

 DRAFT

 **McNeil Station Joint Ownership Operating Committee Meeting Minutes**

The meeting of the McNeil Station Joint Ownership Operating Committee convened at 1:05

p.m. on Monday March 9, 2021. Present on TEAMS; David MacDonnell, BED, Betsy Lesnikoski, BED, Paul Pikna, BED, Munir Kasti, BED, Ying Liu, BED, Emily Stebbins-Wheelock, BED, Darren Springer, BED, James Gibbons, BED, Ken Nolan, VPPSA, Douglas Smith, GMP and Felipe Valdiva, Young Leaders of America.

Others Present on TEAMS; Colleen Rouille, BED.

# Agenda

D. MacDonnell added two items to the Agenda. Item number 7a, Finalization of Solar Test Center and 7b, Introduction of Young Leaders of America’s Intern, Felipe Valdiva.

# Review of Joint Owner Operating Committee Meeting Minutes of December 7, 2020

No changes were made to the minutes. D. Smith, GMP, made a motion to approve the Joint Owner Committee meeting minutes of December 7, 2020; the motion was seconded by K. Nolan, VPPSA, and approved by all Joint Owners present.

# Public Forum

There was no one present from the public.

# Summary of Operating and Generating Reports for November and December 2020 and January and February 2021.

D. MacDonnell, BED, summarized the operating reports for the month of November and December 2020 and January and February 2021. In November 2020, McNeil had a capacity factor of 50.4 percent. The reductions and limitations for the month were two ash rotary feeder problems and a water wall tube leak on the last day of the month. Staging needed to be put up to repair this leak. In December 2020, McNeil had a capacity factor of 80.9 percent. There were a few reductions and limitations during the month. There was some work done on the precipitator and the water wall tube leak that carried over from the previous month. McNeil had the annual stack testing performed during the month and the precipitator needed to be cleaned up in preparation for the test. This was done on December 14, 2020. In January 2021, McNeil had a capacity factor of 59.9 percent. Reductions and limitations were a turbine control oil contamination. This issue brought the plant down and offline for 11 days. The annual stack testing that was performed during December 2020, came back with all tests passing with positive results. In February 2021, Mc Neil had a capacity factor of 96.9 percent. There were no reductions and limitations. The last time McNeil had an equivalent availability of 100 percent was July of 2015. D. Smith, G.M.P., asked if the number of plant start-ups per month could be added to the operating report as related to the capacity factor.

# Fuel Procurement Update

B. Lesnikoski, BED, updated the Joint Owners saying that it has been a long cold winter with no thaws and not a large amount of snow which has been good for wood supply. She said McNeil has had a lot of wood coming into the plant. There were a few issues with trains from Swanton which is normal during the winter months. As things warm up, and roads are posted, the supply will slow down. McNeil and Swanton wood yards have a good inventory of wood currently which will enable the plant to run strong through the end of March. The suppliers with long term contracts have said they been very useful for them for planning purposes and stability. The contracts are being monitored on a weekly and monthly basis. The data for the current contracts will be looked at for allocation of tonnage in the next fiscal year. The weekly meetings with power planning department help McNeil stay on track with all the different metrics that have to be met to run smoothly throughout the entire year.

# Financial Review

Y. Liu, BED, said that the total operating expenses on the calendar year to date budget through January 31, 2021 was $2,135,327. This was $809,089 below budget. The favorable variance was mainly driven by underspending in fuel expense by $774,830. The other notable area was plant maintenance expense, over budget by $105,948. This is mainly related to the $125,000 spent to contract G. E. steam power for the inspection work done in January for the turbine oil contamination issue. Overall, there were favorable variances in all expense categories in January 2021. The total budget, minus fuel, through January 31, 2021 was underspent by $34.260. Y. Lui, BED, will continue to monitor the actual expenses against the budget for the remainder of calendar year 2021.

# McNeil Operating Statement

Y. Liu, BED, presented the McNeil Operating Statement with McNeil revenue and expense for fiscal year to date through January 31, 2021. Also included is calendar year to date through January 31, 2020. In the January fiscal year to date 2021 numbers, the total generation was 150,473-megawatt hours compared to January 31, 2020 fiscal year total generation of 162,220 megawatt hours. McNeil produced 12,000 megawatt hours less in the fiscal year to date 2021 totals. In the January fiscal year to date 2021 numbers, the total revenue was $10,815,341 compared to $10,565,210 in January fiscal year 2020. Revenue in fiscal year 2021 is up by $250,131. The total fuel expenses were $9,048,203 in fiscal year 2021 compared to $9,520,223 in fiscal year 2020. Fuel expense decreased by ($472,020) in fiscal year 2021. The total other expenses including depreciation were $5,860,888 in fiscal year 2021 compared to $5,414,615 in fiscal year 2020. The total other expenses increased by $446,273 in fiscal year 2021. The maintenance expense was up by $319,346 in fiscal year 2021. The administrative and general expense was up $168,821 and this was due to the increase in the property insurance premium. The loss on disposal of equipment had a decrease of ($183,928) in fiscal year 2021. The net loss before interest expense including depreciation was ($4,093,750) in fiscal year 2021 compared to a net loss of ($4,369,628) in fiscal year 2020.

In the January 31 calendar year to date 2021 numbers, the total revenue was $1,285,119 in calendar year 2021 compared to $1,032,969 in calendar year 2020 with an increased revenue of $252,150 in calendar 2021. Total revenue for both years did not include R.E.C revenue because this is included in the February totals. The total fuel expenses were $1,364,777 in calendar 2021 compared to $1,499,874 in 2020 and the total other expenses including deprecation were $908,429 in calendar year 2021 compared to $778,623 in calendar year 2020. The net loss before interest expense including depreciation in calendar year 2021 was ($988,087). This is compared to a net loss of ($1,245,528) in the calendar year 2020. The bottom line in calendar 2021 improved slightly due to the increase in energy revenue.

**7a. Finalization of the Test Solar Center**

J. Gibbons, BED, shared the current map of the proposed solar test center location which was approved at a previous Joint Owner meeting. The reason that it was brought up again is that U.V.M. delivered the executed version of the license recently and James wanted to share the current map of the location. If there were no more issues with the test center, and the Joint Owners agreed to D. Springer, BED, signing the agreement, then the five- year license would move forward with notarization. The agreement has been reviewed by two attorneys on behalf of BED and the Joint Owners. The terms of the agreement have not changed since the Joint Owners approved this previously. K. Nolan, VPPSA, made a motion to approve the test solar center agreement; the motion was seconded by D. Smith, GMP and approved by all Joint Owners present.

**7b. Introduction of Young Leaders of America Intern, Felipe Valdiva.**

Felipe Valdiva was introduced to all members in the meeting. Felipe has been asked by BED to provide information for the thermal AI project. He will look at the business case and at the practicality of deploying the technology at McNeil. He will be studying this by spending around 20 hours per week for the next 4 weeks. The thermal AI and improving the efficiency of McNeil combustion is of interest to everyone. We want to welcome Filipe to the McNeil station and wish him well on this project.

# BED – G.M. Update

# D. Springer, BED, began by telling the Joint Owners that district energy will be moving to phase 3 of this endeavor. A letter of intent has been signed by the various participants, Evergreen, VGS, UVM Medical Center, the City of Burlington and BED to continue exploring district energy. The tempo of the discussions on district energy have picked up and the Joint Owners of McNeil will be more heavily reviewing the operational pieces of the project in the coming weeks and months. D. Springer, BED, appreciates the K. Nolan, VPPSA and D. Smith, GMP and the entire McNeil teams efforts in reviewing the district energy opportunity. Phase 3 was announced as being a three-to-six-month phase of work which commenced a few weeks ago. BED is hopeful that by the spring or summer at the latest, we will be in a position to have a final decision on that project to move forward or not. BED is cautiously optimistic about making this a reality. There will be continued work and the Joint Owners will be updated as things happen.

# D. Springer, BED said that the Covid-19 vaccine rollout is going to continue to be robust and that we will see by the May-June timeframe enough vaccine supply that most adults that are looking for a vaccine will have the opportunity to be vaccinated. This will raise questions around the return to a fuller staffing approach at McNeil and BED. McNeil has been less effected by the remote work environment than the BED Pine Street facility although there are some positions who work remotely full or part time. Most McNeil workers have needed to be on site due to the nature of their work and have been compensated through a City of Burlington one time hazard pay paid through a grant program from the State of Vermont. D. Springer, BED, would like to thank those employees for their work through this pandemic. The pandemic posture that BED has been in will evolve in the summertime assuming that the vaccine rollout remains on track. BED will be looking at a plan for a return-to-work process with a phased onsite approach. BED will be exploring with the City of Burlington, possible opportunities to continue to take advantage of remote work technology that we now have and for employees that are not required to be on site to have some flexibility that can be provided when it is helpful and convenient. There will be more to come on this topic.

# Plans Status, Operating/Maintenance Concerns

#  D. MacDonnell, BED, told the Joint Owners that P. Pikna, BED, will be giving an overview of the turbine oil contamination. D. MacDonnell, BED said that it was a serious situation that happened in January 2021. P. Pikna took the lead on the issue and it is now corrected. P. Pikna, BED, began by saying that the steam valves on the turbine are lubricated and operate with control fluid (technically not oil) and it is extremely susceptible to degradation and failure if water gets into the control fluid. The first issue that presented itself was a sticking control valve in November 2020. There was not much thought about this because that particular control valve had just failed not too long prior to this incident. As an investigation happened in early December, the control fluid samples began to show a full contamination with water. Within a week of when those results were received, the plant tripped offline because McNeil could not stabilize the unit due to the sticking control valves that the control fluid lubricates. Through a process of elimination, there were many hopeful moments as well as despair. Thinking that the issue could be solved quite rapidly and having this not be the case, the investigation continued. The staff went to the degree of testing the water coolers that would be the most obvious source of contamination. The control fluid is cooled with two different water coolers and the testing showed that this was not the issue after several phases of testing. At a certain point of looking for the problem, the conclusion was human error. Around two weeks after that, a program was instituted to do weekly sampling of the control fluid. This practice helped because after about two weeks the water content started to increase again. Troubleshooting began again by swapping equipment to see if something was missed. Water was still increasing in the samples. The decision was made rent a vacuum dehydrator which is a device that takes out the water content and some particulate of the control fluid while in service. Based on testing results, without the vacuum dehydrator, the plant was within 12 to 24 hours of being forced offline. With support of the entire BED team, the vacuum dehydrator was on site and installed and operating within around 48 hours the fluid was completely clean. The vacuum dehydrator is still in service and the troubleshooting is continuing. There is a possible problem identified that may be the reason for the water in the control fluid. There is a steam leak in one of the crossover flanges on the turbine that was found about two weeks ago. It appeared that it may have been blowing on control valve E. This is an upside-down valve, so it is possible that the steam is condensing on the shaft of the control valve and somehow getting into the oil or condensing humidity into the air at that control valve point. There is control fluid in that control valve and potentially that is the source of the water contamination. The amount of water that is needed to fully contaminate the 350-gallon reservoir is around one gallon of water. McNeil employees think that when the steam leak was addressed by putting up a heat shield and also reinstalled a stealth zero moisture blanket that goes on top of the control fluid tank, they believed at the time that it could have introduced water through that device. When the stealth was not installed, and the water was going up, that was proof it could be part if not all of the problem. It was reinstalled with a heat shield around the steam leak on the turbine and after about 4 days the water content in the fluid decreased. Troubleshooting is continuing to make sure this was the only problem. This process will continue until, by process of elimination, this issue is proven to be the reason for the contamination. The risks averted by getting the vacuum dehydrator were significant costs to clean up contamination, increased acidity that causes etching in the metal components and tripping of the plant itself. There will be an update on this at the next meeting. D. MacDonnell, BED, then said it has been a challenging year at the McNeil plant because of Covid. Both Dave and Paul are alternating weeks at the plant. Normally the spring outage is in April, but this year since there was an outage last September, there will be no outage until the spring of 2022. The insurance premiums at the plant have recently gone way up and there has been a focus on capital projects to stabilize this cost by addressing recommendations from the AIG insurance company. This has been the focus recently. The plant has been operating very well because of everyone doing a great job.

# Other Business

 There was no other business.

# Schedule for Next Meeting

 The next Joint Owner meeting is scheduled for Tuesday June 8, 2021 on TEAMS at 11 a.m.

# Adjourn

D. Springer, BED, made a motion to adjourn the meeting at 2:03 p.m.; the motion was seconded by K. Nolan, VPPSA, and approved by all Joint Owners present.