



DRAFT

McNeil Station Joint Ownership Operating Committee Meeting Minutes

The meeting of the McNeil station Joint Ownership Operating Committee convened at 12:03 p.m. on Monday, March 11, 2024. Present; Darren Springer, BED, Munir Kasti, BED, Doug Smith, GMP, Ken Nolan, VPPSA, Paul Pikna, BED, Rodney Dollar, BED, Betsy Lesnikoski, BED, and Ying Liu, BED. On Teams, Emily Stebbins-Wheelock, BED, and James Gibbons, BED.

Others Present: Colleen Rouille, BED.

1. Agenda

There were no changes to the agenda.

2. Review of Joint Owner Operating Committee Meeting Minutes of November 6, 2023.

There were no changes to the minutes. M. Kasti, BED, moved a motion to approve the Joint Owner meeting minutes for November 6, 2023; the motion was seconded by D. Springer, BED, and approved by K. Nolan, VPPSA.

3. Public Forum

Peter Duval, Nick Persampieri and Greg Hancock were present from the public. Peter Duval spoke first and said that McNeil is burning wet wood, and we should come clean about it. He said McNeil is owned by other Vermont utilities and each of the McNeil Joint Owners have equal access to all information and have equal opportunity to influence decisions and an equal responsibility to make decisions that are in the public interest and the interest of ratepayers. McNeil Joint Owner representatives have a duty to timely and accurately inform McNeil Joint Owner utilities and their governing boards, and the public of problems at the plant and risks associated with its operation. Among those risks would be health, safety, environment but also the duty to accurately account for funds expended and received due to the ownership and operation of the McNeil plant. Annual operating data compiled since the beginning of plant operations in 1983, should be at everyone's fingertips. Internal and external and not just a handful of people. That information should include wood fuel source, tonnage by town or county, to proven sources outside the State of Vermont. Fossil fuel use, REC transactions and cash flows. Mr. Duval believes that for a long time McNeil has operated opaquely with the financial losses at the plant, obscured by Joint Ownership arrangement and by rhetoric about local fuel and forestry and nonsense about carbon neutrality. He expects that leaders of these organizations should perform their duties with integrity.

Nick Persampieri spoke next. He stated that he is a Burlington Electric rate payer. He spoke at the last meeting about greenhouse gas impacts of McNeil. He has reviewed Burlington Electric's integrated resource plan filing with the Public Utility Commission which lays out a twenty-year plan for how it plans to provide power to its customers. He was taken aback that not only does it call for McNeil to continue operating for the duration of the twenty-year period, but it doesn't evaluate alternatives. He believes that an alternative analysis needs to be done. To address climate change, he believes that McNeil needs to be closed sometime in the next twenty years. He believes a meaningful analysis should be done to look at what resources could be used in place of McNeil. He is also concerned about putting aside the greenhouse gas impacts of McNeil and the other environmental impacts. He is also concerned about the financial outlook for the plant. He noted that in the materials in the last meeting it was noted that McNeil had a 2023 calendar year to date net loss. He assumes that this net loss has continued to the present time. He said the plant ran less last year than it has in prior years. He understands that there is a break even point and he said that this year it was not economical to run even during the winter months. During the winter months McNeil ran a small percent of the time. He does not think that it does not look like it will be economic to run the plant moving forward. If you consider on top of the pure economics of the greenhouse gas emissions, it seems like some alternatives need to be looked at now. Greg Hancock, a Burlington Electric ratepayer, then said that he has been following things going on regarding McNeil and Burlington Electric. He said he was at this meeting to listen and learn. He is concerned about the financials for the operation of the plant. He has looked over the financial report that was audited by KPMG for the year ending June 30, 2023. He is seeing a tremendous loss due to the generation expenses associated with McNeil. He mentioned that REC sales are subsidies and should not be considered in a financial statement. He thinks RECS should be separated from operating revenue. As a result, from the wet wood last summer, there was a lack of supply during the peak period which caused expenses to rise. He does not know how much the rise in expenses has to do with the wet wood, but he is at the meeting to listen for answers. He is concerned at the request for rate increases for the ratepayers. In the IRB that was just posted, he is concerned about the reduced value of the REC's. He believes when the REC revenue goes away, it will be an issue. He wants to know what plans are in place to deal with this.

D. Springer, BED, responded by thanking them for being here and offering comment. He said that if there is a concern regarding analysis, the City Council district energy resolution has built into it several analyses that are supposed to look at the questions that were raised. There is a structure for looking at alternatives looking at ways to change in the future that is going to happen over the course of the next number of months. He said that if there is a concern about economics, there is an overall picture to look at that is not just woodchips. If you want to be renewable, there are economics that are challenging regardless of the resource. With wind power, for example, you do not always get great economics from this source. With solar and hydro, this is the same. They are all variable resources that have their pluses and minuses. Just like an investment portfolio, Burlington Electric tries to have a bit of each in their portfolio so the pluses and minuses can be shared. McNeil is unique because we can respond dynamically to the price environment with McNeil when prices are low in the region, and we can turn McNeil off. When prices are high McNeil can be turned on and run. This can't be done with our other variable resources such as solar, wind or hydro. That is a degree of local control over a global regional commodity market in terms of electricity that we do not have with any other resource. This is not something to look lightly at. When you are looking at the economics of a plant like McNeil, some years it is very positive and some years it is not. You also must consider the other benefits to Burlington customers in terms of transmission reductions in terms of other state procurement programs that would add millions in costs that we are not a part of because of our supply through McNeil. There are a lot of pluses and minuses to consider and D. Springer, BED asked that as you evaluate things you evaluate the holistic picture and not just one specific aspect because that is what Burlington Electric must do this.

4. Summary of Operating and Generating Reports for November and December 2023, January, and February 2024.

R. Dollar, BED, summarized the operating reports for the months of November, December 2023 and January and February 2024. In November 2023, McNeil produced 13786 net MWH for a capacity factor of 38.29 percent. The plant operated for 39.11% of the total hours in November. There was 1695 MCF gas burned in the McNeil boiler during the month of November. There was no oil burned during the month of November. This month at McNeil we completed some maintenance work while building our fuel supply. Projects completed were installation of the continuous emissions monitoring system, miscellaneous maintenance items throughout. There were some reductions and limitations that included an issue with the e-fan and generator breaker and the catalytic reduction blower. McNeil filled the Auxiliary Operator vacancy.

In the month of December 2023, McNeil produced 17864 net MWH for a capacity factor of 48.02 percent. The plant operated for 361.9 percent of the total hours in December. This month at McNeil, we completed some maintenance work while building our fuel supply. McNeil filled the Yard Worker and Station Operator vacancies.

In the month of January 2024, McNeil produced 29848 net MWH for a capacity factor of 80.24 percent. The plant operated for 81.25 percent of the total hours in January. This month at McNeil, we conducted environmental testing, commissioning of the new Continuous Emissions Monitoring System, reactive capability testing, and miscellaneous preventative maintenance. There was a reduction and limitation due to a issues with our CEMS system. McNeil filled two new Yard Worker vacancies.

In the month of February 2024, McNeil produced 22,834 net MWH for a capacity factor of 65.61 percent. The plant operated for 70.28 percent of the total hours in February. This month at McNeil, we conducted miscellaneous repairs, preventative maintenance, and routine improvements. McNeil had one outage to resolve some boiler tube leaks. There were also some R.A.T.A. tasting to meet requirements. We conducted joint training activities with other entities regarding system restoration.

5. Fuel Procurement Update.

B. Lesnikoski, BED, updated the Joint Owners saying that as of the end of last week, McNeil has approximately 44,000 tons of wood on hand. 39,000 tons at McNeil and 5,000 tons in Swanton. McNeil is currently offline due to economics. McNeil had enough wood to run through the winter and we have some inventory for when prices change. Because of the spring conditions, we are in a good place with our wood supply. We will see some deliveries if it is a cold morning, and the trucks can get on the road. We will still some sawmill residue, some tree service chips, and some people have some drier areas to harvest. There are some trains delivering chips to McNeil at the time to keep the yard full. The plant uses 1,600 tons per day when running. Age of the wood is being monitored but it not an issue currently.

6. Plant Status Operating and Maintenance Concerns.

P. Pikna, BED, updated the Joint Owners on the plant status saying that a lot of the focus right now is getting ready for the April outage. There was a significant fall outage, so the spring outage is not as intense. The two projects being done during this outage are turbine controls upgrade and transformer rectifier controls upgrade. Plant maintenance items will also be done. There have been some tube leaks recently and the staff is looking at the root cause of these with any action where we can rectify anything within our control. There are some spot repairs being done currently. We are also looking at operational water chemistry issues with the boiler.

7. Financial Review.

Y. Liu, BED, said that she would be reviewing the McNeil January 31, 2024, calendar year-to-date, total expenses, against the budget. The total McNeil expenses on the calendar year-to-date budget through January 31, 2024 was \$3,032,895. The year-to-date budget was underspent by \$373,512. There were favorable variances in all expense categories. The notable favorable variance is fuel expense which was underspent by \$324,933. Property insurance had an unfavorable variance of \$42,679. The unfavorable is caused by timing difference of recording insurance cost. The property insurance renewal happens in November, but we did not receive the invoice until January 2024. The expenses will continue to be monitored.

8. McNeil Operating Statement.

Y. Liu, BED, presented the McNeil operating statement with McNeil revenue and expense for fiscal year to date through January 31, 2024. Also included is the calendar year-to-date through January 31, 2024. In the January 31, 2024, fiscal year-to-date numbers, the total generation megawatt hours were \$117,350 compared to January 31, 2023, fiscal year-to-date total generation megawatt hours of \$146,803. The station generated (\$29,453) less megawatt hours in fiscal year 2024 compared to fiscal year 2023. In the January 31, 2024, fiscal year-to-date numbers, the total revenue was \$11,123,926 compared to \$17,674,027 in the January 31, 2023, fiscal year-to-date numbers. Revenue in fiscal year 2023 was down by (\$6,550,092). The total fuel expenses were \$8,771,738 in the January 31, 2023, fiscal year-to-date numbers compared to \$11,172,453 in the January 31, 2023, fiscal year-to-date number. The fuel expense was down by (\$2,400,7150). The total other expenses including depreciation were \$6,513,375 in the January 31, 2024, fiscal year-to-date number compared to \$6,263,316 in the January 31, 2023, fiscal year-to-date number. Higher maintenance expenses in the current fiscal are mainly driven by boiler plant expenses. The higher administrative and general expenses are driven by labor, overhead, insurance costs and workers compensation. The net loss in the January 31, 2024, fiscal year-to-date was (\$4,161,178) compared to a net income of \$238,258 in the January 31, 2023, fiscal year-to-date number. The net income decreased (\$4,399,436) in fiscal year 2024 compared to fiscal year 2023.

In the January 31, 2024, calendar year-to-date numbers, McNeil generated \$29,848 megawatt hours compared to \$30,034 megawatt hours in the January 31, 2023, calendar year-to-date number. The total revenue in the January 31, 2024, calendar year-to-date number was \$3,167,692 compared to \$1,712,875 in the January 31, 2023, calendar year-to-date number. The revenue was \$1,454,817 less in calendar year 2023. This is due to the recording of REC revenue. Burlington Electric recorded the REC revenue in January 2024.

D. Springer, BED commented that when we talk about REC revenue for McNeil if we were looking at a similar statement for a wind asset, a solar asset or a hydro asset, there would be REC revenue associated with that as well. It is not unique to McNeil. Also, when we look at a net loss in the fiscal year numbers, Burlington Electric has a half ownership of McNeil so the loss would be half of the net loss. Some of the state procurement programs alone that we avoid participating in because we are purchasing and getting energy from renewables like McNeil more than make up for that type of delta in the number of years not to mention transmission reductions that are not fully accounted for here. This is not a full accounting of the benefits to Burlington Electric but is a specific statement about McNeil in a certain period and does not account for some of its other benefits.

In the January 31, 2024, calendar year-to-date numbers, the total fuel expense was \$2,194,897 compared to \$2,419,046 calendar year-to-date January 31, 2023, number. In the January 31, 2024, calendar year-to-date numbers, the total other expenses were \$982,018 compared to \$917,860 in the January 31, 2023, calendar year-to-date number. The January 31, 2024, calendar year-to-date net loss was (\$9,222) compared to a net loss of (\$1,624,030) in the January 31, 2023, calendar year-to-date number.

9. BED – G.M. Update.

D. Springer, BED, updated the Joint Owners by saying that a new F150 lighting was purchased for McNeil. These have also been added to the fleet at Pine Street. Burlington Electric continues to look for opportunities to electrify our transportation and move away from fossil fuel conventional vehicles. Secondly, the City Council has a resolution around district heat issuing an RFI for a woodchip dryer or other efficiency measures. The deadline to do that was March first and we issued it back in mid-December, well ahead of schedule. We are receiving information from various potential interested parties and vendors which we are collecting and will be sharing this information with the Joint Owners to evaluate together.

10. Other Business.

There was no other business.

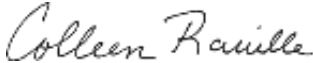
11. Schedule for Next Meeting.

The next Joint Owner meeting is scheduled at the McNeil farmhouse on Monday June 10, 2024, at noon.

12. Adjourn.

D. Springer, BED, moved a motion to adjourn the meeting at 12:43 p.m.
The motion was seconded by K. Nolan, VPPSA, and it was approved by D. Smith, GMP.

Respectfully Submitted,



Colleen Rouille
Business Coordinator Generation