



McNeil Station Joint Ownership Operating Committee Meeting Minutes

The meeting of the McNeil station Joint Ownership Operating Committee convened at 11:02 p.m. on Monday, March 14, 2022. Present on Teams; David MacDonnell, BED, Betsy Lesnikoski, BED, Paul Pikna, BED, Munir Kasti, BED, Ying Liu, BED, Darren Springer, BED, Rodney Dollar, BED, James Gibbons, BED, Emily Stebbins-Wheelock, BED, Emily Byrne, BED, Ken Nolan, VPPSA, and Chris Cole, GMP.

Others Present on Teams; Colleen Rouille, BED.

1. Agenda

There were no changes made to the agenda.

2. Review of Joint Owner Operating Committee Meeting Minutes of December 6, 2021.

There were no changes made to the minutes. D. Springer, BED, made a motion to approve the Joint Owner meeting minutes of December 6, 2021; K. Nolan, VPPSA, seconded the motion and it was approved by all Joint Owners present.

3. Public Forum

There was no one present from the public.

4. Summary of Operating and Generating Reports for December 2021 and January, and February 2022.

D. MacDonnell, BED, summarized the operating reports for the months of December 2021, January, and February 2022. In December 2021, McNeil produced 30,175 net MWH for a capacity factor of 81.1 percent. There were a few reductions and limitations during the month. There was a water wall tube leak, a well pump line failure, south reclaimer, and disc screen repairs. Michael Mercadante accepted the position of Yardworker on December 20, 2021. In the month of January 2022, McNeil produced 36,165 net MWH for a capacity factor of 97.2 percent. There were a few reductions or limitations for the month. These included an R.S.C.R. booster fan issue, disc screen, and I.D. fan tripped, a plugged reclaimer and poor fuel quality issue. This month had the second highest MWH production for a single month. The only month McNeil produced more was January of 2018 where the plant generated 36,968 MWH. Rodney Dollar accepted the position of Supervisor of Generation and will start on February 14, 2022. In February 2022, McNeil produced 33,325 MWH for a capacity factor of 100.7 percent. As of February 28th, the total MWH produced for calendar year 2022 is 69,990. There were no reductions or limitations. This month McNeil has its highest capacity factor for a single month. This is the first time we had a capacity factor over 100% in the history of the plant. Our previous highest capacity factor was 99.4 percent in January of 2018.

5. Fuel Procurement Update

B. Lesnikoski, BED, updated the Joint Owners saying that the McNeil plant has run a lot this winter and we have been able to keep up because of the wood supply we had in the yard going into the winter. Currently the wood supply is a little short, but the cold weather has helped with deliveries. There is some wet wood in the yard and the new wood will be mixed with the current wood once we get back online. There is enough wood in Swanton for five trains this week. After those deliveries, McNeil will get deliveries depending on the weather conditions. Roads are now posted so cold mornings are good conditions for harvesting. The sample railcars are here and being tested. The door openings work great. The cars do not have vibrators so there has been some trouble unloading them. We have them parked right now until they can be retrofitted with vibrators. We can't do that until we own them, so we are looking into purchasing them. We have a price for the new cars and a price for scrapping some of the old cars. The scrap price is around half the price of the new cars. There has been no commitment on the new railcars at this time. The big question right now is the price of diesel fuel as related to deliveries. There is some concern and questions from the suppliers debating what to do moving forward to keep delivering wood with the cost of fuel. There have been some various options proposed. McNeil is also looking at what other wood burning facilities are doing with fuel adjustments. This is on the team's mind as we move forward in uncertain times.

6. Financial Review

Y. Liu, BED, said that she would be reviewing the McNeil January 31, 2022, calendar year-to-date, after expenses, against the budget. The total McNeil expenses on the calendar year-to-date budget through January 31, 2022, was \$2,884,031. The year-to-date budget was underspent by \$155,793. There were favorable variances in all expense categories. Because there is only one month in the calendar year 2022, there are no notable items. We will continue to monitor the budget throughout calendar year 2022.

7. McNeil Operating Statement

Y. Liu, BED, presented the McNeil Operating Statement with McNeil revenue and expense for fiscal year to date through January 31, 2022. Also included is calendar year to date through January 31, 2022. In the January fiscal year to date 2022 numbers, the total generation megawatt was 167,343 compared to January 31, 2021, fiscal year 2021 total generation megawatt hours of 150,473. The station generated 16,870 more megawatt hours in fiscal year 2022 compared to fiscal year 2021. In the January fiscal year to date 2022 numbers, the total revenue was \$18,865,141 compared to \$10,815,341 in the January fiscal year 2021 number. REC revenue was not included. Revenue in fiscal year 2022 is up by \$8,049,800. This increase was driven by market energy revenue. The total fuel expenses were \$10,056,514 in fiscal year 2022 compared to \$9,048,203 in fiscal year 2021. The fuel expense increased by \$1,008,311 in fiscal year 2022. This was related to the increase in generation in the current fiscal year. The total other expenses including depreciation were \$5,732,980 in fiscal year 2022 compared to \$5,860,888 in fiscal year 2021. The higher maintenance expenses in fiscal year 2021 was related to the annual outage performed in September of 2022 and the turbine oil contamination in January 2021. The net income in fiscal year 2022 was \$3,075,648 compared to a net loss of \$4,093,750 in fiscal year 2021. The net income increased \$7,169,398 in fiscal year 2022 compared to fiscal year 2021. In the January 31, 2022, calendar year to date numbers, McNeil generated 36,165 megawatt hours compared to 22,312 megawatt hours in the January 31, 2021, calendar year number. The total revenue in the January 31, 2022, calendar year to date number was \$5,681,660 compared to \$1,285,119 in the January 31, 2021, numbers. The revenue was up \$4,396,541 in calendar year 2022. In the January 31, 2022, calendar year to date numbers, the total fuel expense was \$2,178,101 compared to \$1,364,777 in calendar year 2021. In the January 31, 2022, calendar year to date numbers, the total other expense was \$842,181 compared to \$908,429 in 2021. This was high because of the turbine oil contamination. The January 31, 2022, calendar year to date net income was \$2,661,379 compared to a net loss of (\$988,087) in calendar year 2021. The revenue was up by \$3,649,466 in calendar year 2022. McNeil's bottom line in both the fiscal year and the calendar year has improved significantly due to the market revenue. K. Nolan, VPPSA, asked if the REC revenue, that shows a zero in the calendar year, will show up in in another month? Y. Liu, BED, said it will show up in February. J. Gibbons, BED, said it is hard to get them in by January. K. Nolan, VPPSA, noted that we look good even before these numbers and will look even better when they are included. He also asked that with the pressure on fuel prices rising for wood, is McNeil envisioning any change in the operation of McNeil as we go into the spring and summer time? J. Gibbons, BED, said we will have to balance keeping the wood suppliers in business and positioning ourselves for next winter with the cost of wood. B. Lesnikoski, BED, added that when we look at fuel adjustments the proposal that is being looked at has an adjustment that goes up or down depending on prices on the Federal Energy website which published diesel prices weekly. As prices continue to rise, the price would be adjusted upward and when they drop it would go down. The issue will be monitored.

8. BED – G.M. Update

D. Springer, BED, began by recognizing the historic nature of the McNeil run this winter and the positive financial impacts it is having. He thanked and expressed appreciation to the entire team at McNeil for keeping the plant operating and making sure we had the fuel supply we needed to be able to run non-stop. D. Springer, BED, also mentioned the climate council at the state level is engaging on bio-mass issues via a joint sub-committee. Burlington Electric Department is keeping track of the discussion and have suggested that if they are going to reach out to experts for opinions, there are several people at the McNeil plant who could be of assistance with sustainable forestry and plant operations. It was also suggested that VELCO would be an important participant in those discussions because of regional renewables that can run in the winter at a steady rate. Burlington Electric Department is hopeful that those type of discussions happen with the expert opinions of our personnel and others who can help explain the facts. D. Springer, BED, said that District Energy wrap up conversations are happening for the phase three work of the project. The key potential participants in these conversations are U.V.M. and U.V.M. Medical Center. We are trying to reach a point where we have a customer side conceptual agreement. If Burlington Electric Department is able come to an agreement with the customers, we would try to finalize the draft agreements that have been shared with the Joint Owners. These agreements would need approvals from the city and eventually at the state level. Funding from Senator Leahy has been included on the appropriations bill in congress to become law. Burlington Electric Department is in the process of applying for competitive funding that would further supplement the District Energy system from the Department of Energy. This would help reduce some of the infrastructure costs and add some automation controls at the U.V.M. Medical Center so that the two systems can operate seamlessly together. This would potentially expand the reach of the District Energy infrastructure to more buildings at the Intervale Center which will provide some additional fossil fuel reductions there. That grant will be submitted this week and the outcome will not be known for a period of time. This will not affect the ongoing customer conversations but would be a bonus if it happened. D. Springer, BED, will keep the Joint Owners updated if progress has been made and will come back to try to finalize the draft agreements.

9. Plans Status, Operating/Maintenance Concerns

D. MacDonnell, BED, said that the oil prices and supply chain issues are a concern for the plant. The staff at McNeil has been directed to order consumables, replacement parts or inventory items ahead of time to ensure we have these on hand. McNeil needs to be available to run when called upon and the parts need to be in stock if there are issues. It has been seventeen months since the last overhaul, so this April overhaul is coming at the right time for maintenance and repairs of the plant. April 23rd through May 8th will be the first overhaul and the turbine overhaul is scheduled on June 1st through June 12th. The turbine overhaul is being done at a later date due to staffing issues with G.E. who services the turbine. P. Pikna, BED, then talked about the upcoming overhaul. McNeil will be doing some traditional projects that include ash conveyors, reclaimers rebuild, grate replacements, live bottom cracking in the hopper, stack inspection, and well reclaiming. There are some insurance driven projects that need to be done including a steam drum level gage upgrade, refractory insulation work, E.S.P. rebuild for emission requirements from the State of Vermont. The E.S.P. rebuild cost went up about \$100,000 from the last time it was done in September of 2020. Another insurance project is the current condenser testing to confirm the integrity of the tubes in the condenser and the generator air cooler. The main steam line nondestructive testing and the super heater valve inspection will also be done. P. Pikna said he is not sure of the degree of testing that can be done due to budget restraints, but minimally the process will be started with the testing requirements. I.S.O. has signed off on the dates for the turbine

overhaul in June. Most of this overhaul will be in house maintenance and turbine specific work. K. Nolan, VPPSA, asked if there was a concern about turbine parts being available. P. Pikna, BED, answered by saying that we have the parts in inventory, and these will be reordered when pulled out of inventory.

10. Other Business

There was no other business.

11. Schedule for Next Meeting

The next Joint Owner meeting is scheduled for Monday June 6, 2022, on Teams at 11:00 a.m.

12. Adjourn

D. Springer, BED, made a motion to adjourn the meeting at 11:35 a.m.; K. Nolan, VPPSA, seconded the motion.

Respectfully Submitted,

Colleen Rouille
Business Coordinator Generation