

****DRAFT*DRAFT*DRAFT****
MINUTES OF REGULAR MEETING
BURLINGTON ELECTRIC COMMISSION

Wednesday, June 13, 2018 – 5:30 p.m.

The regular meeting of the Burlington Electric Commission was convened at 5:32 p.m. on Wednesday, June 13, 2018 at the Burlington Electric Department, 585 Pine Street, Burlington, Vermont.

Commissioners present included Sabina Haskell, Bob Herendeen, Scott Moody, Tim Perrin, and Gabrielle Stebbins.

Staff members present included Neale Lunderville, Paul Alexander, Mike Flora, James Gibbons, Freddie Hall, Mike Kanarick, Munir Kasti, Laurie Lemieux (Board Clerk), Dave MacDonnell, Jim Reardon, Darren Springer, and Destenie Vital.

Channel 17 was present to record this meeting.

1. Agenda

There were no changes to the Agenda.

2. May 9, 2018 and May 23, 2018 Meeting Minutes

Commissioner Moody made a motion to approve the minutes of the May 9, 2018 Commission meeting; the motion was seconded by Commissioner Perrin and approved by all members present.

Commissioner Perrin made a motion to approve the minutes of the May 23, 2018 Commission meeting; the motion was seconded by Commissioner Herendeen and approved by all members present.

3. Public Forum

There was no one present from the public.

4. Commissioners' Corner

Commissioner Stebbins stated that every year the Commission sends an annual report to the Mayor and City Council, along with the current Performance Measures Report. This annual report highlights the accomplishments of Burlington Electric and requires signatures of all Commissioners. This memo and report will be presented at the City Council Meeting on Monday, June 25, 2018.

Commissioner Stebbins stated that Mr. Lunderville has announced that he will be leaving Burlington Electric and this will be Mr. Lunderville's last Commission Meeting. Commissioner Stebbins stated that it has been a pleasure working with Mr. Lunderville took this opportunity to express thanks for all the hard work and positive changes made at Burlington Electric.

Commissioner Perrin stated that it has been amazing to watch the organizational changes as well as the cultural transformation that have taken place at Burlington Electric. The Department now has the right ground work in place for professional development as well as fostering innovation that sets Burlington Electric apart. Commissioner Perrin thanked Mr. Lunderville and the BED Team for all the hard work.

Commissioners Haskell, Commissioner Herendeen, and Commissioner Moody expressed their thanks for his service and hard work and stated that it has been a pleasure working with Mr. Lunderville.

Commissioner Stebbins stated that this will be Commissioner Perrin's last meeting and thanked Commissioner Perrin.

Commissioner Perrin stated that it has been an honor and a privilege to serve on the Commission.

Commissioner Herendeen sent Ms. Vital an email on a project regarding open doors and air conditioned structures and wondered if Burlington Electric could conduct some type of program. Commissioner Herendeen noted that Gardner Supply is also working on something similar.

Commissioner Herendeen read an article on solar in Nevada, 300 MW and 2.3 cents per kW hour. This NV Energy contract could set a new price record which is very encouraging.

Commissioner Herendeen thanked Mr. Lunderville for the clear definition of Net Zero on the BED website.

General Manager's Update

Mr. Lunderville thanked the Commission for the kind words and for including the BED Team and stated that the success at Burlington Electric has been a team effort. BED employees do an exceptional job and work very hard and Burlingtonians can be proud of all the work that is done here at Burlington Electric.

Mr. Lunderville has enjoyed working with the Commission and each Commissioner brings a unique point of view especially around the efforts on the Strategic Plan which has produced the results that have been lauded tonight. All the great work has been accomplished together and is not the work of any one individual and Mr. Lunderville will miss working with the Commission.

Mr. Lunderville stated that the budget was presented to the Board of Finance on Monday June 6, 2018 and did not receive one question. This budget is going to the Board of Finance tonight for approval and will then be presented to the City Council later this month.

On Monday, June 18th BED will present to the Board of Finance and subsequently the City Council the EV charging rate and tariff change. After approval from the Commission the City Council approval is required to petition the Public Utility Commission for the new tariff.

The Department will also advance the proposed sale of BED's portion of the Highgate Converter Station which will be discussed with the Board of Finance on Monday, June 18th.

BED is just coming through the busy season for Customer Care and changes have been made to make customers experience even more exceptional. This year the matrixes are up and the Department has received no complaints and continues to provide great customer service under the leadership of Mike Kanarick and Andi Higbee.

Finance

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

April Operating loss year-to-date is \$290,000 and Net Income year-to-date is \$1,108,000. The

unfavorable variance in Operating Income of \$1,345,000 is largely due to the timing of Renewable Energy Credits (REC's) delivered in May but budgeted in April. Had it not been for the timing difference, Operating Income year-to-date would be approximately \$900,000 higher, but still below budget for the year. Mr. Reardon noted that, even though there is a timing issue with the REC revenue, the revenue we received in May will still be less than the amount budgeted in April due to declining prices. We had expected this last fall and that was the reason for the \$800,000 spending plan reduction put in place earlier in the Fiscal Year (FY) 2018.

Sales to Customers year-to-date continue to be under budget. Mr. Reardon pointed out that the FY 2019 budget that was approved by the Board of Commissioners reflects a revenue estimate more in line with actual FY 2018 experience. Other Revenues year-to-date are lower than budget due to Energy Efficiency Program costs reimbursements less than planned.

While there is less than expected through April in Operating Revenues, Power Supply Expenses are \$2,280,000 less than budget year-to-date. Fuel Expense year-to-date is 327,000 below budget largely due to woodchip costs per ton being 1% under budget while McNeil production is on budget. Purchased Power year-to-date is 1,517,000 below budget. BED has been long for the year (produced more power than customers consumed) and the excess power has been sold at wholesale prices above budget. Mr. Reardon noted that there was additional production due to the new River Hydro contract. Operating Expenses, Taxes, Depreciation and Gain/Loss year-to-date are relatively on target.

Mr. Reardon discussed Capital Spending. In total, year-to-date ended May 31st, Capital spending is 62% (\$6,356,000) of the \$10,280,000 budgeted for FY 2018. Year-to-date, we are underspent relative to the budget through May, 2018 by \$3,732,000. It is expected that Production, Distribution and General Plant will be underspent in FY 2018 compared to budget.

On cash and Investments, BED closed May with \$11.6 million of unrestricted and reserved operating funds. The current Rating Factors are not all in line to meet an "A" bond rating. The "Adjusted Debt Service Coverage Ratio" currently is 1.09, compared to a benchmark for "A" of 1.50. This is largely due to lower Operating Revenues.

5. Strategic Direction Review

Mr. Lunderville thanked the Commissioner for all the feedback which stirred some discussions which has resulted in a much better end product. The Strategic Direction was also sent back out to employees for feedback and the final product was included in the Commission Packet.

Mr. Lunderville and Mr. Springer reviewed the modifications.

Section 1.3 - Language was modified to read: *Create more equitable and accessible programs.*

Section 2.4 was added and reads: *Use grid analytics to increase system reliability and efficiency, and to enable end use technologies and programs.*

Section 3.0 - Language was modified to read: *Modernize core technology infrastructure and business processes.*

Section 3.5 was added incorporates Section 4.5 and reads: *Upgrade communications/phone system for dispatch, customer care, and all users to assist with delivery of exceptional customer case. Use facilities to showcase the impact of new technologies.*

Section 4.1 - Language was modified to read: *Solar Shopper 2.0 for community solar.*

Section 4.4 – Language was modified to read: *Implement EV end use rate and advance dynamic rates.*

Section 4.6 now incorporates Section 4.7 and reads: *Establish mileposts to achieve vision by 2030 (including and integrated approach to EE, fossil fuel reduction, demand management and distributed energy resources).*

Section 4.8 was added and reads: *Work with broad group of stakeholders to advance electric transportation across all modes.*

Section 5.2 Language was modified to read: *Build a suite of financial options to support customer energy investments including pilot for tariff-based financing.*

Commissioner Moody made a motion to adopt the Burlington Electric Department Strategic Direction for 2018-2019; this motion was seconded by Commissioner Haskell.

6. Monthly Primer: Sheffield/Highgate Export Interface

Mr. Gibbons began the Primer by stating that the Sheffield-Highgate Export Interface (SHEI) is a constrained export interface region in Northern/North Eastern Vermont. An export interface is a regional boundary in the transmission system where the power generally flows out of the region.

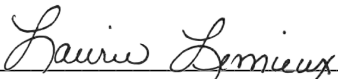
Mr. Gibbons displayed a map showing the SHEI area growth in generation since 2005 which includes farm methane, hydro, landfill gas, solar, and wind. Mr. Gibbons stated that market changes allowing generators to bid negative prices and for ISO-NE to limit generation based on the bid price in constrained areas has highlighted the issue. A negative bid by generators indicates a willingness to pay to produce energy which means load would be paid for consuming electricity. Negative bids can be reasonable when REC values, production tax credits, startup/shutdown costs and contract terms are considered. Mr. Gibbons explained that the Do-Not-Exceed (DNE) dispatch was implemented on May 25, 2016. This is a system by which wind and hydro generators indicate a bid price below which they would prefer to be shut down if there are limitations on the grid's ability to accept their generation. A DNE bid price includes the earlier rule change allowing for negative DNE bids.

Mr. Gibbons stated that all VT distribution utilities are affected, and explained how utilities are affected and the magnitude of the effects. The possible solutions were discussed which include load building, storage, transmission, contractual solutions, and operational solutions.

Mr. Gibbons closed the presentation by stating that this is an economic program and a constraint on energy deliverability of future resources. Consideration of transmission capabilities when siting future generation will help minimize renewable integrations costs.

Commissioner Herendeen moved to adjourn the meeting at 6:55 p.m.; this motion was seconded by Commissioner Moody and approved by all Commissioners present.

Attest:


Laurie Lemieux, Board Clerk