

**MINUTES OF REGULAR MEETING
BURLINGTON ELECTRIC COMMISSION**

Wednesday, July 12, 2023, 5:30 pm

The regular meeting of the Burlington Electric Commission was convened at 5:30 pm on Wednesday, July 12, 2023, at Burlington Electric Department at 585 Pine Street, Burlington, Vermont and virtually through Microsoft Teams.

Channel 17 was present to record this meeting.

Commissioners Chagnon, Herendeen, Moody, Stebbins, and Whitaker were present.

Staff members present at 585 Pine Street included Paul Alexander, Rodney Dollar, Paul Pikna, Munir Kast, Paul Pikna, Darren Springer, Emily Stebbins- Wheelock, and Colleen Rouille (Temporary Board Clerk)

Staff members present via Microsoft Teams included Mike Kanarick, Amber Widmayer and James Gibbons.

1. Election of Officers

Temporary Board Clerk, Colleen Rouille, called the meeting to order at 5:30 p.m. The first meeting of the new fiscal year is the Burlington Electric Commission's organizational meeting. The first order of business is to elect officers. The Board Clerk opened the floor for nominations for Chair of the Commission.

Commissioner Chagnon made a motion to nominate Commissioner Moody as Chair of the Burlington Electric Commission; the nomination was seconded by Commissioner Whitaker. The Board Clerk asked if there were any other nominations. Hearing none, the Board Clerk asked the Commission to indicate support for Scott Moody by a show of hands. Of the 5 members present, 4 votes were cast in support of Commissioner Moody. Commissioner Moody was elected Chair of the Commission. At this time, Ms. Rouille turned the meeting over to the Chair.

Commissioner Moody opened the floor for nominations for Vice Chair of the Burlington Electric Commission. Commissioner Chagnon made a motion to nominate Commissioner Whitaker; the nomination was seconded by Commissioner Herendeen. Commissioner Moody asked if there were any other nominations. Hearing none, Commissioner Moody asked the Commission to indicate support for Commissioner Whitaker by a show of hands. Of the 5 members present, 4 votes were cast in support of Commissioner Whitaker. Commissioner Whitaker was elected Vice Chair of the Commission.

Commissioner Moody nominated Laurie Lemieux as Board Clerk for the Burlington Electric Commission: the nomination was seconded by Commissioner Chagnon and approved by all Commissioners present.

2. Agenda

There were no changes to the agenda.

3. June 14, 2023, Meeting Minutes

Commissioner Moody asked if there were any changes to the minutes. Commissioner Whitaker made a change to two of the members of the public names. Commissioner Herendeen made a change to the wording of IES standards throughout the document to the word recommendations. Commissioner Whitaker made a motion to approve the minutes with changes of the June 14, 2022, Commission Meeting; the motion was seconded by Commissioner Chagnon and approved by all Commissioners present.

4. Public Forum

No one from the public was present for the meeting.

5. Commissioners' Corner

Commissioner Herendeen thanked Emily Stebbins- Wheelock and Chris Burns for responding to questions that were sent to them. Commissioner Whitaker brought up interest in the hydro facility and the McNeil plant and the impact of the flood on the facilities. Commissioner Moody asked if they could get a brief report on that in the GM Update. Commissioner Whitaker also mentioned that she heard of a possible protest at the McNeil Station. Darren Springer said it was Burlington Electric's understanding that on social media there has been discussion about a protest.

6. GM Update

Mr. Springer stated that the protest is being organized by some of the groups that have been vocal in opposing McNeil and District Heating. They are planning to go from Gardeners Supply to the McNeil plant the morning of Saturday July 22, 2023. The language used is to demand that the City of Burlington shut down the McNeil plant, which is not part of any current discussion. Currently the discussion is to invest or not in District Energy as a City and make those improvements to the McNeil plant if we go forward with this. There is no other discussion of any other alternatives. We are preparing to ensure safety for customers who are visiting the waste wood yard and ensuring the integrity of the facility. That will be the team's focus and priority if the protest happens. We respect that there are different views in the community and respect people's right to voice those views.

Mr. Springer said that the flooding has impacted our two power generation facilities, Winooski One and McNeil. Mr. Clark, who operated the Winooski One hydro plant was interviewed by some local news stations and talked about the impacts the flood had at his facility. Water levels at Winooski One were higher than they were during Irene. There are photos of the platform where you stand to look out at the river is covered with water but was built and designed to withstand high water levels. The facility had been taken offline as a precaution during this period of flooding. There will be a lot of debris and trash to be cleaned up when the levels are safe. Mr. Springer said we are documenting all costs and will submit them for FEMA reimbursement. Mr. Alexander is working on any insurance claims from the flood. At McNeil, there is flooding in the field and at the gate area near the entrance to the plant. The waste wood yard has been closed temporarily and the plan is to open it back up at noon on Thursday. There were no operational issues at the plant, and it is currently online. Burlington Electric was in touch with other utilities as the storm was happening and there were no power restoration needs in Burlington. There was a crew sent to help GMP with storm related outages. Washington Electric had outages but could not get too the sites that needed repair. Mr. Springer was glad we could send a crew to help and wishes we could do more. Department of Public Works has sent trucks to help pump out water in homes and basements. The mayor has offered help to the surrounding communities.

We expect the carbon fee policy ordinance to be introduced in July, with work at TEUC and Ordinance Committee in July and August to follow.

District Heat customer term sheet meetings taking place in July, with potential City Council work sessions in September. Working towards the GO/NO GO decision. Expecting decision on financing in late July. Also working on transfer of TEPF funds to complete feasibility / design work, pending PUC approval.

Legislative Working Group on RES – There will be a summer/fall legislative workgroup on changes to the Renewable Energy Standard, BED is a named participant and will engage.

Burlington Electric is still awaiting PUC approval of FY23 rate case. FY24 rates will change for bills rendered September.

We are seeing relatively robust uptake on heat pump and EV incentives in 2023, perhaps aided by Inflation Reduction Act incentives at federal level. Changes to the Act 151 program to allow BED to tap TEPF funds (currently used for district heat feasibility work) in 2024-2026 will help us continue enhanced incentive levels for key programs, although we may want to consider changes based on the new federal incentives, including focusing on reducing operating costs for heat pumps as opposed to upfront capital costs.

7. 2023 – 2024 Strategic Direction

Mr. Springer stated that there has been extensive work on this document in the past on getting the missions, values, and vision to reflect the commission and the departments goals. This year the focus has been updating the strategic direction in a few different ways. The entire team is asked for input and feedback through their managers. The changed and additions were highlighted in red on the document. Some changes were just wording only. Others were driven by the equity analyst and City Attorney reviewing the document and making suggestions. The document has been posted and given to employees and the work of each employee is captured in the plan. The commissioners liked the changes and agreed with a document that was more diverse and one that reflects different language barriers and adding what we currently offer our customers.

Commissioner Herendeen made a motion to approve the 2023-2024 strategic plan: The motion was seconded by Commissioner Chagnon and approved by all Commissioners presents.

8. May FY23 Financials

Ms. Stebbins-Wheelock presented the May 2023 financial results.

The Department's net loss for the month of May was \$540K compared to a budgeted net income of \$836K, which is \$1.376 M worse than budget.

Sales to customers were below budget by \$388K for May and are 2.2% below budget for the fiscal year to-date. May power supply revenues were unfavorable to budget by \$1.526M largely due to timing and receiving the REC revenue in April instead of May as budgeted. Year-to-date REC revenues are below budget by \$915K due to lower renewable generation in prior periods. Other revenues were mildly unfavorable with a variance to budget of (\$103K) for the month.

Power supply expenses were favorable to budget by \$349K in May. Fuel expense was favorable to budget by \$495K due to McNeil being offline for most of the month of May for economics. Energy prices were low, so McNeil stayed offline to conserve wood and build wood supply heading into the summer. Transmission expense was \$65K favorable to budget. Purchased power was \$209K worse than budget, including a \$38K Mystic charge. Because McNeil was offline, we were a net purchaser from the ISO-NE Exchange during the month, but we were helped in that regard by low energy prices.

Other Operating and Maintenance expenses were favorable to budget by \$358K. Favorable items for this included labor and overhead due to vacancies, materials and supplies due to timing, and EEU rebates due to timing.

For the fiscal year to date the Department has a net loss of \$309K compared to a budgeted net income of \$2.798M, which is an unfavorable variance of \$3.11M.

Commissioner Whitaker asked about the implications of the year-to-date results. Ms. Stebbins-Wheelock responded that the Department will have less cash on hand at the end of the fiscal year. The Department has also filed a request with the Public Utility Commission to make an accounting adjustment to amortize the loss of \$4M in winter excess energy revenue over a period of seven years. This will take the \$4M of expense that would otherwise be recorded and reduce it, which will improve our net income for the fiscal year. There have been some stronger energy prices in June and part of July and the McNeil plant has been running so this is a help. The Department is slowly lowering the wood price per ton to mitigate cost pressure, and we will be monitoring the FY24 budget closely as we move forward.

Capital spending at the end of May was \$7.4M, which is 81% of the fiscal year budget.

Operating cash at the end of May was \$7.75M compared to a budget of \$9.9M. The gap of \$2.2M in actual cash versus budgeted cash is significant but slightly improved since the end of April.

For the 12 months ended May 2023, the debt service coverage ratio was 2.71, the adjusted debt service coverage ratio is 0.84, and the days cash on hand is 107.

The operating cash balance as of June 30, 2023, is \$4.463M, which is in line with the Department's most-recent forecast but a little less than the FY24 budget's beginning cash balance, estimated in May. Ms. Stebbins-Wheelock stated that she does not yet know that the exact number of days cash on hand as of June 30 because total operating expenses for the fiscal year will not be known until June is closed. The forecast is around 64 days, and she expects it will be close to that number.

9. I.R.P Update

Mr. James Gibbons stated that reports on McNeil have been completed and are now available on the McNeil Website. There are three reports. The carbon report done by Vermont Gas Systems, the carbon report done by Innovative Natural Resources and a McNeil economic report also done by Innovative Natural Resources. These reports have also been provided to the Department of Public Service. The generation chapter graph has been completed and has been shared with and discussed with the Department of Public Service. They have provided comments and the comments are being incorporated into the document. The post comment draft will be sent to the Commissioners to look at. The TMD chapter is done in draft form and has been provided to the Public Service Department and we are waiting for comments from them on that chapter. The current intern employee in Power Resources has begun work on the Net Zero chapter. That chapter will include a Net Zero roadmap update with information on actions and accomplishments to date. It will have a section TMD requirements to be 102.8 megawatts, and a section on TMD requirements to meet 120 megawatts. There will also be a discussion on District Energy. These are the planned components of that chapter. Mr. Gibbons then provided an informative power point presentation on the IRP which is due on September 1, 2023. The presentation included a forecast, a resource evaluation, the generation chapter, the distribution evaluation, and the economic impacts.

10. Commissioners' Check-In

Commissioner Moody stated that the August meeting would be cancelled because of low agenda items, and they will resume in September.

Commissioner Whitaker asked if the Net Zero energy day would happen again in September. Mr. Springer said that they are and have had several planning meetings. They have posted it on social media and asked people to hold the date on September 23 with a rain date on September 24. There will be some advertising to let people know about the event. There will be some additions to the program compared to previous years that will hopefully draw more people to the event. The time will be ten am. to two pm. There will be more information at the September meeting.

Commissioner Moody made a motion to adjourn; the motion was seconded by Commissioner Herendeen and approved by all Commissioners present.

The meeting of the Burlington Electric Commission adjourned at 6:45 p.m.

Attest:



Colleen Rouille, Temporary Board Clerk