

**MINUTES OF SPECIAL MEETING
BURLINGTON ELECTRIC COMMISSION**

Wednesday, September 9, 2020 – 2:00 pm

The regular meeting of the Burlington Electric Commission was convened at 2:02 pm on Wednesday, September 9, 2020 via Microsoft Teams Video Meeting.

Channel 17 was present via Microsoft Teams Video to record this meeting.

Commissioners Herendeen, Moody, Stebbins and Whitaker participated via Microsoft Teams.

Staff members present via Microsoft Teams included Darren Springer, Paul Alexander, James Gibbons, Mike Kanarick, Munir Kasti, Laurie Lemieux (Board Clerk), Betsy Lesnikoski, Dave MacDonnell, Andrea McNeil, and Emily Stebbins-Wheelock.

1. Agenda

There were no changes to the Agenda.

2. Public Forum

No one from the public was present via Microsoft Teams.

3. August 12, 2020 Meeting Minutes

Commissioner Moody made a motion to approve the minutes of the August 12, 2020 Commission Meeting; the motion was seconded by Commissioner Herendeen.

The Board Clerk, Laurie Lemieux, conducted a roll call vote by calling on the following Commissioners:

Commissioner Herendeen. Aye

Commissioner Moody. Aye

Commissioner Stebbins. Aye

Commissioner Whitaker. Aye

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

4. Commissioners' Corner

Commissioner Herendeen stated that he sent an email to BED staff asking for clarification on the information in the McNeil Station's report. Commissioner Herendeen stated that it is not necessary

to change the agenda, but that he would like the opportunity to ask questions during the Commissioners' Corner or check-in. Mr. Springer stated that he is happy to answer questions, but if these questions delved into competitive issues then the Commission may have to enter Executive Session.

Commissioner Herendeen asked how the Department balances between our own bottom line and the good of the state when using multipliers and other considerations and asked what the Department's general policy is on this issue.

Mr. Springer stated that, when it comes to running the McNeil Plant, BED is in a unique situation relative to some of BED's other generation assets because BED is joined as a joint owner by two partner utilities. Mr. Springer stated that the goal with the McNeil Plant is to operate with the goals of meeting BED's power generation, reliability, and economic needs. The report points out state benefits to running the McNeil Plant that go beyond whatever benefits there might be to BED, including forestry jobs and forestry economy support. Depending on how some of the externalities are accounted for, there also may be a carbon benefit, which essentially is unpriced in the region but has a benefit.

Mr. Gibbons stated that he would be happy to discuss Commissioner Herendeen's questions in a private call. Commissioner Stebbins stated that she would also like to be included and asked if the other Commissioners would be comfortable with a private phone call on this subject that included Commissioners Herendeen and Stebbins, along with Mr. Gibbons. Commissioner Stebbins stated that any information from this meeting would be forwarded to the remaining Commission members. Commissioners Moody and Whitaker stated that they were comfortable with this request. Mr. Gibbons will set up a time for the call.

Commissioner Whitaker stated that the Commission spent a considerable amount of time talking about the IRP at last month's meeting and had thought the Commission would receive the IRP documents before they were submitted. Mr. Gibbons stated at last month's meeting that these documents would be provided to the Commission before the filing deadline if time permitted. While time did not allow for sharing before filing, an email was sent to all Commissioners stating that the IRP documents were available on the BED website. Commissioner Whitaker stated that she had not received the email, but that may have been due to an issue with her email, and that she would look at the documents on the website. Commissioner Stebbins asked that there be a presentation on the IRP at the October Commission Meeting.

5. General Manager's Update

Mr. Springer stated that he is pleased to see a positive variance and net income for July, our first month in FY21. While some of this financial good news may be timing related, after a number of months with negative variances due to COVID-19 impacts, this is a welcome development.

Mr. Springer stated that the team will be presenting the Commission with a power purchase agreement (PPA) tonight that will help the Department advance the Solar Research Center partnership with UVM, BED, and the McNeil Joint Owners. This project will help re-locate resources from the Department of Energy solar test center site at GlobalFoundries to McNeil for research work and workforce training opportunities. Encore Renewable Energy is a partner in developing the project.

BED's IRP has been filed and includes analysis related to the benefits and costs to ratepayers of moving toward our goal of Net Zero Energy. The analysis demonstrates that, with a 102-megawatt system (as modeled in the IRP), there would be downward rate pressure with electrification from Net Zero Energy efforts when compared to a business as usual case. This is a useful analysis to share with the Commission, our regulators, and our community and customers.

Mr. Springer stated that S. 337 is headed to the Governor's desk, having been approved by both the Senate and House. This bill would allow efficiency utilities including BED to invest a portion of funds each year in measures primarily aimed at reducing greenhouse gas emission as opposed to just reducing kilowatt hour usage.

Since the last Commission meeting, the City Council unanimously approved acceptance of our \$550,000 award from the Economic Development Administration to support zero-percent interest loans for small business and non-profit organization customers to pursue energy efficiency projects through a revolving loan fund (RLF). This RLF will complement both our Green Stimulus efforts and our existing EDA-funded RLF, which offers on-bill financing for commercial customers.

Mr. Springer asked Mr. Kanarick to provide an updated on the State CARES Act arrearage assistance opportunity now available for BED customers.

Mr. Kanarick stated that that with the Vermont COVID-19 Arrearage Assistance Program (VCAAP), Burlington Electric customers are entitled to apply for financial assistance for the portions of their electric bills that are 60 days in arrearage. Customers can visit a portal that the state has set up on its website. Andi Higbee and Katie Dorey are in the process of being trained to access the portal to see which of our customers have made requests and for how much in an effort to perform the approval process. BED carefully examines each one before approving or not approving the requests. Once requests have been approved, the state will send Burlington Electric the sum of money equivalent to the total amount approved.

Commissioner Moody asked if the state has specific guidelines around the criteria that the state expects to be applied when approving or not approving and whether the state has provided the utilities with guidance on how to sort out the situations equitably.

Mr. Kanarick stated that the state's website provides a frequently asked questions document. Residential applicants for electric assistance can receive up to \$440 and commercial/industrial can receive up to \$1,120. One section of the document deals with the formula that is used and speaks about accumulated arrearages greater than 60 days, and explains the maximum awards that can be received.

Ms. Stebbins-Wheelock added that there is a self-certification that customers are asked to make as part of the application process, through which they indicate that they have experienced some sort of hardship related to COVID-19. Utilities are not involved with the review, approval, or denial of the self-certification. The utility role is limited to determining and confirming what amount of arrearage the customers are entitled to receive. Customers are asked to provide supporting documentation that they are a BED customer, account numbers, and location IDs. Customers are required to make attestations that they have been harmed in some way by COVID-19. Then, Customer Care determines for what amount of arrearages the customers are eligible.

Mr. Kanarick stated that BED has communicated this program through customer bill messages, social media, Front Porch Forum, and the BED website. Commissioner Stebbins asked if something could be added to the *"My Bill"* Page to indicate that there are statewide resources available. Mr. Kanarick stated that there is a scrolling banner image that says, *"Learn About Available Grants"* and agrees that it is a great idea to display the state VCAAP opportunity more prominently on the BED website.

Mr. Springer stated that the BED team has been hard at work on several major capital projects during this time of continued challenge with COVID-19. This includes the McNeil outage taking place in September (moved from spring), the reinstallation of our jet at the gas turbine, and control upgrades at Winooski One. We have focused on prioritizing safety and health in our operating procedures for these projects where we have external contactors on-site.

The 2020 Innovation Cup will be held virtually on October 16 at 2pm. We have a great panel of judges this year including Mayor Miro Weinberger, Kathryn Wright (program director for building energy programs at Urban Sustainability Directors Network), Krista Scruggs (founder of Zafa Wines), and Meg Hammond (executive director at the Generator).

Mr. Springer stated that we continue to see significant uptake with the Green Stimulus heat pump incentives. In addition, 10 percent of our EV incentives have now been provided to low/moderate income customers who qualify for the enhanced rebate, which may be a function of our program and the state rebate working well in tandem to help customers afford EVs or PHEVs.

Financials

Ms. McNeil, Director of Finance, reviewed the July 2021 financial results.

Ms. McNeil started with an update on loads and reviewed several charts showing actual vs forecasted loads through August 31st. Residential sales continue to track above forecast, with the warm weather causing an additional increase. Commercial sales are continuing to trend significantly lower than forecast. Total system load for July was approximately 3% lower than expected due to COVID-19, with the decline in the commercial sales offsetting the slight uptick in residential sales. Total system load for August was approximately 2% lower than expected.

Ms. McNeil reviewed the budget-versus-actual results for the month of July FY21. The Department reports net income of \$77K which is \$134K better than budget largely due to timing. Specifically, the favorable variance in the July results is due to: timing of the loss on disposition of plant, timing of operating expenses, reduced operating expenses due to diligent expense management, and reduced transmission expenses. This is offset by increased fuel costs due to increased McNeil production.

Capital spending in July 2020 is 75% or \$1.0M less than the July FY21 budget. This is driven entirely by timing of the IT Forward project and various production projects.

As of the 12 months ending July 2020 the Department has 136 days cash on hand, the debt service coverage ratio is well above target, and the adjusted debt service coverage ratio remains below target. Ms. McNeil notes that BED received a \$3M bond anticipation note in July which was a driver in the increased days cash on hand.

6. New England Central Railroad Contract

Ms. Lesnikoski stated that the McNeil Station is required by the Vermont Public Utility Commission to receive 75% of its wood fuel by rail, and that the New England Central Railroad (NERC) is the only company BED can contract with to provide this service.

Ms. Lesnikoski began a PowerPoint presentation by providing a brief contract history and background. Ms. Lesnikoski stated that the original contract was signed in October 1994 and required 171 trains per year and that since then the contract has been amended 14 times. Amendment 5 dropped the required number of trains to 104 per year and has remained at that number since that time. Ms. Lesnikoski reviewed the amendment comparisons, highlighting the differences from Amendment 1 to present day.

Ms. Lesnikoski stated that Amendment 15 adds five years to the existing agreement with the option of adding an additional five years by mutual agreement of both parties. No other terms of the agreement have changed. The contract allows for termination by either party with a 60-day notice.

This contract has been extended by 14 prior amendments and will expire on September 30, 2020. The parties have agreed to another five-year extension with the option to continue for an additional five years if both parties agree. This amendment continues a rate schedule tied to the American Association of Railroads cost index. We have been operating under this rate structure for the past five years. Rates are tied to a national index of actual railroad costs. Using this index, the average rate of increase was 1.8% over the past five years. BED requests that the Burlington Electric Commission approve the attached 15th Amendment.

Commissioner Moody made a motion to approve Amendment 15 to the New England Central Railroad contract; the motion was seconded by Commissioner Whitaker.

The Board Clerk, Laurie Lemieux, conducted a roll call vote by calling on the following Commissioners:

Commissioner Herendeen. Aye
Commissioner Moody. Aye
Commissioner Stebbins. Aye
Commissioner Whitaker. Aye

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

7. Solar Test Center Purchase Power Agreement (PPA)

Mr. Gibbons gave a brief overview on the Solar Test Center PPA stating the originally the Department of Energy (DOE) was going to pay to recommission a portion of the solar test center formerly located in Williston, in Burlington, Vermont. The equipment is currently in storage in New Mexico. As time progressed the DOE indicated that they were not going to pay to recommission the test center but after some negotiation did agree to ship the equipment back to Vermont. Senator Sander's office was extremely helpful and was able to put together a proposal that would work for this package which came to be as recently as last week.

Mr. Gibbons stated that there were three possible places to put the Solar Test Center at McNeil and

indicated the issues associated with the sites. The site that was decided on is in the eastern portion of the waste wood yard area. Access to the solar test center will be directly off the road into a new fenced in area. The final solar test center racking was selected to avoid shading from the three large trees on the property of the Intervale.

The solar test center will be owned by UVM, using the equipment donated by Sandia/DOE. McNeil will license the site for use by the solar test center for five years at no charge (though McNeil will receive the energy and renewability produced by the solar test center in return). Interconnection costs will be borne by UVM, and UVM will pay the permitting and construction cost. BED will pay the cutting of four trees on McNeil property, along with the appropriate tree replanting, and additional fencing. BED will purchase energy and RECs from the McNeil Joint Owners for five years at market prices at an estimated price of \$0.08 per KWH. UVM will pay any annual maintenance costs associated with the equipment. Extension beyond five years will be by mutual agreement and an agreement with UVM to permit additional potential users is possible.

At this time we are requesting the Burlington Electric Commission to delegate to the General Manager, the authority to enter into a five-year PPA with the McNeil Joint Owners for the output of the proposed UVM owned Solar Test Center to be located at McNeil at a price not to exceed \$100 per MWH

Commissioner Moody made a motion to delegate to the General Manager, the authority to enter into a five year PPA with the McNeil Joint Owners for the output of the proposed UVM owned Solar Test Center to be located at McNeil at a price not to exceed \$100 per MWH; this motion was seconded by Commissioner Herendeen. The Board Clerk, Laurie Lemieux, conducted a roll call vote by calling on the following Commissioners:

Commissioner Herendeen. Aye
Commissioner Moody. Aye
Commissioner Stebbins. Aye
Commissioner Whitaker. Aye

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

8. Commissioners' Check-In

Commission Stebbins asked if changing the time of the regular Commission Meeting has been posing a problem for Commissioners. It was decided that to allow the public to attend the meetings, the meetings will be held at 5:00 pm going forward until the Department resumes normal work activities.

Commissioner Herendeen made a motion to adjourn; the motion was seconded by Commissioner Whitaker. The Board Clerk, Laurie Lemieux, conducted a roll call vote by calling on the following Commissioners:

Commissioner Herendeen. Aye
Commissioner Moody. Aye
Commissioner Stebbins. Aye
Commissioner Whitaker. Aye

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

The meeting of the Burlington Electric Commission adjourned at 3:32 p.m.

Attest:



Laurie Lemieux, Board Clerk