harder to find in stores because they are the premium level of efficiency and there are fewer models available on the market. If you are shopping for the most efficient models, which are Tier 3 and/or ENERGY STAR Most Efficient products, you may need to do some research and check with stores to see if they carry the model you’re looking for. ENERGY STAR and Tier 1 appliances are usually easier to find and more widely available in Vermont stores.

**To Learn More about refrigerator, clothes washer, and clothes dryer rebates visit efficiencyvermont.com.**

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**Efficiency Vermont**

**Your resource for energy savings**

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**Co-op Community Solar Is Coming Your Way Soon!**

VEC is several steps closer to bringing Co-op Community Solar to members! Co-op Community Solar has been in development since the early part of 2014. Since this project is the first of its kind that VEC is developing, we have learned many lessons along the way. We are now happy to report that some significant milestones have been achieved, and we are hopeful that we will have a project available for members to sign up for in the fall.

The first site that will be developed is a one-megawatt project in Alburgh. In May, VEC received the Certificate of Public Good (CPG) from the Public Service Board (PSB), which is basically the permit that allows VEC to build the project. In August, we filed the paperwork to have the details of the member offering approved (e.g., cost per panel). These two steps pave the way for the project to be developed and offered to members in the fall. The details of a financing option are also being finalized, which we hope will make it easier for members to join.

How will Co-op Community Solar work? Members interested in participating can sign up to sponsor panels for either 10 or 20 years and make an upfront sponsorship payment. In turn, the member will receive a guaranteed monthly bill credit that will be used to offset the member’s electric charges. For example, a member who chooses to sponsor four panels for 10 years would pay the coop $939 (or $234.75 for each panel). Then every month the member would receive a bill credit of $10.88. This would add up to an annual credit of $130.56 and a total credit of $1,305.60 over 10 years. So, the total savings for sponsoring four panels would be $366.60. (These figures are for information only and final numbers are still being reviewed as part of the PSB approval process.)

The good news is that Co-op Community Solar will be available soon. In the great news is that even members who chose not to join will benefit from the development of the low-cost, renewable power that Co-op Community Solar is providing (e.g., cost per panel). These two steps pave the way for the project to be developed and offered to members in the fall. The details of a financing option are also being finalized, which we hope will make it easier for members to join.

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**Paying Your VEC Bill Just Got a Little Easier**

As always, members can pay their bills through check, debit card, credit card, or bank draft. Now debit and credit card payments can be made with no fee charged to the member.

Some billing and payment options cost the co-op less than others. Because we are a member-owned cooperative, when the co-op saves, members save too. Choosing these billing and payment options helps the co-op save money:

- **Paperless billing through SmartHub rather than paper bills.** This saves us the cost of printing and postage. With over 5,500 members signed up for paperless billing, VEC saves $40k annually. These cost savings help control electric rates.
- **If you want to pay with a card, choose debit over credit.** This helps the co-op because debit card fees are lower than credit card fees.

Check and bank draft don’t cost VEC anything!

To make payments even easier, automatic payments are available using bank draft or a credit or debit card. To sign up for an auto-pay option, contact member services at 1-800-832-2667.
Vermont Electric Co-op members are signing up to support their local community through the VEC Community Fund. The goal of the Fund is to support local organizations that promote community development and economic security, which underscores the basic cooperative principle of neighbor helping neighbor. Thanks to the members who have participated, we have been able to make grants and in-kind donations to Capstone Community Action in Morrisville, the Mount Norris Boys Scout, and the Johnson Historical Society. We are pleased to announce the most recent award recipient—the Memphremagog Watershed Association.

The Association will be using the grant to enhance the current buffer along the Clyde River by installing a Rain Garden. Since the water from the Clyde runs directly into Lake Memphremagog, better management of storm water will improve the lake quality. A rain garden is a bowl-shaped garden designed to capture and absorb rainfall and snowmelt. This storm water accumulates pollutants (sediment, nutrients, bacteria, oil, etc.) and erodes stream banks. A rain garden can capture storm water and recharge ground water at a rate 30% greater than the typical lawn.

The rain garden will also provide an educational experience for the community and visitors to learn about how to better manage storm water and storm water’s effect on rivers and lakes. The Newport City Council has endorsed this project as an ecological, educational, and economic benefit. The VEC Community Fund donated $250 to the project.

The more members who sign up to support the Community Fund, the more grants like this can be given to strengthen Vermont communities.

Members can participate by:
- Rounding up their electric bill to the nearest dollar
- Making a one-time donation
- Donating Patronage Capital dollars

To sign up to be part of this program, simply check the box on your bill payment stub or submit your information through the Community Fund page at vermontelectric.coop.

Organizations interested in being considered for the next round of grants should complete and submit an online application by September 30, 2015.

FEMA Dollars Help VEC Pay for Winter Storms

Special thanks go to our federal delegation for helping VEC to obtain a $1.8 million Federal Emergency Management Agency (FEMA) reimbursement for clean-up and repair efforts following December’s severe winter storm. Winter Storm Damcon, in December 2014, devastated Northern Vermont, leaving thousands without power and creating damage that rivaled Tropical Storm Irene and the 1998 ice storm. Freezing rain and snow brought down trees and power lines across the region, causing almost 45,000 outages in the VEC service territory and leaving about 13,000 members without power. The total cost of the storm came in at $2.9 million. Because VEC is a non-profit member-owned cooperative, it qualifies for reimbursement for a portion of storm costs through FEMA when a disaster declaration is made. The FEMA grant of $2,130,871 will cover an estimated 75 percent of the total clean-up cost incurred by VEC.

Dave Hallquist stated, “This is great news. Without federal assistance, the burden of cleanup costs would fall much harder on our members. We are grateful for the help of our federal delegation and our strong partnership with FEMA, which enables us to respond quickly and efficiently to get the lights back on for members.”

Annual from pg 2

in 2014. Upward pressure on rates results from various factors, including transmission service and the cost of wholesale power in the New England energy market. (Most of the Cooperative’s power is obtained through long-term contracts at stable rates, but it’s necessary to go to the real-time market for a percentage of power purchases.) The largest regional power plants rely on natural gas for production, and cold winter weather has spiked those prices because natural gas is also used for heating and pipelines cannot adequately provide for both uses. Nevertheless, Ward said, VEC has averaged annual rate increases of less than 1.2 percent per year over the past six years.

Another piece of news was that, as they had 2013, board members authorized a patronage capital distribution to VEC members, representing their portions of past revenue over expenses (comparable to the profits divided among stockholders in an investor-owned utility). Over the past two years the board has been able to return $1.35 million in patronage capital to members.

The officials also encouraged their listeners to support VEC’s new Community Fund by authorizing the Co-op to round their monthly electric bills up to the nearest dollar. Whether that’s a penny, 99 cents, or something in between, these small revenues add up to thousands of dollars that the Community Fund distributes through modest but meaningful grants to nonprofits doing work for individuals and communities in VEC’s eight-county service area.

CEO Hallquist added more positive news in his report. Kingdom Community Wind – Green Mountain Power’s 63 MW wind farm in Lowell, which was built with VEC’s assistance – sells 14 percent of its power to the Co-op, and while early technical problems limited its output, Hallquist said those issues have been corrected and KCW “is now giving excellent production.” KCW’s favorable rates for VEC make that power “very inexpensive for us.”

Hallquist also cited increased investment by the Co-op in its vegetation management program to improve the system’s reliability, and he noted that VEC continues to be a leader among electric utilities in adopting technologies such as AMI (advanced metering infrastructure, often called smart metering) and SmartHub, a multi-faceted online service for members.

Much of Hallquist’s presentation involved a bill then in the legislature, now Act 56. It created a system called RESET (Renewable Energy Standard and Energy Transformation). VEC invited Darren Springer, then Deputy Commissioner of Vermont’s Public Service Department, to explain the bill and its projected benefits and challenges for Vermont utilities. Afterward, Hallquist spoke about possible impacts of the bill on VEC. (For more details see Act 56: What It Means for Vermont and VEC)

From the floor

Each year, VEC members bring forth excellent questions and share their viewpoints at annual meeting. This year several members asked about renewable energy, some expressing concerns about the fairness of Vermont’s net metering program. VEC and others have argued that because utilities are required to pay a premium rate for net metering (the program that allows members to install small-scale renewable generation and tie it into the grid) and because those who net meter are able to roll their bills back to zero, non-net metered members end up covering a greater portion of the Co-op’s expenses. A member from Grand Isle asked about the efficacy of so-called cold climate heat pumps as a home-heating option. He said he had such a system but still needs to revert to his oil burner in very cold weather. It’s the nature of the beast, Hallquist responded. While cold climate heat pumps can significantly reduce overall heating costs, “you still have to have a backup heating system when the temperature gets toward zero.”

Another Newport member asked whether VEC will soon be able to process credit card payments online, as it presently does with bank drafts. Chief Financial Officer Michael Bursell said the Co-op was working on it. “You can do it now,” he said, “but there’s a fee. We’re trying to enable credit or debit card payments without a fee, and should have something soon.” (No-fee credit card payments are now available, and members can sign up to have these payments automatically charged each month).

The business meeting adjourned before noon, but members stayed for the drawing of the door prizes and many departed with gifts donated by area businesses. Meanwhile, the newly constituted Board of Directors adjourned upstairs for its organizational meeting.

As always, there’s a lot going on at VEC, so there was no time to let the grass grow under its feet.
With nearly 450 sugar makers in VEC's service territory, we are proud to play a role in one of Vermont's finest traditions. By supplying electricity to outfits ranging from small “hobby” sugarhouses to large-scale commercial operations, using energy-intensive technology such as vacuum pipeline systems and reverse osmosis, VEC helps to ensure that producers get the most out of each sap run.

While the 2016 sugaring season may seem far away, this is the right time for maple sugar producers to assess future power supply requirements to ensure a productive season. VEC's employee wellness program received the Governor’s Excellence in Worksite Wellness Conference. VEC has for sale the following vehicles and equipment including the following vehicles and equipment.

**CEO update** from pg 1

The solution to the mismatch between solar generation and the need to provide power to the grid 24 hours a day, 365 days a year, is storage. Fortunately, a number of storage solutions are likely to be available within the next few years. Many of you may have heard about the Tesla in-home storage device. While this technology is promising, it is still quite expensive to install storage on a home-by-home basis. The average home would require about a $60k investment in order to completely meet its needs through storage and solar, which puts us out of reach for most Vermonters.

Once again, utility-scale solutions provide an answer. VEC has been in discussions with a number of vendors, and we have visited a number of sites to identify the most effective storage solution. Our research shows that utility-scale storage is much less expensive and more effective than single-home storage solutions. Our goal is to adopt storage as soon as it becomes economically viable, and it appears that will be the case by 2018.

VEC continues to be an innovative leader with electric cooperatives. VEC implemented two-way meter technology years before the rest of the utility industry. In the past several years, we have fully automated all of our substations, which again is years ahead of the industry. These investments have paid for themselves in terms of increased operational efficiency and reduced outages. They also are a necessary component to making distributed generation and storage work effectively. VEC is fortunate to have a Board of Directors with the foresight to make these kinds of investments. Members can rest assured that we will figure out how to achieve Vermont's energy goals in a way that is cost effective and works best for our members and our communities.

**VEC’s Net Metering Program Is Closed to New Construction for 2015**

Net metering is the program that allows members to install small-scale renewable generation such as solar panels and wind turbines. In May, VEC reached its annual cap on net metering installations, and in June the Board of Directors voted to close the program to new construction of net metering systems for the remainder of 2015.

Back in 2014, the legislature raised the net metering cap to 15 percent of a utility's peak demand. When the law went into effect, VEC was at 4 percent of peak demand. The statute sets an additional 4 percent aside for VEC's Co-op Community Solar project; and VEC is required to allocate the remaining 7 percent equally among 2014, 2015, and 2016. For 2015, we have exceeded the 2.33 percent annual cap.

VEC hopes to be able to continue accepting net metering applications in 2015. However, any new permits would include the condition that the systems not be built until 2016 and that they would count towards the 2016 cap. VEC is waiting for a determination from the Public Service Board on whether it is willing to issue permits with these conditions. If not, the net metering program would be closed to new applications until January 1, 2016, when another 2.33 percent would be available for members who wish to participate.

**VEC ACCEPTING SEALED BIDS FOR VEHICLES & EQUIPMENT**

VEC has for sale the following vehicles and equipment that we are accepting sealed bids for until 4:00 pm, Sept 15, 2015. Please indicate the item number of the vehicle or equipment on the outside of your sealed bid. All bids should be submitted to the attention of Laura Kinney, Purchasing Agent at Vermont Electric Coop, 42 Wescom Road, Johnson Vermont 05656.

All vehicles or equipment for sale have high mileage and may require the need of mechanical or body work.

**Vehicles and equipment for sale located at the Johnson Warehouse:**

**Item #1 #34** 2004 Ford Ranger, (VIN #2B39460), Four wheel drive, Mileage is 207,876+

**Item #2 #38** 2004 Ford Ranger, (VIN #2B39464), Four wheel drive, Mileage is 212,731+

**Item #3 #117 1997 Polaris 6-wheeler ATV, (VIN DO17514)**

**Vehicles and equipment for sale located at the Derby Warehouse:**

**Item #4 #36** 2004 Ford Ranger, (VIN #2B39462), Four wheel drive, Mileage is 171,912+

**Item #5 #12 2002 International 4400, Bucket Truck (VIN #556293), Mileage is 134,205+ 55’ A Class Altec Material Handling Boom, International 530 Motor with Nine speed Fuller Transmission. (Please note this unit has a reserve price)**

Questions pertaining to the above vehicles and equipment located at the Johnson Warehouse may be directed to Mark Bennett at 802-730-1144, Purchasing Agent at Vermont Electric Coop, 42 Wescom Road, Johnson Vermont 05656.

Questions pertaining to the above vehicles and equipment located at the Derby Warehouse please contact Larry Hall at 802-730-1220.

The Company reserves the right to reject any or all bids which, in its sole judgment, finds unacceptable. All vehicles/equipment are sold on an “AS IS” basis, with no warranty expressed or implied. Risk of using any of the above vehicles is completely assumed by the purchaser.

**Contact VEC for Maintenance and Upgrades Now!**

**Maple Sugar Makers –**

**VEC**'s employee wellness program received the Governor’s Excellence in Worksite Wellness Award for the second year in a row at the Vermont Worksite Wellness Conference.

**VEC** has accepted sealed bids for vehicles and equipment located at the following locations:

**Vehicles and equipment for sale located at the Johnson Warehouse:**

**Item #1 #34** 2004 Ford Ranger, (VIN #2B39460), Four wheel drive, Mileage is 207,876+

**Item #2 #38** 2004 Ford Ranger, (VIN #2B39464), Four wheel drive, Mileage is 212,731+

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Inside Summer 2015 Co-op Life

CEO Update ................................................................. Pg. 1
Legislative Wrap Up: Act 56 .............................................. Pg. 1
Act 56: What It Means for Vermont & VEC ......................... Pg. 2
VEC Welcomes New Board Members .............................. Pg. 2
Annual Meeting Recap .................................................... Pg. 3
SmartHub: A Smart Tool for All Your VEC Needs ............... Pg. 3
VEC Helps the Northeast Kingdom ................................. Pg. 4
Efficiency Vermont: Maximize Efficiency Rebates .......... Pg. 4
Co-op Community Solar Coming Your Way Soon! .......... Pg. 5
Paying Your VEC Bill Just Got a Little Easier ................. Pg. 5
VEC Community Fund ................................................ Pg. 6
PEMA Dollars Help VEC Pay for Winter Storms .............. Pg. 6
Maple Sugar Makers: Maintenance & Upgrade ............... Pg. 6
VEC’s Net Metering Program Closed to New Construction for 2015 .... Pg. 7
VEC Vehicle & Equipment Sale ..................................... Pg. 7

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vec is part of the alliance working to advance the islands and improve safety conditions for VEC workers.

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Volume 72 Number 3 Summer 2015

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2015 Co-op Life

CEO Update ................................................................. Pg. 1
Legislative Wrap Up: Act 56 .............................................. Pg. 1
Act 56: What It Means for Vermont & VEC ......................... Pg. 2
VEC Welcomes New Board Members .............................. Pg. 2
Annual Meeting Recap .................................................... Pg. 3
SmartHub: A Smart Tool for All Your VEC Needs ............... Pg. 3
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VEC Community Fund ................................................ Pg. 6
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Alburgh Substation!

VEC is building a new substation in Alburgh to replace the original substation, which was built in the 1960s. The new substation will help VEC maintain good service in the islands and improve safety conditions for VEC workers.