

**MINUTES OF REGULAR MEETING  
BURLINGTON ELECTRIC COMMISSION**

**Wednesday December 14, 2016 – 5:30 p.m.**

The regular meeting of the Burlington Electric Commission was convened at 5:36 p.m. on Wednesday, December 14, 2016 at the Burlington Electric Department at 585 Pine Street, Burlington, Vermont.

Commissioners Sabina Haskell, Bob Herendeen, Tim Perrin, and Gabrielle Stebbins were present.

Staff members present included Neale Lunderville, Paul Alexander, Mike Flora, James Gibbons, Mike Kanarick, Munir Kasti, Dave MacDonnell, Paul Pikna, Jim Reardon, and Destenie Vital.

Other staff members present included Laurie Lemieux, Board Clerk.

Channel 17 was present to tape this meeting.

**1. Agenda**

There were no changes to the agenda.

**2. Minutes of the November 9, 2016 meeting**

Commissioner Herendeen made a motion to approve the minutes of the November 9, 2016 meeting; the motion was seconded by Commissioner Perrin and approved by all Commissioners present.

**3. Public Forum**

Darren Springer was present for the meeting.

**4. Commissioner's Corner**

Commissioner Herendeen stated there is an opportunity next semester to oversee an internship project with UVM students. Commissioner Herendeen will be asking the students to work on the definition, metrics, etc. in relation to net zero. This may require some minimal BED staff time with the students to accomplish this and would eventually lead to a report and presentation to the Commission. Mr. Lunderville welcomes this idea and looks forward to all input from the UVM students.

Commissioner Herendeen asked if the Department has investigated the long term use of charging stations and how many charging stations will be out there versus how many EV's will be charged at home. Mr. Lunderville stated that the BED team has done a lot of work around some of these issues and Mr. Gibbons and Mr. Lyons have done some research in regards to Tier III. Mr. Lunderville will look into this and follow up with Commissioner Herendeen.

Commissioner Perrin stated that the Hannaford site was chosen as a result of the survey during Drive Electric Week and asked what some of the feedback and guidance would be to figure out where the next charging station would be located. Mr. Lunderville stated that the survey was successful and the Department will continue to engage with the public to determine the locations. The Department has also engaged in conversation with employers such as UVM and Champlain College who have employees that drive EV's to work. This strategy will probably drive where the next charging station will be before looking at another public location.

Commissioner Herendeen asked if there was an update on the Swanton Wind intervention. Mr. Lunderville stated that the Department has moved to intervene but haven't heard anything to date. Mr.

Gibbons stated that BED has intervened in the Swanton Wind Docket and the Vermont Green Line Docket. Both dockets are similar in that Northern Vermont has some problems exporting power and continued injection of power in that region could potentially impact Georgia Mountain Community Wind, Sheffield Wind, McNeil and Winooski One either in the form of curtailing their output or dropping the price in which they are compensated. Mr. Lunderville stated that both projects have the potential of interrupting our generation or bringing the locational marginal prices down by quite a bit which could have a very serious and detrimental impact on how often McNeil is run. The Department will continue to closely monitor this and if this should go forward without a solution the Department will engage heavily with the Public Service Board on behalf of the Joint Owners. It doesn't make sense that renewables would be piped in from somewhere else to replace renewables that are homegrown in Vermont.

Commissioner Stebbins informed the Commission that the City is requiring that all Board Chairpersons attend diversity training by the end of the year. Commissioner Stebbins will be attending in the next week and if anyone would like to learn more or would like to review a webinar on diversity, Commissioner Stebbins would be happy to update the Commission or forward the webinar.

Mr. Lunderville stated that Ms. Green has a time commitment and if the Commission has no objections, this presentation would be before the General Manager's Update. The Commission had no objections.

## **5. Update on Sustainability Efforts**

Mr. Lunderville stated that BED had been working on sustainability efforts with Ms. Green in her capacity as Sustainability Coordinator with the City. Ms. Green was giving BED a lot of great ideas and it was decided that the entire sustainability effort for the City should come to BED. Ms. Green has been pushing the Department's sustainability efforts which feed into BED's 10 Year vision around a net zero energy city and a lot of other initiatives. Mr. Lunderville asked Ms. Green to give an overview of how this came to be and what BED will be working on going forward. Mr. Lunderville stated that although the Department is working on many projects, this presentation will focus on the five (5) larger efforts spearheaded by Ms. Green.

Ms. Green began the PowerPoint presentation by describing the higher level projects and initiatives along with a brief background on sustainability in the City of Burlington. Ms. Green informed the Commission that not only is BED evaluating the Department's waste stream, composting, recycling, trash, and anti-idling on city vehicles, Ms. Green is also working on five (5) large projects.

The first project is Passivhaus work which is a thermal initiative.

Ms. Green is working on a Thermal Decarbonization Pilot. This pilot program reduces fossil fuel in the thermal sector. BED has applied for funding for this pilot program and the Department and Ms. Green will keep the Commission informed of the outcome.

BED has been working with the DOE on a new program that helps cities reduce the soft costs associated with solar. This program dovetails around the work BED and the City are doing on permit reform work. BED had to prove to the DOE how BED is working towards reducing soft costs and the Department came in at a bronze level. Although the bronze level is great, the Department now has a template on how to attain gold status. If the Department is accepted into the program, this will allow BED to apply for a 6 month advisor, at no cost to the Department, to assist in the process to obtain gold status.

BED is soon to be an established 2030 District. The 2030 District concept was designed by the Director of Architecture 2030 which is the idea of building energy efficiency districts in interested cities. If someone is in the district they are required to pledge to reduce energy use, water consumption and transportation greenhouse gas emissions. A lot of big cities have created districts and because this is a private driven initiative, BED is working with local architects and engineers on a committee. This committee meets once a month and local businesses have been extremely enthusiastic.

The last large project is BED's Grow Local Energy Program. Ms. Green stated that for BED to move the Net Zero strategy forward the Department needs to grow and store as much energy as possible. BED needs to begin to offer new opportunities to our customers other than poles and wires and the Department is looking at different ways to offer other services.

Ms. Green closed the presentation by stating that the Sustainability Program at BED is well situated and the Strategic Plan provides that platform for the Sustainability Program to take hold.

## **6. General Manager's Update**

Mr. Lunderville updated the Commission on the Energy Champ Program. BED delayed the launch of this program from November until past the holidays. The Energy Champ Program is ready to go, but this extra time will also coincide with BED's launch of the new website. As customers click through the Energy Champ site they will go to the new landing site for Burlington Electric.

BED has begun taking deliveries from Hancock Wind in Maine. BED is slated to receive 32,000 MWH per year of wind power from Hancock which is about 9% of BED's load. The Department started taking test deliveries about a month ago and began taking actual deliveries today.

The South 40 received a certificate of public good and BED has been working closely with them to get permits in place, equipment ordered and working to get on line before next summer.

The Department has received feedback that BED's Tier III proposal was well received by the DPS and stood out for creativity and completeness.

On December 1<sup>st</sup> BED hosted a kick-off on the District Energy Program which was attended by 40+ people which included Don Sinex, Burlington Town Center, Tom Gustafson, UVM, and Don Rendall from VGS to name a few. Corix had a successful visit and spent two days out in the field and Corix is on track to produce the report within the timeframe.

The Airport Microgrid bid went out and BED received 18 viable bids which means the market is strong for energy storage.

The SCADA system is now complete and 100% up to date. The board in Dispatch has been updated with new symbols and connections and all field devices are now on one system and running very well.

McNeil is continuing to face a water shortage and are in a severe drought condition as of December 6<sup>th</sup>. The plant is continuing to cycle the plant on and off over the weekends until the water level increases.

585 Pine Street has a sewer problem due to an underground pump station that failed. This pump station has been operating for approximately 35 years, but the pump is now failing and will require an unexpected capital outlay of \$50-100K but the Department is waiting on final prices.

Mr. Lunderville stated that there was a great ceremony last week for the 2017 Energy Efficiency Calendar. This ceremony was attending by the Mayor, the Superintendent of Schools and Mark Stephenson, former Burlington Electric Commissioner.

Mr. Lunderville invited the Commission to the Burlington Electric Holiday Party Potluck.

Mr. Gibbons updated the Commission on the IRP. The Department has finished drafting the last major chapter of the IRP which is the decision analysis, going through all the options, looking at economics, and rate path. Mr. Gibbons stated that the Commission will be updated with a full IRP this month.

## **7. McNeil Turbine Generator Service Agreement**

Dave MacDonnell, Director of Generation, and Paul Pikna, Senior Generation Engineer, presented the McNeil Turbine Generator Service Agreement for years 2017-2019. Mr. Pikna informed the Commission that the current service agreement for the McNeil turbine generator has expired. Historically McNeil has had the OEM, Alstom Power, Inc. perform any maintenance activity and they have proven to be a safe and reliable contractor. Requests for proposals were sent to other turbine maintenance entities so the Department could receive competitive pricing. The Department received two proposals and is recommending that the Department award the service agreement to GE Alstom Power, Inc. which is the OEM. GE Alstom Power, Inc. is higher initially; however they will give BED a 15% discount on all parts. The estimated cost of parts for the overhaul scheduled for 2018 is approximately \$1,000,000 which would allow for an estimated savings of \$150,000 due to the parts discount resulting in a lower overall project cost.

Commissioner Perrin made a motion to approve the terms and agreements in this service agreement outlined in the memorandum dated December 13, 2016 pending approval from the City Attorney; the motion was seconded by Commissioner Herendeen and approved by all Commissioners present.

## **8. McNeil Station 2017 Calendar Budget**

Mr. MacDonnell presented the draft of the McNeil calendar year budget. Mr. MacDonnell explained that the McNeil Plant actually produces two budgets, a Calendar Year Budget because the Joint Owners operate on the calendar year and a Fiscal Year Budget because BED operates on a fiscal year.

Mr. MacDonnell reviewed the budget for the Commission including Capital budget versus actual figures for the past 2 years, station capacity figures, and a comparison of the budget versus actual figures for operation, maintenance and administration.

Commissioner Haskell made a motion to accept the budget as presented; the motion was seconded by Commissioner Herendeen and approved by all Commissioners present.

## **9. October FY 2017 Financial Update**

Jim Reardon, Director of Finance, presented a brief review of September year-to-date financial results.

This presentation included a brief discussion of the \$4,654,000 Operating Income year-to-date and the \$4,905,000 Net Income year-to-date. Year-to-date Operating Income is \$1,058,000 higher than budgeted and year-to-date Net Income is \$532,000 higher than budgeted. Mr. Reardon pointed out that Other Income year-to-date was below budget due to assumed customer contributions for a Microgrid project that has been delayed and lower customer contributions for the UVM Chiller project than assumed. Interest Expense for the month and year-to-date is lower than budget as the result of General Obligation Bond refinancing.

Sales to Customers are relatively on target for the month but year-to-date are \$393,000 higher than budget. Mr. Reardon stated this is likely due to year-to-date average temperatures warmer than normal; KWH sales are up 2.4%. Other Revenue for October is \$179,000 higher than budgeted due to Energy Efficiency Program cost reimbursements more than planned. Power Supply Revenues year-to-date are relatively on target. Mr. Reardon pointed out in the month of October BED received a \$250,000 non-refundable one-time credit for a Hancock Wind extension.

On the expense side, Power Supply Expenses are \$845,000 below budget year-to-date. Year-to-date fuel costs are lower than budget by \$1,255,000. McNeil production was 17% below budget and woodchip costs (per ton) were 22% under budget. Purchased Power Supply year-to-date is above budget \$294,000.

Independent System Operator (ISO-New England) purchases are higher due to below budget McNeil and Winooski One Production. The \$160,000 year-to-date favorable variance in Operating Expenses is due to position vacancies in the process of being filled and outside services lower than budgeted. Most of the \$288,000 unfavorable variance in Depreciation & Gain/Loss is due to loss on retirement of McNeil assets that was not planned.

Mr. Reardon then discussed Capital Spending. In total, year-to-date ending November 30, Capital Spending is 53% (\$6,148,000) of the \$11,640,000 budgeted. The \$3,012,000 expended for Transmission represents Burlington Electric Departments (BED) purchase of its share of VTTRANSCO membership units (\$2,862,000) in September, 2016 plus BED additional shares purchased under “oversubscription” procedures (\$150,700) in October, 2016. The original purchase of membership shares (\$2,862,000) was budgeted to occur in December, 2016. The membership shares pay a 12.5% return. All other Capital Spending is \$3,136,000 year-to-date which represents 36% of the \$8,778,000 budgeted. Most of the underspending in other capital categories is due to timing.

On Cash and Investments, BED closed November 30 with \$14.2 million of unrestricted and reserved operating funds. The projected November 30 balance for the FY 2017 budget was \$13.0 million. The difference between actual versus projected is due to the timing of Capital Spending and the underspending in Operation Expenses.

Mr. Reardon pointed out that the Rating Factors are in line to meet “A” bond rating. Mr. Reardon stated that BED had responded to an information request from Moody’s and expects to hear from them by the end of December.

Commissioner Herendeen moved to adjourn the meeting at 7:12 p.m.; the motion was seconded by Commissioner Perrin and approved by all Commissioners present.

Attest:

  
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Laurie Lemieux, Board Clerk