

McNeil Generating Station Joint Owners' Operating Committee Meeting Minutes June 10, 2024

The meeting of the McNeil station Joint Ownership Operating Committee convened at 12:01 p.m. on Monday, June 10, 2024. Present; Darren Springer, BED, Doug Smith, GMP, Ken Nolan, VPPSA, Paul Pikna, BED, Rodney Dollar, BED, Betsy Lesnikoski, BED, Ying Liu, BED, and Emily Stebbins-Wheelock, BED. On Microsoft Teams: James Gibbons, BED and Amanda Hurlbut, BED.

Others Present: Katie Morris, BED.

1. Agenda

There were no changes to the agenda.

2. Review of Joint Owners' Operating Committee Meeting Minutes of March 11, 2024 (Vote) (R. Dollar)

There were no changes to the minutes. Darren Springer, BED, made a motion to approve the minutes of the March 11, 2024 meeting; the motion was seconded by Ken Nolan, VPPSA, and approved by all present.

3. Public Forum

Pike Porter was present from the public. Mr. Porter referenced a GMP press release from April 13, 2019 that stated it would try to be carbon free by 2025 and believes that it cannot do so while supporting McNeil. Mr. Porter stated that the finances indicate that the amount of losses don't include debt service from the revenue bond, and asked where he could find out how much the revenue bond is costing. Mr. Porter asked where he could find information about how much of the revenue bond supported maintenance and repairs at McNeil. He referenced the minutes from the last Joint Owners Meeting when community members were to evaluate McNeil holistically in the same way that BED does. Mr. Porter stated that he has been trying to get the documents needed to look at the BED portfolio comprehensively to compare it to other options and BED has not provided the documents.

Greg Hancock was present from the public. Mr. Hancock referenced Mary Powell's statement and GMP's goal of being carbon free by 2025 and believes that would have to exclude any connection with the McNeil plant. Mr. Hancock attended the financial review and BED's rate case proposal and does not feel that the atmospheric emissions claims are accurate. Mr. Hancock asked if decommissioning McNeil has been discussed with the plant's joint owners.

Nick Persamperi was present from the public. Mr. Persamperi stated his concern with McNeil's carbon emissions and with the financial outlook of the plant due to the financial materials included in the meeting packet showing a net loss for fiscal year 2024 to date. Mr. Persamperi stated he

believes the situation will get worse before it gets better, especially due to McNeil being dependent on REC revenue, the announcement in Connecticut about their REC sales being cut in half starting in August 2024, and natural gas prices being low. Mr. Persamperi would like to know what the full economic picture would be to assess the financial outlook of McNeil.

Phil Merrick was present from the public. Mr. Merrick stated that as a small business owner and being familiar with financial statements, longevity of business, and trends, he is concerned about the monthly cost per Burlington ratepayer to finance BED's share of McNeil operating expenses.

4. Summary of Operating and Generation Reports for March, April, and May 2024 (R. Dollar)

Rodney Dollar stated that in March there was a reduction for an economizer tube leak, a small reduction for grate issues, several projects were completed, and a position vacancy was filled. At the end of April the Spring outage began and several projects were initiated including updating turbine controls, precipitator optimization, belt replacement, preventative maintenance measures, and routine maintenance. In May the Spring outage continued for the entire month with additional projects completed.

5. Fuel Procurement Update (B. Lesnikoski)

Betsy Lesnikoski stated that staff took advantage of the Spring outage to grow inventory in preparation for a good summer run. At the end of May there was 56,780 tons of split between the two sites almost 50/50 because there weren't any trains during the outage. With trains running after completion of the outage, wood continued to be transported to McNeil. Conditions in the woods were getting better and drying out. People have been starting summer jobs and more suppliers have been coming in.

Betsy Lesnikoski stated that McNeil fuel prices are tied to diesel in a chart. When diesel price goes up, it affects the McNeil fuel price. Diesel prices have been coming down, so the McNeil fuel price has dropped \$1 per ton in June and team members continue to monitor diesel. Team members also continue to monitor what other competing markets are paying so that McNeil is similar in order to bring in as much wood as needed. Currently McNeil is close to the same rate as other markets resulting in wood coming in at a fairly steady pace now that material has dried out.

Doug Smith asked where the link to diesel prices currently places the McNeil fuel price per ton according to the chart.

Betsy Lesnikoski stated that the chart is set up in 50 cent intervals. Currently prices are in the \$4 to \$4.50 range on diesel, which is monitored through the government website EIA for gas and petroleum. The New England price is reported weekly. At the beginning of each month, the New England price is recorded and it is determined where the price falls on the chart. Because prices

have been going down and competition from other markets has been going down, McNeil was able to drop the price \$1 per ton in June.

Betsy Lesnikoski stated that the price in dollars per ton is roughly \$31 and \$33 per ton depending on location. The weekly average price this past week was \$31.95 because there were some low grade products mixed in such as tree service and mill chips that are a lower cost.

Ken Nolan asked if there were any concerns about the wet weather that is forecasted for the next few weeks.

Betsy Lesnikoski stated that due to the extended outage the team was able to use that time to build a lot of inventory to set the summer season up well. Some wet weather will be manageable but wet weather like last summer's heavy rain and flooding is not very manageable. With the leaves being out now the soil dries up faster than in Spring when leaves aren't out. Optimistically, if this summer's weather is more typical, things will stay dry. A brand new item in the State budget that the Governor recently signed is \$1,000,000 allocated for the Department of Forest Parks and Recreation to work with loggers to mitigate some of the wet weather issues.

6. Plant Status, Operating/Maintenance Concerns (P. Pikna)

Paul Pikna stated that there were two major controls updates during the Spring outage. The updates included the turbine controls and the electrostatic precipitator (ESP) controls. The turbine controls update is still in progress but the ESP controls project has been completed. Generation is occurring and the plant has been online for five days but there are still action items to complete. The goal is to complete the upgrade on June 11th or later in the week.

7. Financial Review (Y. Liu)

Ying Liu stated that the financial review includes the McNeil calendar year to date through April 30, 2024 total expenses against the budget. The year to date actual expense as of April 30, 2024 was \$8.9M. The YTD budget was underspent for \$2.5M. Among the favorable variance, \$2.1M was from generation expenses. Fuel expense had favorable variance of \$1.2M because McNeil didn't generate a lot as of April 30, 2024 and the annual outage began by the end of April. Boiler plant maintenance had a favorable variance of \$556,000 and electric plant maintenance had a favorable variance of \$320,000. McNeil budgeted more maintenance expenses in April for the annual outage, however some invoices came in late. The plant disposition had a favorable variance of \$183,000 due to the monthly spread of the yearly budgeted plant disposition, but there hasn't been any retirement recorded yet.

8. McNeil Operating Statement (Y. Liu)

Ying Liu stated that this agenda item will include the McNeil operating statements for both the fiscal year and calendar year to date through April 30, 2024 with comparisons to previous year to date

operating results. The generation results were 168,000 MWh generated in FY24 compared to 199,000 MWh generated in FY23; 31,000 MWh less in the current fiscal year. Total revenue was \$13M in FY24 and \$25M in FY23; \$12M less in FY24 with \$1.8M of this variance resulting from the timing of invoicing and recording REC revenue. The 4th quarter REC revenue was recorded in April last year and the 4th quarter REC revenue was recorded in May this year; the FY24 REC revenue only included revenue for the first three quarters. The total fuel cost was \$12M compared to \$15M last year; fuel expense was \$2.9M less due to lower generation and lower wood chip price. Total other expenses were \$9.1M compared to \$9.3M last year. Net loss was \$8.5M in FY24 compared to net income of \$342,000 in FY23; the variance includes the \$1.8M timing difference of recording the 4th quarter REC revenue.

Ying Liu stated that the calendar year operating results as of April 30th included a total revenue of \$5.1M in 2024 compared to \$9M in 2023. Total fuel costs were \$5.9M in 2024 compared to \$6.6M in 2023. Total other expenses were \$3.6M in 2024 compared to \$3.9M in 2023. The higher maintenance expenses in calendar year 2023 resulted from starting the Spring outage early last year, allowing some of the outage expenses to be captured in April. Net loss was \$4.4M this year and \$1.5M last year; \$1.8M of this variance resulted from the timing of invoicing and recording REC revenue. The loss this year was due to lower energy price.

Doug Smith asked if the ISO New England market energy revenue uses a spot market philosophy.

James Gibbons stated that is not the case; it is energy revenues divided by production and it combines energy revenues and deviations in the real time market. It is energy compensation for both markets divided by actual production. It is not a real time price calculation, but a recognition of the position of the unit in the markets.

Doug Smith stated that the implications of this power resource for GMP customers allows the purchase of less energy from other resources and at an average price, which would be noticeably higher for the peak winter months than the ISO New England.

Darren Springer stated that because there is some ability to adjust the production from the plant when prices are low compared to when prices are higher and McNeil can generate more. For BED the full comparison is not necessarily found here, but in what other renewable resources that could have produced at the same levels or with the same dispatchable characteristics might cost due to avoiding the purchase of fossil fuel or nuclear.

Ying Liu stated that the REC revenue included in this report does not include the actual REC sent to GMP.

9. BED - G.M. Update (Darren S.)

Darren Springer stated that the district energy resolution includes elements related to studies for future scenarios for McNeil, one of which is a report from the BED General Manager in November

2024. Other elements of the resolution include a third-party review of a variety of ways to reduce McNeil's environmental footprint and promote innovation at the plant, and third-party study to analyze forestry practices. Both studies are included in the BED FY25 budget and are not joint owners' expenses. BED will provide continuous updates to the joint owners since the joint owners are named in the resolution as a consulted party.

Doug Smith asked what information the GM report will focus on.

Darren Springer stated that it will include ways to reduce the environmental footprint of the plant, ways to potentially reduce stack emissions from the plant by defined levels over defined periods of time, what efficiency measures can be implemented, what types of energy innovation measures can be pursued, and the possibility of reducing or moving away from reliance on traditional woodchip combustion to different fuels or technologies.

10. Other Business

There was no other business discussed.

11. Schedule for Next Meeting

The next Joint Owner meeting is scheduled to take place at the McNeil Farmhouse on September 9, 2024 at noon.

12. Adjourn

Darren Springer, BED, made a motion to adjourn the meeting at 12:38 p.m.; the motion was seconded by Ken Nolan, VPPSA, and approved by all present.

Respectfully Submitted,



Katie Morris
Utility Services Coordinator