

DRAFT

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

The meeting of the McNeil Station Joint Ownership Operating Committee convened at 11:05

a.m. on Tuesday June 8, 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, Kim Lyon, VPPSA, Rob Bingel, GMP.

Others Present on TEAMS; Colleen Rouille, BED.

# Agenda

No changes were made to the agenda.

# Review of Joint Owner Operating Committee Meeting Minutes of March 9, 2021.

No changes were made to the minutes. D. Springer, BED, made a motion to approve the Joint Owner meeting minutes of March 9, 2021; the motion was seconded by R. Bingel, GMP, and approved by all Joint Owners present.

# Public Forum

There was no one present from the public.

# Summary of Operating and Generating Reports for March, April, and May 2021.

D. MacDonnell, BED, summarized the operating reports for the month of March, April, and May 2021. In March 2021, McNeil had a capacity factor of 95.9 percent. There were no reductions or limitations for the month. This was the second month in a row at McNeil with an equivalent availability of 100%. In April 2021, McNeil had a capacity factor of 48.3 percent. There were a couple reductions and limitations during the month including a circulating water chemistry issue and a turbine control valve repair caused by an oil leak on the valve. In May 2021, McNeil had a capacity factor of 42.8 percent. Reductions and limitations were a water wall tube leak and a west grate drive unit issue. Long time Station Operator Scott Rainville will be retiring in June. This position is currently posted.

# Fuel Procurement Update

B. Lesnikoski, BED, updated the Joint Owners saying that McNeil had a good winter and spring with warm and dry weather, good deliveries with a lot of wood coming to the plant. McNeil is looking at new contracts for fiscal year 2022. These contracts have been extremely helpful for both McNeil and the suppliers. B. Lesnikoski, BED, then talked about railcars. There are two issues. The first is a safety issue, making the unloading safer for the employees doing the work. The second issue is the end of life of the railcars. The 21 original cars were built in 1983 and have a 50- year life span which ends in 2033. Talking to people at the railroad, it was suggested that this could be extended since the railcars have been maintained over the 50 years to extend the life another ten to fifteen years. McNeil bought some S cars that are older and only have a forty-year life span that expired in April. Again, the railroad feels confident that, because of maintenance, we can get another ten years out of those cars. Because of the aging of the railcars, McNeil is now looking at what is out there for options for other cars. There are no existing railcars that anyone can find. There is some conversation about having some new cars built. The issue with new cars is price and timing. The estimate is 130-150 thousand dollars per car with a one to three year turn around to get them built. There is also the issue of capacity. The new cars are half the size of the existing railcars so the length of the train would have to be doubled to move the same volume of wood which cannot be done because it would block the road for too long. Looking at those different options, it might be best to do some retrofitting on the existing cars to make them safer and easier to unload. McNeil is working with various vendors on that concept with some progress and ideas. B. Lesnikoski, BED, will keep the Joint Owners informed but thinks we will have to do something to maintain the current railcars. The third item B. Lesnikoski, BED, wanted to discuss is the discovery of the emerald ash borer in Colchester, VT. This puts McNeil right in the middle of an infestation zones. McNeil has not been in one of those zones until now. The impact is minor because the whole state is infested and under quarantines. Now that McNeil is in an infestation zone, there is no issue with accepting ash waste in the waste wood yard. McNeil will now be listed as a drop off site once they update the map.

# Financial Review

Y. Liu, BED said that she would be reviewing the McNeil calendar year to date 2021 expenses against the budget. The total operating expenses on the calendar year to date budget through April 30, 2021, was $9,346,000. The year-to-date budget was $1,059,271 below budget. The favorable variance was mainly driven by generation expenses which had a favorable variance of $1,825,244. The fuel expense had a favorable variance of $1,130,521. All other operating expenses had a favorable variance. The boiler plant maintenance was underspent by $410,968 and the electric plant maintenance was overspent by $116,042. This was due to the turbine oil contamination issue. The total administrative and general expenses had a favorable variance of $98,882. The loss on disposal of plant had a favorable variance of $862,233. This was related to the retirement of the old economizer precipitators in February. McNeil had a total of $300,000 budgeted for loss on disposal of plant for calendar year 2021 and this was spread out over twelve months. The total budget, minus fuel, through April 30, 2021, was overspent by $71,251. 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 April 30, 2021. Also included is calendar year to date through April 30, 2021. In the April fiscal year to date 2021 numbers, the total generation was 236,111-megawatt hours compared to April 30, 2020, fiscal year total generation of 204,424 megawatt hours. McNeil produced 31,687 megawatt hours more in the fiscal year to date 2021 totals. In the April fiscal year to date 2021 numbers, the total revenue was $19,175,937 compared to $14,615,135 in the April fiscal year 2020 number. Revenue in fiscal year 2021 is up by $4,560,802. 1.7 million of this revenue differences is due to the timing of the REC sales. In the fiscal year 2021 number, the full REC sales are included. In the fiscal year 2020 numbers, only three quarters of REC revenue are included making that number less than the fiscal year 2021 number. The total fuel expenses were $13,310,366 in fiscal year 2021 compared to $12,048,793 in fiscal year 2020. Fuel expense increased by 1,261,573 in fiscal year 2021. The increase was driven by higher generation costs in fiscal year 2021. The total other expenses including depreciation were $9,224,958 in fiscal year 2021 compared to $7,633,804 in fiscal year 2020. The higher operation expense and the maintenance expenses were driven by the annual overhaul in fiscal year 2021 and the fact that McNeil did not have an overhaul in fiscal year 2020. The increases in generating expenses were due to higher insurance premiums. The higher loss on disposal of plant equipment driven by the retirement of economizer also contributed. The net loss in fiscal year 2021 was ($3,359,388) compared to ($5,067,462) in fiscal year 2020. If the 1.7 million in REC’s that were not in the fiscal year 2020 numbers are factored in, then the net loss in fiscal year 2020 would have been 3.3 million dollars and comparable to the net loss in fiscal year 2021. In the April 30, 2021, calendar year to date numbers, McNeil generated 107,950 megawatt hours compared to 66,658 megawatt hours in the April 30, 2020, calendar year number. The total revenue in calendar year to date 2021 was $9,727.048 compared to $5,082,894 in the April 30, 2020, numbers. The revenue difference includes the 1.7 million in REC revenue reporting. In the April 30, 2021, calendar year to date numbers, the total fuel expense was $5,626,940 compared to $4,028,444 in calendar year 2020. In the April 30, 2021, calendar year to date numbers, the total other expense was $4,231,876 compared to $2,997,813 in 2020. The higher maintenance expense was driven by the turbine oil contamination and the higher loss on disposal of plant equipment. The April 30, 2021, calendar year to date net loss was ($131,768) compared to a net loss of ($1,943,362) in calendar year 2020. Again, if the 1.7 million dollars were included in the calendar 2020 numbers, the net loss would have been ($220,000) dollars.

# BED – G.M. Update

# D. Springer, BED, began by telling the Joint Owners that there have been a variety of district energy meetings that the Joint Owners have been involved in. McNeil continues to be in phase three of the project which includes the engineering and feasibility work related to district energy. Since the last Joint Owners meeting, there has been a successful run at 54 megawatt hours at McNeil which was a great help for testing the operational capabilities and flexibility needed to potentially utilize the future for district energy if it is decided to operate in that manner. McNeil has had numerous people on site as a part of phase three and there have been good discussions among the Joint Owners on how McNeil would wish to proceed. By the time of the next Joint Owners meeting, phase three will be further advanced and we will have a more concrete structure for what the future looks like. An application has been submitted for federal funding through Senator Leahy’s office for the project for support of the district energy production and distribution systems. McNeil is waiting to hear if that is successful. D. Springer, BED is hopeful the timeline will include some of the McNeil Joint Owners related work over the next month and then we will revisit more intensively the conversations with the UVM Medical Center, UVM and the Intervale Center which is the potential receiving customers for the physical output for the district energy system. It is hopeful that after conversations with these groups that there will be some results to report in September around phase three.

# D. Springer, BED then reported that Burlington Electric and McNeil would be looking at a broader reopening plan as the Governor and Mayor both laid out for July 4th. The city will be lifting its emergency order on the 15th of June. The Governor suggested that once we get to eighty percent vaccinated, he will remove the remaining Covid restrictions. Burlington Electric is working on a plan that would provide a potential period of time for the remainder of 2021 where we can pilot some continued remote work flexibility for certain employees who have been successfully working from home. This pilot would require supervisor approval through the end of the year and allow a flexible reentry into the office and plant environment for those who have been home. The rest of 2021 would be a time of experimentation with different configurations to figure out what the right combination of flexibility of onsite time would be coming out of the pandemic.

# Plans Status, Operating/Maintenance Concerns

# D. MacDonnell, BED, told the Joint Owners that the plant has been running very well. In September of 2020 there was an overhaul and there will be no need for one in 2021. When the plant does come offline, the staff at McNeil addresses any maintenance items that come up along with routine maintenance. With a Station Operator position open and not filled, it is the hope that we get a qualified person soon. The McNeil plant ran 5 straight days in May at 54 megawatts net. In the entire life of the plant this has never been tested at that capacity for that length of time. P. Pikna, BED, then said that McNeil has been struggling a little bit for a couple of months with reduced ID fan capacity due to a pressure drop across the R.S.C.R. (The NOx reduction system at the end of the boiler) McNeil has been set up with some contacts at other bio-mass facilities in New England and it was talked about water washing the unit. McNeil’s electrostatic precipitator is oversized, but water wash nozzles were installed on the R.S.C.R. during installation. They were never used until May of 2021. The in-house maintenance supervisor staff did a water wash that was very successful. They designed a header and an assembly, rented a lift and in about 2.5 days the R.S.C.R. was completely water washed which consists of flowing water through a heat sync. This produced a lot of particulates that were adhered to the heat sync, causing the pressure issue. When the plant came back on, the pressure issue has been almost fully resolved and energy will be saved on the ID fan that also gives the operators flexibility with air adjustments as needed. Having a clean R.S.C.R. helps the plant run greater that 50 megawatts in the future.

# 

# Other Business

J. Gibbons, BED, wanted to mention that there was past discussion about the thermal AI project as a pilot project that was sponsored by all three of the Joint Owners. With the recent work by Sheldon on the maximum run test, J Gibbons, BED is having him look at that proposal to make sure that it is conducive to district energy. Ideally it cannot be contradictory to district energy, and he is in a good position right now, having run the maximum run test, to take a look at that.

# Schedule for Next Meeting

The next Joint Owner meeting is scheduled for Tuesday September 14, 2021, on TEAMS at 11:00 a.m.

# Adjourn

D. Springer, BED, made a motion to adjourn the meeting at 11:42 a.m.; the motion was seconded by R. Bingel, GMP, and approved by all Joint Owners present.