

**MINUTES OF REGULAR MEETING
BURLINGTON ELECTRIC COMMISSION**

Wednesday, July 12, 2017 – 5:30 p.m.

The regular meeting of the Burlington Electric Commission was convened at 5:30 p.m. on Wednesday, June 14, 2017 at the Burlington Electric Department at 585 Pine Street, Burlington, Vermont.

Commissioners Sabina Haskell, Bob Herendeen, Scott Moody, and Gabrielle Stebbins were present. Tim Perrin was present via Skype.

Staff members present included Neale Lunderville, Patrick Campbell, Mike Flora, James Gibbons, Munir Kasti, Mike Kanarick, Tom Lyle, Jim Reardon, Enis Sehovic, Darren Springer, and Destenie Vital

Other staff members present included Laurie Lemieux, Board Clerk

Others Present: Kirsten Merriman-Shapiro, Gioia Thompson

Channel 17 was present to tape this meeting.

1. Election of Officers

Board Clerk Laurie Lemieux called the meeting to order at 5:34 p.m. The first meeting of the new fiscal year is the Burlington Electric Commission's organizational meeting. The first order of business is to elect officers. The Board Clerk opened the floor for nominations for Chair of the Commission.

Commissioner Moody made a motion to nominate Commissioner Stebbins as Chair of the Burlington Electric Commission. The nomination was seconded by Commissioner Haskell. The Board Clerk asked if there were any other nomination, hearing none, the Board Clerk conducted a roll call vote by calling on the following Commissioners:

Commissioner Haskell. Aye
Commissioner Herendeen. Aye
Commissioner Moody. Aye
Commissioner Perrin. Aye

Of the 5 members voting, 4 votes were cast in support of Commissioner Stebbins, with Commissioner Stebbins abstaining, Commissioner Stebbins was elected Chair of the Commission. At this time Ms. Lemieux turned the meeting over to the Chair.

Commissioner Stebbins opened the floor for nominations for Vice Chair of the Burlington Electric Commission. Commissioner Herendeen made a motion to nominate Commissioner Moody; the nomination was seconded by Commissioner Haskell.

The Board Clerk asked if there were any other nomination, hearing none, the Board Clerk conducted a roll call vote by calling on the following Commissioners:

Commissioner Haskell. Aye
Commissioner Herendeen. Aye
Commissioner Stebbins. Aye
Commissioner Perrin. Aye

Of the 5 members voting, 4 votes were cast in support of Commissioner Moody, with Commissioner

Moody abstaining, Commissioner Moody was elected Vice Chair of the Commission.

Commissioner Moody nominated Laurie Lemieux as the Board Clerk for the Burlington Electric Commission; the nomination was seconded by Commissioner Herendeen.

At this time the Board Clerk conducted a roll call vote by calling on the following Commissioners:

Commissioner Haskell. Aye
Commissioner Herendeen. Aye
Commissioner Moody. Aye
Commissioner Stebbins. Aye
Commissioner Perrin. Temporarily Left Meeting

Of the 4 members voting, 4 votes were cast in support of Laurie Lemieux as Board Clerk.

2. Agenda

The Agenda was amended by moving item 8. to item 6.5 immediately following the Monthly Primer.

3. Minutes of the June 14, 2017 Meeting

Commissioner Haskell made a motion to approve the minutes of the June 14, 2017 meeting; the motion was seconded by Commissioner Moody.

At this time the Board Clerk conducted a roll call vote by calling on the following Commissioners:

Commissioner Haskell. Aye
Commissioner Herendeen. Aye
Commissioner Moody. Aye
Commissioner Stebbins. Aye
Commissioner Perrin. Aye

Results: 5 Ayes with 0 Nays, the motion carries.

4. Public Forum

There was no one from the public who wished to speak.

5. Commissioners' Corner

The Commission had a brief discussion regarding the Board of Electric Commissioners Memorandum of Understanding (MOU) and all Commissioners stated that the MOU gives clear direction for the Commissioners and will be very helpful for new Commissioners going forward. At this time Commissioner Stebbins asked for a motion to accept the MOU as presented. Commissioner Herendeen made a motion to accept the MOU as presented; this motion was seconded by Commissioner Haskell.

Commissioner Haskell made a motion to approve the minutes of the June 14, 2017 meeting; the motion was seconded by Commissioner Moody.

At this time the Board Clerk conducted a roll call vote by calling on the following Commissioners:

Commissioner Haskell. Aye
Commissioner Herendeen. Aye
Commissioner Moody. Aye
Commissioner Stebbins. Aye

Commissioner Perrin. Aye

Results: 5 Ayes with 0 Nays, the motion carries.

6. Monthly Primer: Renewable Energy Credits

Mr. Gibbons began his PowerPoint presentation by reviewing common “Key Terms” associated with Renewable Energy Certificates (REC). The presentation included a section on the definition of what a REC is, why RECs were created, and the different kind of RECs in New England. Mr. Gibbon’s discussion included what creates the demand for RECs, and the voluntary structures such as green pricing programs and voluntary renewability targets. Mr. Gibbons stated that many RECs qualify for more than one market and discussed the interplay between supply, demand, and Alternative Compliance Payments in multiple markets that will affect the value of the RECs. Mr. Gibbons explained who supplies RECs, who buys RECs, and the REC trading cycle showing examples of transferrable quarters and blackout dates. Mr. Gibbons concluded the presentation by discussing and highlighting some of the issues relating to REC’s such as the regulatory/statutory market high volatility, the avoidance of double counting, and rules regarding the ability to inventory, bank and store RECs by the purchaser.

6.5 Proposal to Enter REC Sales for a Rolling Five (5) Year Period

Mr. Lunderville stated that the Commission has granted this authorization in the past and it’s been a few years since the Commission has granted this authorization. Mr. Lunderville stated to publically divulge strategy around REC sales which would put the Department at a substantial competitive disadvantage in the buying and selling of RECs and asked that this go into Executive Session. Mr. Lunderville stated that if the Commission would like to act on this proposal at this meeting that the Commission would come out of Executive Session and publically vote on the proposal.

Commissioner Moody moved to find that premature general public knowledge of the Commission’s discussion regarding the proposal to enter into REC sales for a rolling five year period would clearly place the Burlington Electric Department at a substantial disadvantage per Title 1, Section 313 (a)(1) of the Vermont Statutes. Commissioner Herendeen seconded the motion.

At this time the Board Clerk conducted a roll call vote by calling on the following Commissioners:

Commissioner Haskell. Aye
Commissioner Herendeen. Aye
Commissioner Moody. Aye
Commissioner Stebbins. Aye
Commissioner Perrin. Aye

Results: 5 Ayes with 0 Nays, the motion carries.

Commissioner Moody moved that the Commission enter into executive session to discuss the proposal to enter into REC sales for a rolling five year period under the provisions of Title 1, Section 313(a) (1) (A) of the Vermont Statutes. The motion was seconded by Commissioner Herendeen.

At this time the Board Clerk conducted a roll call vote by calling on the following Commissioners:

Commissioner Haskell. Aye
Commissioner Herendeen. Aye
Commissioner Moody. Aye
Commissioner Stebbins. Aye
Commissioner Perrin. Aye

Results: 5 Ayes with 0 Nays, the motion carries.

The Commission moved into Executive Session at 6:14 p.m.

Commissioner Haskell moved to exit Executive Session at 6:37 p.m. The motion was seconded by Commissioner Herendeen.

At this time Mr. Lunderville conducted a roll call vote by calling on the following Commissioners:

Commissioner Haskell. Aye
Commissioner Herendeen. Aye
Commissioner Moody. Aye
Commissioner Stebbins. Aye
Commissioner Perrin. Aye

Results: 5 Ayes with 0 Nays, the motion carries.

Commissioner Herendeen moved that the Commission delegate to the General Manager authorization to enter into REC sales for a 5 year period to include the RECs associated with the current calendar year and the following four years, and to report to the Commission with semi-annual reports of REC sales. The motion was seconded by Commissioner Haskell.

At this time the Board Clerk conducted a roll call vote by calling on the following Commissioners:

Commissioner Haskell. Aye
Commissioner Herendeen. Aye
Commissioner Moody. Aye
Commissioner Stebbins. Aye
Commissioner Perrin. Aye

Results: 5 Ayes with 0 Nays, the motion carries.

7. General Manager's Update

Mr. Lunderville stated that the new Department Dashboard is being set up along with the new strategic initiatives included. The Department is on track with most of the initiatives but waiting to get on track with BED's asset management plan. The Distribution area has completed approximately half of the plan and expects to complete the other half soon, Generation is a little behind and Mr. Kasti is tracking this very closely and should be back on track in 1-2 months.

Mr. Lunderville stated that the Strategic Plan has been finalized and copies were passed out to the Commission. The "Defeat the Peak" and the "Solar Shopper" Programs have been launched and BED is excited to participate in Mayor Weinberger's announcement about the Vermont Climate Pledge Coalition which is the Mayor's effort to get institutions to pledge to meet Paris' goals and BED is taking the lead for Burlington.

Mr. Lunderville stated that Burlington now has a Vermod manufactured low energy, net zero home located at the North Avenue Co-op. A number of BED representatives went to visit the Vermod a couple weeks ago and will get the available hours if any of the Commissioners would like a tour.

Mr. Lunderville stated there was a District Energy Meeting held on June 21st and it went really well. This meeting was designed to see if Burlington had the makings of a business case to move forward and if to see if we could get close to the cost of running district energy and the price at which potential customers would buy district energy. Mr. Lunderville distributed copies of a few of the Corix slides that were presented at the June 21st meeting which depicted Scenario 1A and Scenario 1C. Scenario 1A is the "*all McNeil*" scenario where energy is used in both the steam extraction and the economizer to get close to

100% of thermal needs with levelized costs of \$23 MMBtu. Scenario 1C uses the economizer at McNeil and the Perkins Pier sewage heat recovery system with levelized costs of \$27 MMBtu.

Mr. Lunderville reviewed the slide showing what the potential customer's Business as Usual (BAU) costs today and what these customers would be willing to pay to get on a district heating system along with the Refined and Normalized BAU results. These results summarize the average district energy system levelized cost range for both scenarios, the BAU weighted average range, excluding UVM MC, and the BAU weighted average range including UVM MC.

Mr. Lunderville stated that Corix is going back and doing a more detailed look at Scenario 1C, working on a preliminary rate design with the idea of presenting to customers what a cost would be to join district energy and this will give a sense of whether customers would be willing to sign up for district energy.

Mr. Lunderville stated that the next steps will be to continue customer discussions, develop key customer terms and agreements which will result in getting a price in front of the customer. The ownership structure will result in more conversation about and a meeting will be scheduled around September for discussion.

Commissioner Stebbins stated that it would be very helpful if a couple of paragraphs could be written up that explain a little more about greenhouse gas savings, what the offset is and the pros and cons. Mr. Lunderville will put something together for the Commission.

Commissioner Haskell asked what the proposed timeline looked like. Mr. Lunderville stated that the customer timeline would be between July and October, ownership timeline between July and December, system design would begin next year and tentatively break ground by Summer 2019.

Financials: May FY 2017

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

This presentation included a brief discussion of the \$1,743,000 Operating Income year-to-date and the \$2,811,000 Net Income year-to-date. Year-to-date Operating Income is \$41,000 less than budgeted and year-to-date Net Income is \$1,209,000 less than budgeted. Mr. Reardon pointed out that Other Income was below budget due to assumed customer contributions for a Microgrid project and South Solar Forty that has been delayed and lower contributions for the UVM Chiller project than assumed. The assumed contributions for the UVM Chiller project of \$630,600 versus actual of \$341,300 is a timing issue. Most of the savings in Interest Expense year-to-date is related to the General Obligation Bond refinancing.

Sales to Customers year-to-date are slightly below budget. Other Revenue for the month and year-to-date is lower than budget due to Energy Efficiency Program costs reimbursements less than planned. Power Supply Revenues for the month are higher than budget due to April Renewable Energy Credits (REC) deliverables occurring in May rather than April. As discussed at the BED Commission meeting in June, Renewable Energy Credit deliveries in May did offset about one-third of the \$2,442,000 variance reported for April 2017.

On the expense side, Power Supply Expenses are \$2,876,000 below budget year-to-date. Year-to-date fuel costs are lower than budget by \$3,075,000. McNeil production was 13% below budget and woodchip costs (per ton) were 24% under budget. Purchased Power supply year-to-date is \$282,000 below budget primarily due to the exemption from Standard offer as of January 2017. The \$387,000 year-to-date favorable variance in Operating Expenses is primarily due to position vacancies in the process of being filled and less expended for Materials & Supplies. The \$606,000 unfavorable variance in Depreciation & Gain/Loss is due to a loss on retirement of McNeil assets that was not planned, an adjustment due to a change in accounting for transformers to comply with Federal Energy Regulatory Commission (FERC) accounting and loss on retirements related to building renovations.

Mr. Reardon then discussed Capital Spending. In total, year-to-date ending June 30th, Capital Spending is 87% (\$10,084,000) of the \$11,640,000 budgeted. For Fiscal Year 2017, we underspent relative to the budget by \$1,556,000. In summary, the underspending can be attributable to the Microgrid project, which as discussed earlier, is one of the reasons for Other Income year-to-date below budget.

On Cash and Investments, BED closed June with \$9.9 million of unrestricted and reserved operating funds. Mr. Reardon pointed out that the Rating Factors are in line to meet "A" bond rating.

Mr. Reardon stated that at the June Commission Meeting it was agreed that the Department would present a list of major moving parts that would warrant revisiting the budget in the event of major changes. Mr. Reardon reviewed the list of potentially significant variables that could be monitored for "mid-period budget effects and projections", highlighting the Department's significant expenses but stated that these expenses do not require tracking during the fiscal year. Mr. Reardon discussed the inter-relationships of different financial items and the financial elements impacted.

Mr. Lunderville stated these variables are the things that Management is thinking about when reviewing the budget so when the Commission is looking at the numbers that Mr. Reardon presents each month and anything that materially changes will be included and re-forecasted and will give the Commission a sense of why the Department is picking up on these things.

Mr. Reardon would like feedback and asked each Commissioner to take a good look at the list and if the Commission thinks there should be other variables added or have questions send to Laurie Lemieux and this information will be forwarded to Mr. Lunderville, Mr. Reardon, and Mr. Gibbons.

8. Program Briefings

Street Light Color Temperature: Munir Kasti

Mr. Kasti stated at the May 2014 Commission meeting the BED Street Light Policy was adopted which specifically specifies the 4000K LED fixtures. Since this time the industry has come out with a lower color temperature for street lighting and the American Medical Association is now recommending color temperatures below 3000K and classifying 4000K as harmful. Also, the International Dark-Sky Association is recommending the use of LEDs less than 3000K and the City Great Streets recommends switching to 3000K for decorative downtown light fixtures. Mr. Kasti stated that a number of other utilities are utilizing or considering the transition to 3000K.

Mr. Kasti is asking the Commission to adopt these changes discussed to the BED Street Lighting Policy.

Commissioner Herendeen made a motion that these changes be made to BED's Street Lighting Policy as defined in the Roadway Lighting Design Handbook and to reflect the use of 3000K or less going forward; this motion was seconded by Commissioner Haskell.

At this time the Board Clerk conducted a roll call vote by calling on the following Commissioners:

Commissioner Haskell. Aye
Commissioner Herendeen. Aye
Commissioner Moody. Aye
Commissioner Stebbins. Aye

Please note that Commissioner Perrin left the meeting at this time.

Results: 4 Ayes with 0 Nays, the motion carries.

Solar Shopper Update: Darren Springer/Destenie Vital

Mr. Springer stated that the Solar Shopper Program was launched on Tuesday and there are six (6) solar companies that are part of this program. Since this launch BED has had eleven (11) confirmed solar requests and has been sent to the solar installers. Mr. Springer stated that within three (3) business days the customers will receive up to six (6) quotes from the different solar companies in an apple to apple comparison format. This program is at no cost to the customer and if the customer moves forward with the solar program BED will receive some revenue from the contractor. The program details can be accessed by logging on to the BED website at burlingtonelectric.com/solar; the customer answers 10 questions and if the property is deemed solar ready then the customer will receive information from the installers. Ms. Vital showed an example of the one page response with all the providers and all the comparables that the customer will receive. The goal is to make it as easy as possible and appeal to all BED customers.

9. Commissioner's Check-in

Commissioner Stebbins asked that Utility 2.0 be placed on the Primer Agenda for the September meeting to include what is happening nationally.

Commissioner Moody moved to adjourn the meeting at 8:05 pm; the motion was seconded by Commissioner Haskell and approved by all Commissioners present.

Attest:



Laurie Lemieux, Board Clerk