

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

Wednesday, April 10, 2024

The regular meeting of the Burlington Electric Commission was convened at 5:05 pm on Wednesday, April 10, 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 Lara Bonn, Jim Chagnon, Scott Moody, and Andy Vota were present at 585 Pine Street. Commissioner Bethany Whitaker was absent.

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

Staff members present via Microsoft Teams included Paul Alexander, Erica Ferland, James Gibbons, and Amber Widmayer

Commissioner Moody began the meeting by welcoming Andy Vota as Burlington Electric Department's new Commissioner.

1. Agenda

There were no changes to the agenda.

2. March 13, 2024 Meeting Minutes

Commissioner Chagnon made a motion to approve the minutes of the March 13, 2024 Commission Meeting; the motion was seconded by Commissioner Bonn and approved by Commissioners Bonn, Chagnon, and Moody. Commissioner Vota abstained as he was not present for the meeting.

3. Public Forum

No one from the public was present for the meeting

4. Commissioners' Corner

There were no Commissioner comments at this time.

5. General Managers Update

Mr. Springer stated that Ms. Stebbins-Wheelock testified today in the House of Government Affairs and Military Committee on our bill H.881. This bill would authorize the change from the \$5M to the \$10M charter change for our line of credit. We have an RFP out related to the line of credit, which has both values and we are asking for responses on both the \$5M and \$10M, depending on whether that change gets enacted.

Bill H.289 (renewable energy standard update) passed the House and is now up for consideration in the Senate. S. 305 (which includes important Act 44/efficiency program updates) passed the Senate and is in House Environment & Energy Committee. We testified on 4/3 in support of S. 305.

Mr. Springer stated that BED is excited to have launched our 2024 updated customer rebates and programs, including the Switch and Save income-qualified water heater changeout program, our heat pump bill credit program, and new EV and EV charging and E-bike incentives. These include the new “superuser” incentives for drivers who put the most miles on their vehicles to switch to an EV.

Following implementation of the Carbon Fee Ordinance that was enacted in November, BED has continued to engage with commercial customers and existing buildings (including those not covered by the current ordinance in the 25,000-49,999 sq. ft category) to learn more about their current decarbonization efforts and challenges. As we follow-up from those conversations, we have heard interest from those customers in learning more about the opportunities with geothermal as well as heat pumps. To support additional discussion on those topics, we are partnering with Burlington 2030 District (an initiative of the Vermont Green Building Network) to host two zoom webinars. The first will be on geothermal heating and cooling on Thursday, April 11 from noon to 1pm. The presentation will feature geothermal specialist George Martin (President, LN Consulting), members of the BED Energy Services Team, and Holly Francis (Sustainability Coordinator at Champlain College, which uses geothermal currently) and this webinar is open to the public.

Mr. Springer reminded the Commission to check out the BED Net Zero Energy podcast hosted by Jennifer Green, with production from Adam Rabin. Mr. Springer asked the Commission to share on Front Porch Forum, social media and to invite people to listen, it's a great resource for the community.

Mr. Springer stated that he would like to share the PowerPoint presentation that will be given to the City Council at the April 15 meeting. Mr. Springer stated that we update our data every year with Synapse Energy Economics from Cambridge, MA which worked on the original Net Zero Energy Roadmap. The roadmap was issued in 2019 and in most cases we have used 2018 as the baseline year. What these slides will show is a comparison in terms of what's happening at the state and federal levels versus what's happening in Burlington. It's exciting to note that we are actually making a lot more progress in Burlington than what we are seeing at the state and national level.

The first graph shows the U.S. Motor Gasoline and Diesel CO2 Emissions which shows a 4.3% reduction from 2018 - 2022. The second graph shows Burlington's Gasoline and Diesel consumption which shows a 13% reductions from 2018-2023.

Mr. Springer stated that these next charts are weather normalized so they are an apples-to-apples comparison. In both cases, the Vermont chart is from the Energy Action Network from a forthcoming report what they have is for the entire State of Vermont, which we're talking about natural gas and we are talking about the northwest corner of the state that has natural gas service. We saw a 9% reduction in consumption of natural gas between 2018 and 2023 in the state of Vermont, not weather normalized. For Burlington, we have a 19% reduction over that same timeframe. The chart shows a pronounced dip between 2022 and 2023, we have been concerned about the rebound that had happened post-pandemic and last year that chart was trending in the wrong direction. We have seen this come down and in fact, 2023 was the second largest year reduction that we saw for our overall transportation and thermal greenhouse gas emissions, second only to the pandemic and natural gas use is at its lowest point since we've begun the tracking in 2018.

The final slide looks at the total picture, looking at the United States from 2018 to 2022 which shows residential and commercial direct use which includes thermal use from natural gas, from heating fuels, fuel oil, propane as well as motor gasoline and diesel. So it's the most analogous to what we track in Burlington for the Net Zero Roadmap.

The US emissions from those sources is down 3.3% between 2018 and 2022. There is a bigger emissions reduction for the country as a whole with energy related emissions, the country has seen the biggest benefit in the power sector, particularly as we switch from coal to natural gas and renewables, which have a lower overall footprint. According to the way they track this does not involve the power sector at all, this is just thermal and ground transportation 3.3% reduction in the US and an 18.2% reduction in Burlington.

Mr. Springer stated an 18.2% reduction in greenhouse gas emissions in those sectors we're tracking since we launched the roadmap, again not quite on the roadmap pace, but a really significant accomplishment which outpaces what we're seeing at the state and federal level and something that I think a number of cities would be incredibly pleased with as a result.

6. FY24 February Financials

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

The Department's net loss for the month of February was \$622K compared to a budgeted net income of \$1.2M, which is \$1.8M worse than budget.

Sales to customers were better than budget by \$10K or 0.22 percent. Other revenues were less than

budget by \$1.6M. REC revenue were received in previous month versus budget of \$1.7M for the month. EEU revenues were favorable to budget by \$86K for the month..

Net power supply expense was unfavorable to budget by \$480K in February. Fuel expense was favorable to budget by \$281K, primarily due to McNeil production being 29 percent less than budget in February. Transmission expense was favorable by \$101K. Purchased power expense was \$862K worse than budget.

Other operating and maintenance expenses were unfavorable to budget by \$42K. Other income was favorable to budget by \$237K.

For FY24 to date, net income was \$2.3M compared to a budgeted net income of \$1.7M or \$605K better than budget.

Capital spending for February YTD was \$4.1M or 37 percent of the budget for the fiscal year.

Operating cash at the end of February was just over \$9.2M compared to a budget of \$9.8M.

The debt service coverage ratio is 4.49, the adjusted debt service coverage ratio is 1.41, and the days cash on hand is 119.

7. Fiscal Year 2025 Draft Budget

Ms. Stebbins-Wheelock stated that typically we bring the budget to the Commission to recommend approval to the Board of Finance and City Council at the May meeting. What we present in April is a preview of where we are and how things are looking. The numbers presented this evening most likely will change before we bring you the final budget at the May Commission meeting but we feel we are close.

Ms. Stebbins-Wheelock reviewed the preliminary budget assumptions which include the following:

- 1.15% underlying sales revenue growth (0.18% growth in kWh) vs FY24 budget
- 5.5% project rate increase effective on bills rendered September 1
- REC revenues of \$8.026M; \$219K or 2.65% below FY24 budget
- Wood fuel cost of \$31.70/ton, \$1.80/ton less than FY24 budget
- Energy prices of \$52.16/MWh full-year average, \$72/\$93/\$84 for December – February
- 4% COLA per IBEW contract
- Strategic electrification rebates at 1.25x Tier 3 compliance requirement
- Continued capital investments using the proceeds of the 2022 Revenue Bond and potential issuance of new 2025 Revenue Bond
- \$577K VELCO equity investment
- Annual \$3M General Obligation Bond

Ms. Stebbins-Wheelock reviewed the FY25 preliminary budget pressures compared to FY24 indicating a decrease of \$219K in grants in capital and increases in expense items. These include fuel, purchase power energy prices, transmission, labor and overhead, maintenance contracts, Tier 3 compliance, PILOT/Taxes, and potential RB issuance costs.

Ms. Stebbins-Wheelock review the FY25 preliminary capital budget stating she would like to do more analysis on the capital budget and compare it to inflation because our capital budgets are so high, but yet, everything is more expensive.

Ms. Stebbins-Wheelock stated that as it stands right now, we are projecting a net operating loss of \$1.7M, which is not unusual and better than our FY 24 budget. Net income is approximately \$1.5M and ending cash on June 30, 2025 is projected at \$9.3M, approximately \$.5M higher than our FY24 budget projection.

Our credit rating metric would yield 89 days cash on hand. We need to do some work between now and May, and we are hoping when we bring the Commission the final budget we can improve that number. Debt Service Coverage ratio is projected at 4.50 and adjusted debt service coverage ratio of 1.10.

Ms. Stebbins-Wheelock reviewed BED's rate changes since 1980 along with a graph showing BED's requested rate change of 5.5% versus cost of service since 2021. The next graph showed the change in cost of BED electricity versus other goods and services since 2010. Also reviewed is the graph showing where BED residential rates are compared to the rest of New England and the graph showing the commercial and industrial rates compared to the rest of New England.

The next slide showed the effect on customer bills with the requested rate change. Then reviewed the Energy Assistance Program and the effect on low-to-moderate income residential customers showing an estimated bill impact of \$5.33/month on average. This program eligibility is 185% of the Federal Poverty Level and current participation in the Vermont State Fuel Assistance Program. As of April 9, 2024 234 customers have been approved for this program.

Mr. Springer stated that at this time we are waiting for approval at the PUC for changes to the program. When we are approved and we change from a pilot program to a permanent program. We have a feature in place that would auto enroll customers that we know are eligible and that should increase the number from 234 customers up to approximately 800 customers. We have a variety of mechanisms in place and we are doing great work reaching out to a variety of customers.

8. FY25 Street Light Plan

Mr. Nadeau showed a map of the city and stated that our scope is relatively small this year. A few things we factor in when making these decisions on street lighting is where are we already doing some electrical work so that we don't have to go back in and tear things up, customer complaints of unsafe streets, and if we have a lot of fixtures that are breaking down. Our first biggest project is the

Champlain Parkway which includes part of Lakeside Avenue in front of the Department of Public Works. Also, Pine Street from Lakeside Avenue up to Main Street will have new fixtures. We have a potential customer driven project on North Avenue which will go from Convent Square to just beyond Cambrian Rise. Also, at the intersection of Main Street and East Avenue we will be replacing our standard light fixtures with LED fixtures which will allow us to replace some lights that have failed on Main Street. We received a customer request from Deforest Road due to unsafe street for walking to work in the morning and saw this as an opportunity to enhance the lighting in that area. This will require bringing this area up to IES recommendations and installing new fixtures.

Commissioner Bonn stated that a few months ago we all agreed that we would do proactive community engagement to try and decrease the surprise on residents and asked what has or will be done. Mr. Nadeau stated that he has met with Mr. Kanarick to discuss reaching out to the residents on Deforest Road and noted that Deforest Road is the only residential area in the upcoming plan.

9. Heat Pump Bill Credit

Mr. Gibbons stated that our net zero energy plan has a goal of converting the heating and transportation sectors away from fossil fuel and that 95% of the heating in Burlington is fueled by natural gas. The problem we are encountering is right now natural gas is actually cheaper operationally than heat pumps which is particularly a struggle for someone who's challenged by their electric bill to accept.

We have done a pilot flexible load management program where load measurement and control devices were installed on heat pumps in 9-10 homes and participants gave us feedback on how it worked. We are going to use this information and the load control capability to mitigate peak costs, particularly transmission and capacity and perhaps to mitigate some energy costs as well. We will use those cost savings over the base cost of providing uncontrolled electricity to create a credit to customers to help offset the cost of using heat pumps.

Mr. Gibbons reviewed some of the motivating factors associated with the Heat Pump Bill Credit program which included:

- Supporting NZE by 2030 goal by accelerating thermal electrification and rewarding early adopters
- Making thermal electrification more cost-competitive with natural gas
- Pilot flexible load management devices and software prior to full-scale deployment
- Ultimately, help mitigate coincident peaks, reduce the cost to serve, and support affordable, renewable heating

Mr. Gibbons stated that we installed Emporia Vue and Sensibo devices in homes that had electric heat pumps. The Emporia Vue's allowed us to clamp electrical circuits and monitor electric loads giving us the consumption data. The Sensibo Airs are allowing us to send control signals to the handheld remotes that control the heat pump thermostat settings, and in general, it's a program

that allows us to preposition heating and cooling before an event. This means we are preheating or pre-cooling the space to allow it to ride through an event without actually drawing electricity during the time in question.

Mr. Gibbons showed a comparison of the energy component of the cost and transmission and capacity cost to serve the controlled loads.

Mr. Gibbons stated that what we wanted to do is look at how controlled heat pump loads and the energy cost to serve them compared to equivalent average around the clock energy prices. For energy prices we will either use the term "ATC," which is around the clock or we will use "base load" interchangeably when speaking about the same amount of energy delivered in every hour of the year.

Mr. Gibbons review the overall cost to service the controlled heat pump loads per MWH. Mr. Gibbons showed a slide showing a calculated fixed monthly credit for load control based on savings and average usage data from the test customers.

Mr. Gibbons stated that for residential customers:

- A fixed monthly \$5 bill credit per participant (regardless of how many heat pump units they have) is a conservative level to use for the proposed pilot rate period
- BED, with support from DOE GRIP grant, will provide participating customers with Sensibo and Emporia VUE devices to enable participation (BED selected for \$1.158 million grant to support residential end-use peak reduction and commercial load control programs <https://www.energy.gov/articles/biden-harris-administration-announces-35-billion-largest-ever-investment-americas-electric>)
- BED will send peak day/hours signals to adjust thermostat on heat pump during monthly/annual peak events, with goal of reducing usage during those times while also garnering larger data set on which to base future program design (after the pilot rate 18-month period)
- The goal will be to convert pilot to a per kWh bill credit (or end use rate) program after the 18-month pilot (assuming it is merited and assuming technology systems are in place to support such a program)

For commercial customers:

- Commercial demand response will also be part of the pilot program authorization. Commercial bill credit or rate program still TBD but will probably be based on the amount of load controlled.

Mr. Gibbons stated that we are asking the Commission to vote to authorize the General Manager to proceed with seeking approval for the proposed Heat Pump Bill Credit pilot.

Commissioner Bonn made a motion to authorize the General Manager to proceed with seeking Board of finance and City Council approval for, and filing with the PUC, a pilot rate/tariff program to provide a monthly bill credit for residential customers and/or a pilot rate to commercial customers installing BED approved measurement and control devices on electric heating systems; the motion was seconded by Commissioner Chagnon and approved by all Commissioner present.

10. Delegation for Non-Disclosure Agreement Power Supply

Mr. Gibbons stated that we are looking for the authority to enter non-disclosure agreements, particularly non-disclosure agreements related to commercial terms of possible power supply transactions.

Bill Ellis, our Council has advised that he believes that a non-disclosure agreement that is related to power supply transactions would follow the same approval process as the power supply transactions that it related to. This means the Commission has authority to enter up to five-year power supply arrangements without consulting the City Council and Board of Finance.

The Commission can then delegate that authority to the general manager if they so choose. In this case we are asking that the Commission delegate the authority to enteron-disclosure agreement related to resource contracts to the General Manager. This will allow BED to continue meaningful discussion so that we get the information to evaluate power contracts and bring proposals to the Commission for either approval if they're five years or less or for approval and advancing to the City Council if they're greater than five years.

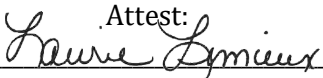
Commissioner Chagnon made a motion to delegate to the General Manager authorization to enter into Non-disclosure agreements with a term of up to five years, related to potential power supply transaction terms; the motion was seconded by Commissioner Vota and approved by all Commissioners present.

11. Commissioners' Check-In

Commissioner Chagnon asked if BED had any rebates for replacing older heat pumps. Mr. Springer stated that we do have a second heat pump rebate that is not at the full value of the first rebate and that information is on our website.

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

The meeting of the Burlington Electric Commission adjourned at 6:48 p.m.

Attest:


Laurie Lemieux, Board Clerk