



DRAFT

McNeil Station Joint Ownership Operating Committee Meeting Minutes

The meeting of the McNeil station Joint Ownership Operating Committee convened at 11:02 p.m. on Monday, September 19, 2022. Present on Teams; Munir Kasti, BED, Betsy Lesnikoski, BED, Paul Pikna, BED, Ying Liu, BED, Darren Springer, BED, Rodney Dollar, BED, James Gibbons, BED, Emily Stebbins-Wheelock, BED, Shawn Enterline, VPPSA, and Doug Smith, GMP, Michael Ahern, Evergreen and Nick Oelke, Evergreen.

Others Present on Teams, Colleen Rouille, BED.

1. Agenda

There were no changes made to the agenda.

2. Review of Joint Owner Operating Committee Meeting Minutes of June 6, 2022.

There were no changes made to the minutes. D. Springer, BED, made a motion to approve the Joint Owner meeting minutes of June 6, 2022; P. Pikna, BED, seconded the motion and it 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 June, July, and August of 2022.

R. Dollar, BED, summarized the operating reports for the months of June, July, and August 2022. In June 2022, McNeil produced 13,093 net MWH for a capacity factor of 36.3 percent. There were a few reductions and limitations during the month. There was the turbine overhaul and east grate rebuild, a boiler tube leak, cooling water fan VFD, ash system issues and live bottom hydraulics. This month at McNeil, the turbine overhaul concluded. The following projects were completed: cooling tower fill, drift eliminator replacement and fan replacement, turbine minor overhaul, east grate rebuild, and other routine repairs. A new Yardworker was hired and started July 5th. In the month of July, 2022, McNeil produced 33,526 net MWH for a capacity factor of 90.12 percent. There were a few reductions and limitations. A T1 transformer fluid level indication, economic reserve, and west grate mechanical issues. This month at McNeil a Yardworker and Auxiliary Operator position was posted and filled by current employee Robert Barrett. In August 2022, McNeil produced 25,511 net MWH for a capacity factor of 68.58 percent. There were a few reductions and limitations which were the west grates, cooling tower fan, and over fire air fan. McNeil is conducting interviews for the Yardworker position.

5. Fuel Procurement Update

B. Lesnikoski, BED, updated the Joint Owners saying that the good news is this past week McNeil had a great wood delivery week bringing in 8,700 tons which was higher than anticipated. With the rain and projections for this week she thinks the deliveries will not be as productive as last week. McNeil is in the process of trying to build as much inventory as possible for high winter usage. The price table and some incentives are in place to keep McNeil competitive with other chip markets. The pulp and firewood markets are out of sight with a 60-80 per ton price which is too expensive for McNeil. B. Lesnikoski, BED, heard last week that Storage Solar who owns the Ryegate plant and all the New Hampshire plants has filed for Chapter 11 bankruptcy for the New Hampshire plants only. That news has created a ripple effect with suppliers from that area and they are calling McNeil offering to send us wood. There have been new suppliers and spot market faces that have come to McNeil at various times. B. Lesnikoski, BED, has been to various meetings recently talking to procurement people who have said everyone is struggling to get wood because of the limited amount of supply. Long term the suppliers are trying to get more people into the business. The wood to cut is not the issue, they just lack labor. McNeil is working with diverse groups trying to pick up the logging industry to try to get more people involved. There is a stakeholder meeting for the State of Vermont, a future of Vermont forests, the beginning of October where B. Lesnikoski, BED, will attend. The technical centers and Vermont Technical College have also been made aware of the shortage and encourage new people to get into the business. McNeil has an intern job shadow person currently for a few weeks to show them the current work in the forestry field. D. Smith, GMP, asked to look at the wood plan that shows the table with the monthly quantities of wood. B. Lesnikoski, BED, said that the plan is updated through August and McNeil had an inventory of 10,600 where we wanted it to be over 35,000. McNeil is behind on the budgeted planned inventories, but because McNeil is offline currently, we are building the inventory in the yard. Between our two sites, the is about 23,000 tons in inventory with the majority of them at McNeil. McNeil is trying to move wood out of Swanton quickly to make sure the McNeil site is full by the winter. The plan is to continue with four trains a week to build inventory in Swanton by November. To get to full inventory at both locations by December, generation at the plant to that point will be low. B. Lesnikoski, BED also mentioned that the railroad strike that was averted recently would not have impacted McNeil deliveries.

6. Financial Review

Y. Liu, BED, said that she would be reviewing the McNeil June 30, 2022, calendar year-to-date, total expenses, against the budget. The total McNeil expenses on the calendar year-to-date budget through June 30, 2022, was \$12,573,976. The year-to-date budget was underspent by \$2,220,254. There were favorable variances in all expense categories. Of the \$2,220,254 favorable variance, \$1,841,081 was generation expenses. The notable variance was fuel expense that was underspent by \$1,579,897. This was because McNeil produced less KWH hours due to economics and the annual outage in April. The other notable area was the disposal of plant assets. As of Jun 30th, there has been no disposal of assets leaving a favorable variance of \$250,002.

7. McNeil Operating Statement

Y. Liu, BED, presented the McNeil operating statement with McNeil revenue and expense for fiscal year to date through June 30, 2022. Also included is calendar year-to-date through June 30, 2022. In the June fiscal year-to-date 2022 numbers, the total generation megawatt hours were 243,390 compared to June 30, 2021, fiscal year-to-date 2021 total generation megawatt hours of 270,338. The station generated 26,948 less megawatt hours in fiscal year 2022 compared to fiscal year 2021. In the June fiscal year-to-date 2022 numbers, the total revenue was \$31,001,808 compared to \$21,244,215 in the June fiscal year-to-date 2021 number. Revenue in fiscal year 2022 is up by \$9,757,592. The total fuel expenses were \$15,139,872 in the June fiscal year-to-date 2022 compared to \$15,291,371 in the June fiscal year-to-date 2021. The total other expenses including depreciation were \$11,020,618 in the June fiscal year-to-date 2022 number compared to \$10,917,592 in the June fiscal year-to-date 2021 number. The net income in fiscal year-to-date 2022 was \$4,841,317 compared to a net loss of \$4,964,748 in fiscal year-to-date 2021. The net income increased \$9,806,065 in fiscal year 2022 compared to fiscal year 2021. The notable item in this category was the operation expense was up \$522,954 due to inflation and maintenance expense that was up by \$101,257. This was offset by no disposal of equipment in fiscal year 2021. In the June 30, 2022, calendar year-to-date numbers, McNeil generated 112,212 megawatt hours compared to 142,177 megawatt hours in the June 30, 2021, calendar year-to-date number. The total revenue in the June 30, 2022, calendar year-to-date number was \$18,043,681 compared to \$11,671,730 in the June 30, 2021, year-to-date number. The revenue was up \$6,371,951 in calendar year 2022. In the June 30, 2022, calendar year-to-date numbers, the total fuel expense was \$7,261,459 compared to \$7,607,945 calendar year-to-date 2021. In the June 30, 2022, calendar year-to-date numbers, the total other expenses were \$6,130,098 compared to \$5,924,509 in the June 30, 2021, calendar year-to-date number. The June 30, 2022, calendar year-to-date net income was \$4,652,124 compared to a net loss of (\$1,860,725) in calendar year-to-date 2021. The net income was up by \$6,512,849 in calendar year 2022.

8. District Energy Amex and Pipe Routing Preferred Location on McNeil Property - Evergreen Energy

M. Ahern, Evergreen, gave a presentation on two primary discussion points. In the first point, Evergreen is in the process of doing the detailed design and permitting for the district system that would capture steam and waste heat from McNeil and deliver it to Intervale Food Coop as well as the University of Vermont and the University of Vermont Medical Center. The University of Vermont Medical would be the largest customer of the system and the other two being the smaller of the load but still especially important customers. The need for the system to be able to do this properly would require a 2,500 square foot building that would be called the annex that would house heat exchangers, an electric boiler, pumps, condensate equipment and controls. There is a need to properly route the steam and condensate pipe off of the McNeil site to Intervale road where it will then head south to the other University of Vermont sites. Routing this pipe presented a number of challenges and constraints both from a flood plain river corridor perspective as well as archeologically. As related to the annex, Evergreen and McNeil staff identified two primary locations that could make the most sense. The first was off the southeast corner on the existing corner of McNeil that would end up shifting some parking spaces southward. The other location that is less desirable is up on the northern end in the northwest corner where there is some existing infrastructure that would need to be moved out. Beyond the 2500 square foot annex space, there is a 25 x 25-foot heat recovery equipment area that needs to get installed regardless on where the annex is, up where the flu gas duct is located. Also, down in the switchyard, a medium voltage power distribution equipment that would need to be installed down in the existing switchyard just south of the proposed annex and south of the main power plant. Evergreen thinks that this proposal is the most practical and reasonable for the project. Each of the options have some pros and cons to them. The second point is talking about how to get the pipe off the campus. Collaborating with the consultants Evergreen discovered that there was a fairly significant archaeological concern with the exception of a fourteen-foot corridor running east west just to the east of the fuel tank area. Everywhere else on the site has not been cleared. This would cause archaeological concerns and at the very least create a sensitive process that would be needed from an excavation perspective. A worst-case scenario would be the site being shut down for some period of time if there was something found of significant sensitivity. Looking at the different options, the fourteen-foot corridor looks incredibly attractive to Evergreen because it has been previously cleared. Beyond the archaeological concerns, there are also some flood plain and river corridor concerns on the site. M. Ahern showed where these plains and corridors were on a power point. He explained that all of these are factored into the permitting and archaeological consultants helping Evergreen with identification of the best options for getting the steam and condensate pipe off campus. In the flood plain there are constraints on what can be done above ground, and these would be significant. There were five different routing options and staying away from any area that has not been cleared would prove difficult. The preferred option for the annex location and the fourteen-foot corridor for distribution, are the locations that have been cleared and cause no issues. The distribution option allows the piping to be above ground that mitigates costs and risk of running into unforeseen issues underground. With the proposed route, the pipe, after leaving the McNeil site, goes on to CEDO property that has been working with the Intervale to sell or transfer the property to them. The Intervale Co-op has shown interest in becoming a customer of the system and the pipe will run remarkably close to the new building they will be constructing. Evergreen is working with both CEDO and the Intervale with the possibility of an easement to be able to run the pipe across their property which is something that would be included in their energy service agreement. The pipe would stay fourteen feet above ground at McNeil then it would go to three feet above ground going toward Intervale road. The pipe may need to go back to fourteen feet near the mulch storage bins on Intervale road. M. Ahern closed the presentation by asking if the proposed annex location and pipe routing location would be acceptable and opened the floor for any questions. When asked, M. Ahern said the suggested option was the most cost effective. Since there was no other discussion, the presentation was closed.

9. BED – G.M. Update

D. Springer, BED, provided an update on McNeil and wood energy with the sub-group that has been meeting. This group has been meeting with some increased frequency leading up to making some recommendations to the broader climate council. The past few winters have pointed to the importance of having renewable plants like McNeil that can store fuel on site and can operate during the high-cost periods and offset some of the region's reliance on natural gas as a generation fuel. D. Springer, BED, hopes that the sub-committee will keep the updated emissions analysis that we have shared with them that shows that McNeil is far superior to a natural gas plant in ISO New England from a greenhouse gas emissions standpoint. Burlington Electric will continue to advocate for the benefits of the McNeil plant from an economic and environmental perspective based on the data that we have and are aware of. Any recommendations that may have a material impact on the plant will be passed along to the Joint Owners. Burlington Electric will engage further with climate council and with the legislature if there are policy recommendations that bare on the McNeil plant operations or the district energy project.

10. Plans Status, Operating/Maintenance Concerns

P. Pikna, BED, began by saying that the McNeil plant is aware of the expected high energy prices this winter. McNeil is doing anything they can to prepare to run as much as possible this winter. McNeil is currently not running to prepare with wood deliveries for a long winter of continuous output to capitalize on the extreme pricing. McNeil will have a fall outage and the plant will be down until that outage is over. Currently, the maintenance and operations teams are performing outage tasks. During the fall outage there will be work on the west grate rebuild and the wide bottom. Those jobs are being done because they could cause the highest risk for forced outages this winter. McNeil is still attempting to schedule the live bottom but with extreme labor shortages with all vendor and contractors it may need to be postponed. The west grate was made a priority. This work was planned for the fiscal year budget, but they would now be in the next budget. McNeil is having water wall tube leaks when cycling on and offline. These leaks are pinhole leaks. Another boiler mapping is going to be needed to get more information about these leaks. This coming spring McNeil do this work. This has not caused any significant forced outages because these leaks are occurring after the cool down period while shutting down. The concern right now is no labor and when putting jobs out for bids having no one to do the work needed at the plant. McNeil is doing everything they can to plan work around the contractor schedules.

11. Other Business

J. Gibbons, BED, said that McNeil is in the process of starting the solar test center construction. The wood pile will be chipped, and the leaf bunkers will then be moved. There will be an archology check. The waste wood yard is on fill, but the check needs to be done to make sure that the work does not go below that fill. Over the next four month there will be work being done on the site for the solar test center.

12. Schedule for Next Meeting

The next Joint Owner meeting is scheduled at the McNeil farmhouse on Monday November 28, at 11:00 a.m.

13. Adjourn

D. Springer, BED, made a motion to adjourn the meeting at 12:06 a.m.
S. Enterline, VPPSA, seconded the motion.

Respectfully Submitted,

Colleen Rouille
Business Coordinator Generation