

**DRAFT MINUTES OF REGULAR MEETING
BURLINGTON ELECTRIC COMMISSION**

Wednesday, March 13, 2024

The regular meeting of the Burlington Electric Commission was convened at 5:02 pm on Wednesday, March 13, 2024 at Burlington Electric Department at 585 Pine Street, Burlington, Vermont and virtually through Microsoft Teams.

Channel 17 was present to record this meeting.

Commissioners Beth Anderson, Lara Bonn, Jim Chagnon, Scott Moody, and Bethany Whitaker were present at 585 Pine Street.

Staff members present at 585 Pine Street included Paul Alexander, Rodney Dollar, Munir Kasti, Laurie Lemieux (Board Clerk), Paul Pikna, Darren Springer, and Emily Stebbins-Wheelock.

Staff members present via Microsoft Teams included Erica Ferland, James Gibbons, and Mike Kanarick.

1. Agenda

There were no changes to the agenda.

2. February 14, 2024 Meeting Minutes

Commissioner Chagnon made a motion to approve the minutes of the February 14, 2024 Commission Meeting; the motion was seconded by Commissioner Anderson and approved by all Commissioners present.

3. Public Forum

Present for the meeting at 585 Pine Street was Ms. Ashley Adams, Mr. Chris Gish, and Peter MacAusland. Present via Microsoft Teams was Mr. Nick Persampier.

Mr. Persampier, an Old North End resident, is concerned regarding the lack of planning for the closure of the McNeil Generating Plant and its replacement with alternative sources of electricity. Mr. Persampier feels that the science is clear that burning wood to generate electricity puts more carbon dioxide into the air than burning any other fossil fuel. Mr. Persampier stated that it takes decades, if not a century or more for the regrowth of trees to make up that carbon debt, and he feels there is a climate imperative to be moving away from wood burning to generate electricity. Mr. Persampier feels BED should be looking toward renewable sources that truly are low carbon, like wind and solar with battery storage to help with reliability. Mr. Persampier has concerns with the

Burlington Electric Department (BED) Integrated Resource Plan (IRP), which is a plan for how power is going to be supplied for the next 20 years. The IRP provides for McNeil to continue operating throughout the 20-year period. Mr. Persampier stated that the IRP does not evaluate alternatives to operating McNeil, which are necessary to address the climate crisis. The information submitted to the Joint Owners indicates that, as of September 30, 2023, there was a calendar year loss of more than \$4.7M. We had an economic expert look at this issue, and he determined that most years the plant loses between \$6-\$8M, and that the loss would be greater if not including revenues received from REC sales. Mr. Persampier stated that these RECs are now in jeopardy with Connecticut cutting in half the amount it's paying for REDs and we don't know how long this will hold up.

Mr. Persampier stated that, when looking at the forecast for gas prices going forward for a number of years, it just doesn't seem like the price is going to be below McNeil's break-even point, except during the months of December, January, and February, and this year, it wasn't even economical to run McNeil during parts of December.

Mr. Persampier stated that the General Manager has said we can't just look at whether there's a profit and loss for a given year because operation of McNeil and operation at 100 percent renewable allows us to save some costs on some other programs, including the standard offer program and the Renewable Energy Standard Tier 2. It's my position that those programs would provide climate benefits, and a lot of these programs are small scale renewable programs. Mr. Persampier thinks that we put way too much emphasis on maintaining 100 percent renewability, and that not all renewable sources of electricity are created equal. Some of these sources generate greenhouse gases, and others are extremely low greenhouse gas generating. Mr. Persampier thanked the Commission for the opportunity to speak at this meeting.

Ms. Ashley Adams stated that she is a Burlington resident and attended the Vermont Public Utility Commission (PUC) public comment session last night for BED's IRP. She realizes that there was no representation from Burlington Electric Department last night and feels it would have been beneficial for the department to hear public comments. Ms. Adams stated she would like to send the Commission the transcript of that meeting after tonight's meeting. Ms. Adams stated that BED attorney Mr. Bill Ellis was very inappropriate and almost was badgering the public and brought to the PUC's attention that Ms. Adams is the spouse of one of the interveners, which has no bearing on anything.

Ms. Adams stated that she was born in Vermont in 1971, the changes she has seen in this state due to climate change are astonishing, and she grieves those changes for her son. She grieves those changes for anyone growing up in this altered world and, as a captive rate payer, doesn't want to move from Burlington. We know the science behind burning our forests, and we know that upwards of 400,000 tons of CO2 are pumped into the atmosphere every year because of McNeil. We know that 300,000 or 400,000 tons of trees are removed from the forest thanks to McNeil, and we know there is no plan to shut it down and that is unacceptable to her. She stated that she intends to continue spreading the science on the burning of biomass and feels it's really important that this

Commission becomes informed not only about the science behind the burning of our forests, but also about the lack of planning on the part of BED. The fact that her rates are funding our demise is unacceptable to her. She will share with the Commission the transcript from last night.

Mr. Gish stated that he attended the last Commission meeting and wanted to follow up on some of the things discussed last month. Also, Mr. Gish stated that he attended the PUC's public comment session last night on BED's IRP and was pretty frustrated with the department's attorney, Mr. Bill Ellis. Mr. Gish stated that Mr. Ellis' behavior was unprofessional, and that at first it wasn't clear who Mr. Ellis was representing -- whether he was working for the PUC or enforcing the rules of this proceeding. Mr. Ellis also was making claims about rules that may or may not have been true, and accusing individuals of dominating the informational session before the actual hearing when it was actually Mr. Ellis who was dominating the session and making it overall harder for public participation. So that was frustrating, it didn't feel necessary, and I wanted to bring this to the Commissioners' attention.

Mr. Gish wanted to follow up on a couple of things raised at the last meeting and responded to by the General Manager regarding residues and the notion that McNeil is different from other wood burning plants because McNeil's uses residues. Mr. Springer referred to two things, the Integrated Natural Resources Report (INRS) from last summer and the appendix to the purchase wood agreements for whole tree chips. Mr. Gish stated that in the INRS report, the reasoning for claiming that McNeil is burning these residues has no direct data to support that claim. The report says that the growing stock of hardwoods and pines like common trees in Vermont produces a certain number of residues when they're harvested for other purposes, and McNeil harvests use less than that proportion of the total wood harvested, so conceivably McNeil could be getting all its wood from these residues, but there's nothing directly connecting those two things. There's no data collected at any of the harvest sites or anything to show that is happening. Mr. Gish stated that he has visited almost a dozen sites to see what has been harvested for McNeil and you see a lot of these residues or at least the kinds of residues that we want to imagine being burned, like limbs and tops and you see a lot of them on the forest floor. Because logging 101 is if you leave behind what will prevent soil erosion and there are many other places these residues could be going -- -, they could be going to firewood, they could be left in the forest but they're definitely not all going to McNeil. Therefore, McNeil is burning just limbs and tops. I also want to bring you back to the definition of residues as defined in the purchase wood agreement. They are defined as residues of tops and limbs, damaged or diseased trees, and otherwise non-commercial wood. The core of the definition is just wood that doesn't have a more profitable market economically at that time. Mr. Gish stated that it's not any kind of physical definition that might inform the carbon intensity of the fuel or any characteristic that we might be concerned with, it's a definition based on the value judgment of economics.

Mr. Gish stated that it's hard for him to hear and not be skeptical about claims that the carbon profile of McNeil is somehow fundamentally different. The idea of residues as there's nothing directly showing that this is a different kind of wood, there would be serious concerns even if taking that amount of wood, even if it were all tiny sticks from the forest, and I don't think there's any

conceivable way that's really happening.,

4. Commissioners' Corner

There were no Commissioner comments at this time.

5. GM Update

Mr. Springer stated that we are tentatively planning to announce the latest Net Zero Energy Roadmap update data on either March 19 or March 21, along with information on our updated 2024 incentives and several new programs. We are hopeful that Synapse is going to have a report to us in the next several days, and thereafter, and we will release that information publicly.

The Legislature is back in session, and the Renewable Energy Standard (RES) bill is pending in the House. Mr. Springer testified this morning via Zoom to the Energy and Natural Resources Committee about Act 44. We've had some discussion with the Department of Public Service (DPS), where they've wanted to reduce the budget that's available for the efficiency utilities to put resources into emission reduction programs. This affects our heat pump and EV incentives, our geothermal test well program, and multifamily charging programs. These programs all get resources in part from Act 44 and through the efficiency utility and in part from Tier 3 through the general utility. Mr. Springer stated that we are supportive of an effort in the Committee to clarify that the authorized levels for BED that were set in the legislation can be utilized fully. The DPS is taking the view that perhaps there should be a reduction, initially as much as 42 percent over a three-year period, but now that the first year was locked in, they're looking at a 10 to 20 percent reduction, of which we are not supportive. We want to bring as much of that resource as we can to those initiatives. We'll be tracking that effort, as well as the Renewal Energy Standard legislation that might be happening and will continue to be engaged on those items.

BED Low-Income Rate/Energy Assistance Program still is pending at the PUC. The good news is that none of our rate income qualified customers is losing access to the program because the pilot officially has reached its conclusion. We've gotten the authority to extend our customers' participation while the DPS gets additional questions answered in that docket. We are hopeful to move it forward as quickly as possible because some of the changes that the Commission and the City Council authorized would help us auto enroll a number of customers, and potentially expand the participation immediately from 200 customers to approximately 600 to 800 customers. So, we're missing that opportunity while it's pending, but we're hopeful to get it moving in the near future.

BED held a meeting with property owners of buildings in the 25,000-49,999 square foot category in conjunction with District 2030/Green Building Council and other City Departments, to learn about their work on energy efficiency, electrification, and decarbonization. This will help inform our work in the policy space going forward.

Mr. Springer stated that the Charter Change for Line of Credit item was approved by voters, and we will seek to advance it in the Legislature this session for consideration and approval.

6. FY24 January Financials

Ms. Stebbins-Wheelock presented the January 2024 financial results.

The Department's net income for the month of January was \$616K compared to a budgeted net income of \$99K, which is \$516K better than budget.

Sales to customers were worse than budget by \$10K or 0.21 percent. Other revenues primarily EEU, were less than budget by \$73K. REC revenue was favorable to budget by \$1,205M for the month.

Net power supply expense was unfavorable to budget by \$663K in January. Fuel expense was favorable to budget by \$92K, primarily due to McNeil production being 13 percent less than budget in January. Transmission expense was favorable by \$12K. Purchased power expense was \$647K worse than budget.

Other operating and maintenance expenses were unfavorable to budget by \$33K. Other income was unfavorable to budget by \$29K.

For FY24 to date, net income was \$2.9M compared to a budgeted net income of \$501K or \$2.4M better than budget.

Capital spending for January YTD was \$3.7M or 34 percent of the budget for the fiscal year.

Operating cash at the end of January was just over \$9.9M compared to a budget of \$8.7M.

The debt service coverage ratio is 5.04, the adjusted debt service coverage ratio is 1.61, and the days cash on hand is 122.

7. Miscellaneous Service Fees

Ms. Stebbins-Wheelock reviewed the proposed Maintenance Service Fees with the Commission.

At the request of the Commission, the department researched the overlap of customers enrolled in the Energy Assistance Program with customers charged return check/reconnection fees and found none.

We also inquired with TD Bank regarding the returned check fee under Vermont Law and they were unaware of this law. Their legal department is investigating, but for now they are not charging us the fee.

We have proposed a new definition/description of “power problem investigation-customer responsibility” instead of “customer assistance call.”

We have updated our labor estimates for power program investigation.

We developed new fees for on-site disconnect/reconnect assistance, to include single meter with and without lineworker assistance and multi-meter with and without lineworker assistance.

Ms. Stebbins-Wheelock stated that, from the initial service to temporary service, there are no changes to what was reviewed and discussed last month.

For the Returned Check fee, we are asking the Commission to approve two sets of fees. Returned check with bank fee of \$28 and returned check with no bank fee of \$18.

Meter removal/replace for siding has been changed to just Meter Removal/Replacement. The description of this fee will state “Charged for removal and replacement of up to two meters during business hours” at a service location. We have eliminated “for the purpose of installing siding materials on a building.”

For Customer Assistance Calls, we are proposing the fee increase from \$28 to \$132. The proposed description of this fee will state, “Charged whenever a customer asks BED personnel to visit the customer’s location to investigate a problem with the customer’s power and the problem is determined to be the customer’s responsibility. BED will not perform work on equipment that is the customer’s responsibility during a power problem investigation.”

For Customer Assistance Calls after hours, we are proposing the fee increase from \$195 to \$483. The description of this fee will state, “Charged whenever a customer asks BED personnel to visit the customer’s service location outside of business hours to investigate a problem with the customer’s power and the problem is determined to be the customer’s responsibility. BED will not perform work on equipment that is the customer’s responsibility during a power problem investigation.”

For Initial Service fee – Returning Customer, we are proposing a fee reduction from \$30 to \$6. The description of this fee will state, “Charged to returning customers, including standing orders, whenever the electric service is put in that customer’s name at a service location.”

For Initial Service fee – New Customer, we are proposing a fee reduction from \$30 to \$15. The description of this fee will state, “Charged to a customer new to BED’s service territory whenever the electric service is put in that customer’s name at a service location.”

For Initial Service fee – after hours, we are proposing a fee reduction from \$195 to \$72. The description of this fee will state, “Charged whenever BED personnel are called in to work outside of business hours to respond to a customer request for initial service.

For Reconnection fee, we are proposing fee an increase from \$20 to \$26. The description of this fee will state, "Charged to restore service remotely to a customer whose service has been disconnected; this fee will be charged instead of the initial service fee when reconnection accompanies a request for service."

For Reconnection fee – after hours, we are proposing a fee decrease from \$195 to \$93. The description of this fee will state, "Charged to restore service remotely outside of business hours to a customer whose service has been disconnection; this feel will be charged instead of the initial service fee when reconnection accompanies a request for service."

Commissioner Moody asked if other utilities have similar fee structures. Ms. Stebbins-Wheelock stated that at the January meeting a fee comparison of utilities was presented. Vermont Electric Coop has a number of levels of fees for disconnection and reconnection with the highest fee stating line crew visits are required, but we haven't done a deep comparison of other utility fees.

Commissioner Moody stated that he has a couple of concerns: one being whether we are we in line with fees charged by other utilities; and another being, since the Commission is just seeing these changes for the first time, to ensure that the public has the opportunity for engagement and comment on the proposed new fees.

Commissioner Chagnon stated that the department might get a little pushback from contractors on some of these fees, but overall feels these fees are justified and definitely need updating. Commissioner Chagnon feels that, since some of these fees are increasing quite a bit, we need to ensure that Dispatch is efficient with how they are dispatching crews. Some of these fee changes are significant, and it would be helpful to get this information out to the public and the contractors because ultimately the contractor will be applying these increases to the customer.

Mr. Springer stated that, if this fee structure is approved this evening, it then will need to be approved by the Board of Finance and the City Council and then will need to be filed with the PUC. This approval process will leave plenty of time to engage with the contracting community to inform them of the new rate structure. We also will ask that Mr. Munir Kasti and Mr. Paul Nadeau, along with Bill Ward at the City's permitting office, share the information with contractors.

Commissioner Chagnon agreed with Mr. Springer that we have plenty of time for engagement, and that he is comfortable voting to move this fee structure forward.

At this time, Commissioner Whitaker made a motion to recommend that the Board of Finance and City Council authorize BED to submit the proposed changes to the miscellaneous service fee tariff to the Vermont Public Utility Commission for approval; the motion was seconded by Commissioner Bonn and approved by all Commission present.

8. Commissioners' Check-In

Commissioner Whitaker asked Mr. Springer if he would like to clarify some of the public comment that we received about wood residue. Commissioner Whitaker stated that it is her understanding that BED manages the forests with the foresters and that there's a lot of thought involved with how much wood we take and would like some clarification regarding what residue is taken.

Mr. Springer stated that the report that Mr. Gish referenced talks about forest residues and the estimated piece of our supply that comes from forest residues, sawmill residues, the waste wood yard, and low value round wood.

In the study, low value round wood was half a percent of our fuel supply in a given year and includes whole trees that are stored on site like a large log for fuel security.

We have had extensive public engagement on this issue for over a year because of district energy, and one of the things we did in hearing these concerns was update the appendix to our wood contract. We were already saying previously that there is no economic value for somebody to plant a harvest for the purpose of supplying McNeil. We neither pay anywhere near the amount per ton that you would need to make that economically valuable, nor is that consistent with our different standards or any of the desire that we have. We know we are a secondary market for higher value operations that are taking place and, in some cases, because of our sustainability standards that apply if you're selling wood to McNeil, a higher value harvest that might not be subject to any sort of site management requirements is subject to it now, even though we're the secondary market. If you want to sell to us, and in that case we can put some additional scrutiny on the practices, make sure they're done well. All of that said, we updated the appendix to make clear that, if you are cutting wood, we will monitor, manage, and purchase wood; we do not cut wood. These are independent operations. If you're cutting wood to supply McNeil exclusively, we're not interested in that type of operation, and will not accept wood from it. We will not accept cuts that are for energy production, as the carbon value is not favorable relative to using residues.


Mr. Springer stated that it's a very dynamic and complex calculation to look at the true carbon footprint of a resource like McNeil. BED makes it clear that we will take the tops and limbs, the diseased and damaged trees, and the low value wood left over from a commercial harvest. We are not taking the higher value wood that's going to timber, construction, furniture, etc. This procedure is very well-cemented in our contract.

Also, the District Energy resolution that passed the City Council requires BED engage in a third-party study to further verify its wood-procurement procedures. BED plans to include funding for this work in our FY25 budget. In closing, Mr. Springer stated that we have the INRS study, which was the third-party study, we have our contract, and we have four foresters who do the work to verify the site and our harvest management plans. The INRS report shows that, in the land areas where we harvest, there actually has been a net carbon gain as opposed to a loss. In addition, we are going to have an additional third-party study conducted.

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

The meeting of the Burlington Electric Commission adjourned at 6:09 p.m.

Attest:



Laurie Lemieux, Board Clerk