



McNeil Station Joint Ownership Operating Committee Meeting Minutes

The meeting of the McNeil station Joint Ownership Operating Committee convened at 11:04 p.m. on Tuesday September 14, 2021. Present on TEAMS; David MacDonnell, BED, Betsy Lesnikoski, BED, Paul Pikna, BED, Munir Kasti, BED, Ying Liu, BED, Darren Springer, BED, James Gibbons, BED, Ken Nolan, VPPSA, Doug Smith, GMP.

Others Present on TEAMS; Colleen Rouille, BED.

1. Agenda

There was a change made to the agenda. D. MacDonnell added agenda item number 9.A., Preparing for Winter Operations.

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

No changes were made to the minutes. K. Nolan, VPPSA, made a motion to approve the Joint Owner meeting minutes of June 8, 2021; the motion was seconded by D. Springer, BED, and 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 June, July, and August 2021.

D. MacDonnell, BED, summarized the operating reports for the month of June, July, and August 2021. In June 2021, McNeil had a capacity factor of 50.8 percent. There was a reduction and limitation to work on the turbine emergency oil pump. McNeil performed the summer maximum claim audit on June 5th, and we generated 52.078 MW for 2 hours. In July, McNeil had a capacity factor of 70.1 percent. There were a few reductions or limitations for the month. There was a boiler column steam leak, ash system problems, and a turbine steam leak. McNeil requested our annual overhaul from April 23, 2022, through May 8, 2022. This request was made to ISO and McNeil is waiting for confirmation. In August 2021, McNeil had a capacity factor of 77.4 percent. There were a few reductions and limitations during the month including a soot blower isolation valve failure and a circumstance external to the plant caused by a slow reacting breaker from GMP. The breaker caused the plant to trip off. After 16 years and 7 months of service to BED, 1st class A Mechanic Pat Gingras retired. McNeil posted two Yard-Worker positions and one was awarded to Rob Barrett who then went on to take the General Plant Worker position that became vacant. J. Gibbons asked if Green Mountain Power could look into the single point of failure at the breaker that tripped the plant off-line. D. Smith, GMP, said he would follow up with P. Pikna at BED after he gets more information on the topic. P. Pikna said he would pass along the findings. J. Gibbons would like to be kept aware of what was found. There were no external maintenance expenses caused by this failure at McNeil.

5. Fuel Procurement Update

B. Lesnikoski, BED, updated the Joint Owners saying that McNeil is working on building inventory for the winter months. The fiscal year began, and new 12-month contracts were signed with the regular suppliers. They all have an allocation for each month based on the budget figures from Power Planning. Since McNeil is anticipating a busy winter, and there is room in the yard, the suppliers are being told to bring wood if they have it. McNeil is reaching out currently to the spot market suppliers, that are usually brought in during the winter months, to see if they have any available wood for McNeil. They are being told the need will continue throughout the winter months because we are anticipating good production, and this will allow them to plan ahead. McNeil has had a good response so far, including Waitsfield who is going to be sending wood directly to Burlington. The grinding operator that we use is about to start a big job in Eden grinding VELCO mats which will produce wood for the Swanton wood yard. D. Smith asked what grinding VELCO mats entailed. B. Lesnikoski said that VELCO uses hard wood mats that are used to access the power lines with their equipment. After a season of being driven over, they wear out and are unusable. The mats get put into a central location in Eden and the metal, that is bolted together on the mats, is taken out. The wood is then grinded up and makes a product that is useable for McNeil once or twice per year. B Lesnikoski said there is a significant amount produced from the grinding of the mats. McNeil pays a reduced amount for this product compared to regular wood chips. The one other weather-related issue is that the upper part of Vermont is in a moderate drought to abnormally dry, and the bottom two thirds of the state are wet. The impact that is seen from that is reduced deliveries into Burlington and increased deliveries to Swanton. This helps the McNeil ratio because it allows us to have enough wood in Swanton to bring the wood by train to Burlington, especially in the fall.

6. Financial Review

Y. Liu, BED, said that she would be reviewing the McNeil July 31, 2021 calendar year to date expenses against the budget. The total McNeil year-to-date expenses on the calendar year to date budget through July 31, 2021, was \$14,901,220. The year-to-date budget was underspent by \$1,225,912. The favorable variance was mainly driven by generation expenses. The fuel expense had a favorable variance of \$833,989. The steam expense was underspent by \$221,542 and the miscellaneous steam expense was underspent by \$202,240. The boiler plant maintenance expense had a favorable variance of \$493,459 and the electric plant maintenance had an unfavorable variance of \$113,226. This variance was related to the turbine oil contamination. The total administrative and general expenses had a favorable variance of \$176,803. The loss on disposal of plant had an unfavorable variance of \$762,234. This was related to the retirement of the old economizer precipitators in February. The total budget, minus fuel, through July 31, 2021, was underspent by \$391,924. Y. Lui, BED, will continue to monitor the actual expenses against the budget for the remainder of calendar year 2021.

7. McNeil Operating Statement

Y. Liu, BED, presented the McNeil Operating Statement with McNeil revenue and expense for fiscal year to date through July 31, 2021. Also included is calendar year to date through July 31, 2021. In the July fiscal year to date 2022 numbers, the total generation megawatt was 26,094 compared to July 31, 2020, fiscal year 2021 total generation megawatt hours of 27,556. In the July fiscal year to date 2022 numbers, the total revenue was \$1,240,869 compared to \$930,501 in the July fiscal year 2021 number. REC revenue was not included. Revenue in fiscal year 2022 is up by \$310,368. The total fuel expenses were \$1,520,921 in fiscal year 2022 compared to \$1,663,157 in fiscal year 2021. Fuel expense decreased by \$142,236 in fiscal year 2021. The total other expenses including depreciation were \$764,109 in fiscal year 2022 compared to \$675,943 in fiscal year 2021. The net loss in fiscal year 2022 was \$1,044,161 compared to 1,408,599 in fiscal year 2021. In the July 31, 2021, calendar year to date numbers, McNeil generated 168,271 megawatt hours compared to 129,120 megawatt hours in the July 31, 2020, calendar year number. The total revenue in the July 31, 2021, calendar year to date numbers was \$12,999,633 compared to \$8,981,154 in the July 31, 2020, numbers. The revenue was up \$4,018,479 in calendar year 2021. In the July 31, 2021, calendar year to date numbers, the total fuel expense was \$9,128,866 compared to \$7,733,382 in calendar year 2020. The higher fuel expense was driven by the increase in production in the current year. In the July 31, 2021, calendar year to date numbers, the total other expense was \$6,695,736 compared to \$6,016,479 in 2020. The July 31, 2021, calendar year to date net loss was (\$2,824,969) compared to a net loss of (\$4,768,707) in calendar year 2020. The improved bottom line in calendar year 2021 was driven by the higher market energy revenue.

8. BED – G.M. Update

D. Springer, BED, began by telling the Joint Owners that they are aware of where we are with District Energy because of meetings being held on a regular basis. There has not been a weekly meeting in a couple of weeks because there is work being done off-line and the Joint Owners will be updated after that is completed in the next week or so. There have been a lot of changes happening at McNeil with retirements and job changes. That challenge is being managed and is something that the McNeil station will be dealing with over the next few years as we have more people retiring. Succession planning should make us more prepared with any changes in the future. D. MacDonnell said McNeil currently has four open positions and is having a hard time filling these jobs because of lack of applicants. The succession planning already in place, seems to be working. The McNeil Mechanic retired and is being replaced by the Generation Generalist that has been training with him the past three years. Moving forward, McNeil just posted another Generation Generalist position. There is also a Yardworker, an Auxiliary Operator, and an Electrician job open currently. McNeil just hired a Yardworker this past week with four applicants, with only one responding when asked to come in for an interview. The pool of applicants is poor at the current moment. One of the Yardworkers has accepted the vacant Station Operator position. A lot of people are moving within McNeil and even some to Pine Street. D. Springer then said the mayor has announced a vaccination policy. There will be a policy in place that requires a mask if you are not vaccinated and a weekly Covid test. The policy has been announced and has been discussed with the various unions in the city. There was an all-city employee call recently, with the mayor, to go over the policy and answer any questions. City employees have a very high vaccination rate. The issues with the policy were worked out and is now ready to be initiated. The policy will go into effect in October.

9. Plans Status, Operating/Maintenance Concerns

P. Pikna, BED, told the Joint Owners that at McNeil there were two capital projects done recently for insurance purposes. The first one was the emergency DC lube oil pump. This is a backup pump for turbine safety that had to be redesigned for a fail-safe condition. McNeil went to the OEM for this project, and it was put in service in June of 2021. The other high priority project from an insurance perspective is the backup feed to the boiler feed pump. McNeil was out of code on the boiler feed pumps because there was only one source of power per design. McNeil is installing a secondary source of power to each boiler feed pump. McNeil will be able to run off the GMP side of station service or the BED side of station service. The boiler feed pump repowering project is a significant project for McNeil. This project had a significant amount of new design work and Pine Street has been involved in the process. McNeil used BED resources to install the new transformers and the engineering department and electricians helped as well. McNeil has to run its emissions testing for its annual RATA for the CEMS in early October. The last piece of equipment that has not arrived yet to start commissioning of the project, will take two days for completion of the project. The commissioning may be done the second week of October. There is a Covid factor on the delivery of the transformer, but hopefully it will come in by the end of September.

9.A. Preparing for Winter Operations

J. Gibbons, BED shared his computer screen graphs to show that McNeil is looking at some very high winter prices. It would be the second highest winter in fifteen years. One graph showed a history of the McNeil payments per megawatt hour and the average LMP for megawatt hour. The graph also showed the current forecast for this winter coming up. J. Gibbons said that McNeil would be ready to run this winter. This is the type of event that McNeil has been preparing itself for with our winter positioning last year. The change in the price over time has increased a great amount and actually still climbing. This would equate to a seven-digit number at the BED fifty percent ownership. BED continues to integrate with the McNeil team and there are weekly update calls and communication. Some operations could be curtailed in October to make sure McNeil can run in the winter and the supply of wood is there. McNeil saw an improvement from pandemic times to a recovery status in our revenue. The prices this winter could be the reason why McNeil has real value in the market, and this will show in our financial statements that look great. B. Lesnikoski continued said that what we are trying to do in these fall months to prepare for running all winter is to build up a similar inventory from last year, so we go into winter full. Some things that have been to our advantage are the twelve-month contract with the wood suppliers so they can prepare for the volume needed. In the contracts this year, during the summer and shoulder months, McNeil is paying a straight price of \$27.50 per ton but in the winter months, the price will be \$29.00 dollars per ton to give the incentive to maximize the production to get more wood. The current budget shows the wood expense is under budget, but this allows room to pay a little more in the winter. D. MacDonnell then said that McNeil has a meeting every week with Resource Planning to go over current market factors. On the operation side of things, McNeil is making sure they have the consumables to run this winter. This includes antifreeze and polar power for the loaders. There is a staff meeting every Monday with all employees to bring up any issues or concerns. There were no reductions or limitations this past February and March and that is the goal for this year. Operations have been smooth in the past months and hopefully will continue through the winter. The capacity factor McNeil is aiming for in the winter months is full operations. If energy prices are as high as we expect, McNeil would run at 54 megawatts for ongoing operations for multi day/week runs. P. Pikna said McNeil water washed the RSCR in preparation for this winter.

Other Business

There was no other business.

10. Schedule for Next Meeting

The next Joint Owner meeting is scheduled for Monday December 6, 2021, on TEAMS at 11:00 a.m.

11. Adjourn

D. Springer, BED, made a motion to adjourn the meeting at 11:59 a.m.; the motion was seconded by K. Nolan, VPPSA, and approved by all Joint Owners present.

Respectfully Submitted,

Colleen Rouille
Business Coordinator, Generation