



McNeil Station Joint Ownership Operating Committee Meeting Minutes

The meeting of the McNeil station Joint Ownership Operating Committee convened at 12:05 p.m. on Monday, March 13, 2023. Present; Munir Kasti, BED, Betsy Lesnikoski, BED, Paul Pikna, BED, Ying Liu, BED, Darren Springer, BED, Rodney Dollar, BED, Doug Smith, GMP, James Gibbins, BED, on TEAMS, Emily Stebbins-Wheelock, BED, and Ken Nolan, VPPSA, and Doug Smith, GMP.

Others Present: Colleen Rouille, BED.

1. Agenda

There were no changes made to the agenda.

2. Review of Joint Owner Operating Committee Meeting Minutes of November 28, 2022.

There was a slight spelling change made to the meeting minutes made by D. Smith, GMP. M. Kasti, BED, made a motion to approve the Joint Owner meeting minutes as amended for November 28, 2022; D. Smith, GMP, moved the motion and it was seconded by D. Springer, BED, and was approved by all Joint Owners present.

3. Public Forum

There was no one present from the public.

4. Summary of Operating and Generating Reports for November, and December 2022, and January and February 2023.

R. Dollar, BED, summarized the operating reports for the months of November and December 2022 and January and February 2023. In November 2022, McNeil produced 20,758 net MWH for a capacity factor of 57.66 percent. There were a few reductions and limitation during the month. The fall outage was finished up with A chemical injection line tube leak, grate and live bottom repairs and west grate issues. This month at McNeil, the annual outage concluded with the completion of the live bottom rebuild, tube leak repairs and miscellaneous repairs. In the month of December 2022, McNeil produced 35,736 net MWH for a capacity factor of 96.06 percent. There were a few reduction s and limitations. A chemical injection line tube leak, RATA testing and opacity issues. McNeil concluded some tube leak repairs, conducted our Relative Accuracy Test Audit for our CMs recertification and miscellaneous maintenance. The year ended with a net MWH of 228,981. In January 2023, McNeil produced 30,034 net MWH for a capacity factor of 84.35 percent. There were two reductions and limitations. There were some grate issues and a cyclone hopper repair. This month at McNeil, we concluded the truck dumper bumper project to assist the long trailers unloading at our facility. In February 2023, McNeil produced 29,391 net MWH for a capacity factor of 87.47 percent. There was a reduction and limitation consisting of an ash transport conveyor issue. This month at McNeil we conducted joint training activities regarding system restoration. R. Dollar, BED, added that the wood bidding structure was adjusted to be more economical and to conserve our wood inventory. The bid structure was adjusted to accommodate different levels for bidding which proved to be successful in helping conserve wood to run until the end of March, 2023 successfully. D. Smith, GMP, asked if running above 50 MWH during high priced conditions happened and the answer was yes.

5. Fuel Procurement Update

B. Lesnikoski, BED, updated the Joint Owners saying that McNeil started this winter with the highest inventory she has ever seen. The winter months of December, January, and half of February were warm so deliveries where not what McNeil had expected. The weather has now cooled down and deliveries have picked back up. The past week there were deliveries of 11,410 tons which was one of our highest weeks. Since the ground is frozen, the wood that is out there is being cleaned up and sent to us. McNeil is in good shape with the wood inventory to get through until the spring outage. With the new bidding structure, it has allowed McNeil to run under full load which has helped to conserve wood. There is more wood in the Swanton yard than at McNeil, so a few Saturday trains have been added. McNeil will continue to buy wood throughout the spring outage to build up inventory for the spring and summer. The new pricing table that was implemented in July of 2022, has worked. The diesel fuel has dropped locally, and McNeil has lowered our base price. McNeil kept their incentive price stable to keep us competitive with other chip markets. We are warning suppliers as we come into the spring shoulder season that incentive will likely soften. B. Lesnikoski, BED, recommends that some incentive be kept in place but not the entire eight dollars. Watching the markets and diesel prices will help to determine what the incentive should be. It was noted that Ryegate has resumed their wood purchases and we need to keep diligent to ensure that the suppliers we have now stay with us.

6. Plant Status and Maintenance Concerns

P. Pikna, BED, began by saying that there are not many concerns going into the spring outage. There were great spring and fall outages in 2022. The biggest item heading into this spring outage is the E.S.P. rebuild. McNeil is running very well. All the annual outage work such as conveyor rebuilds, turbine work, general maintenance, oil changes and preventative maintenance will happen during this outage. The ESP rebuild entails a mechanical field that will be rebuilt. A low frequency electromagnetic technique boiler mapping and water wall repairs that were scheduled this spring will now be pushed back to the planned fall outage. The turbine controls upgrade was awarded to OEM controls, which is a very important job for McNeil. This is expected to be installed in April of 2024.

7. Financial Review

Y. Liu, BED, said that she would be reviewing the McNeil January 31, 2023, calendar year-to-date, total expenses, against the budget. The total McNeil expenses on the calendar year-to-date budget through January 31, 2023, was \$3,198,125. The year-to-date budget was underspent by \$757,303. The notable favorable variance was in the fuel expense category which was underspent by \$647,272. The expenses will continue to be monitored.

8. McNeil Operating Statement

Y. Liu, BED, presented the McNeil operating statement with McNeil revenue and expense for fiscal year to date through January 31, 2023. Also included is the calendar year-to-date through January 31, 2023. In the January 31, 2023, fiscal year-to-date numbers, the total generation megawatt hours were 146,803 compared to January 31, 2022, fiscal year-to-date 2022 total generation megawatt hours of 167,343. The station generated (20,540) less megawatt hours in fiscal year 2023 compared to fiscal year 2022. In the January 31, 2023 fiscal year-to-date numbers, the total revenue was \$17,674,027 compared to \$18,865,141 in the January fiscal year-to-date 2022 number. Revenue in fiscal year 2023 was down by (\$1,364,326.) The total fuel expenses were \$11,172,453 in the January fiscal year-to-date 2023 numbers compared to \$10,056,514 in the January fiscal year-to-date 2022 number. The fuel expense was up by \$1,115,999. The total other expenses including depreciation were \$6,263,316 in the January fiscal year- to-date 2023 number compared to \$5,732,980 in the January fiscal year-to-date 2022 number. The net income in January fiscal year-to-date 2023 was \$238,258 compared to a net income of \$3,075,648 in January fiscal year-to-date 2022. The net income decreased (\$2,837,390) in fiscal year 2023 compared to fiscal year 2022. In the January 31, 2023, calendar year-to-date numbers, McNeil generated 30,034 megawatt hours compared to 36,165 megawatt hours in the January 31, 2022, calendar year-to-date number. The total revenue in the January 31, 2023, calendar year-to- date number was \$1,712,875 compared to \$5,681,660 in the January 31. 2022, year -to- date number. The revenue was down (\$3,968,785) in calendar year 2023. In the January 31, 2023, calendar year-to-date numbers, the total fuel expense was \$2,419,046 compared to \$2,178,101 calendar year-to-date 2022. In the January 31, 2023, calendar year-to-date numbers, the total other expenses were \$917,860 compared to \$842,181 in the January 31, 2022, calendar year-to-date number. January 31, 2023, calendar year-to- date net loss was (\$1,624,030) compared to a net income of \$2,661,379 in the January 31, 2022, calendar year-to-date number. The net income was down by (\$4,285,409) in calendar year 2023. D. Smith, GMP, finds this presentation very valuable for the GMP portfolio.

9. BED – G.M. Update

D. Springer, BED, provided an update on District Energy. A permit was submitted for a jurisdictional opinion and Act 250 process. The jurisdictional opinion will require a full permit. The question came up wondering if the project was municipal even though a non-profit was helping to develop the project for District Energy. They thought there was a significant municipal connection to the project. The Act 250 coordinator felt this needed to go through a full permit process so a full permit is being prepared. A few financial assumptions and modeling are being wrapped up and the Joint Owners will be updated in the next couple of months assuming things move forward with the potential agreements to be considered. D. Springer, BED, said that the climate council will review the bio-mass task force recommendations in April. A statement was put out relative to Renewable Energy Vermont's proposal to change the renewable energy standard that was strong in opposing the treatment they had proposed for wood energy. The H3-20 bill that was introduced has much better language on wood energy but is problematic in terms of cost but it includes language that wood energy plants like McNeil would continue to count towards the State of Vermont renewable targets. This would be the case regardless of if they upgraded to District Energy or repower with updated generation equipment or not. New plants under that bill would have certain efficiency standards to meet that would not apply to the existing McNeil plant. The language reflected that local wood energy is renewable in Vermont. In other news, ballot item two passed on Town Meeting Day which allows Burlington to implement a carbon pollution impact fee for new construction and certain large existing buildings that go with fossil fuel systems without renewable fuels or technologies when they go to permit. The possibility that the transportation energy utilities committee of the city council may hold a symposium to look at wood energy issues and examine those in the context of the policy in terms of District Energy and wood energy counting towards that policy, which it currently does and District Energy in general. The treatment in Burlington is consistent with what the affordable heating act is looking at as well. D. Springer, BED have flagged these as potential upcoming policy debates where McNeil or District Energy may be discussed. D. Smith, VPPSA, asked for an update on the commitments from customers of District Heating. D. Springer, BED, said that there is work being done on pricing and once that is completed final commitments will be finalized. VGS is looking at doing carbon analysis of district heat and there will be more on that in the coming weeks.

10. Other Business

J. Gibbons, BED, mentioned that three years ago there was an economic study done at McNeil. The costs were shared with the Joint owners and McNeil. If an update of the economic study could be done, this would be allocated again to McNeil and the Joint Owners. This time it was asked to do an additional carbon study focusing on the McNeil stack emissions. The total cost for the two studies is \$15,000 where McNeil would pick up 50 percent of that cost. J. Gibbons, BED wanted to check with the joint owners to make sure this shared cost was ok. The Joint Owners were ok with this proposal with a copy of the report shared with everyone.

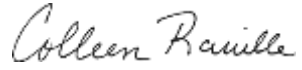
11. Schedule for Next Meeting

The next Joint Owner meeting is scheduled at the McNeil farmhouse on Monday June 12, 2023, at noon.

12. Adjourn

M. Kasti, BED, made a motion to adjourn the meeting at 12:45 a.m.
D. Springer, BED, moved the motion and J. Gibbons, BED, seconded the motion.

Respectfully Submitted,

A handwritten signature in cursive script that reads "Colleen Rouille".

Colleen Rouille
Business Coordinator Generation