**Burlington Electric Department \* 585 Pine St. \* Burlington VT \* 0540**1

**MEMORANDUM**

TO: City of Burlington Board of Finance and City Council

FROM: Ken Nolan, Manager of Power Resources

DATE: December 11, 2012

RE: **GMP Schedule 21 - Attachment A - Form of Local Service Agreement**

**Georgia Mountain Community Wind**

Cc: Barbara Grimes

On September 27, 2010, the City Council approved a Power Purchase Agreement (PPA) between BED and Georgia Mountain Community Wind (GMCW). Under that PPA GMCW will provide roughly 8% of the City’s electricity needs for the next 25 years. Important to this discussion is the fact that the PPA requires BED to pay all costs of transmitting the energy produced by GMCW from the plant location (Georgia/Milton Vermont) to BED’s service territory. This is a standard PPA provision.

This contractual commitment in turn requires BED to enter a service agreement with CVPS for the use of its transmission lines. The costs of that new transmission agreement were included in the cost/benefit analysis provided to the Council at the time it made the decision to approve the PPA with GMCW, but BED did not anticipate executing the service agreement with CVPS until GMCW had actually begun construction.

It wasn’t until early 2012 (after GMCW received its final state permits) that BED began negotiating with CVPS to implement the service agreement. But the negotiation was soon put on hold when the GMP-CVPS merger was announced. It wasn’t until this October that the newly combined GMP/CVPS filed its revised transmission tariff at the Federal Energy Regulatory Commission (FERC) which allowed negotiations to be completed. It is important to note that this is a FERC regulated transmission tariff, so the pricing and most terms are standardized and can only be changed with FERC approval. Most of the negotiations that occurred were around definitions of the type of service provided, amendment/cancellation provisions, definition of the receipt and delivery points and similar GMCW specific items.

Since GMCW is now completing construction and is anticipating starting energy deliveries by December 31st it is becoming critical that this service agreement be executed.