



DRAFT

McNeil Station Joint Ownership Operating Committee Meeting Minutes

The meeting of the McNeil station Joint Ownership Operating Committee convened at 12:02 p.m. on Monday, November 6, 2023. Present; Darren Springer, BED, Doug Smith, GMP, Paul Pikna, BED, Rodney Dollar, BED, Betsy Lesnikoski, BED, Ying Liu, BED, Amber Widmayer, BED, David Cressy, BED and James Gibbons, BED. On Teams, Emily Stebbins-Wheelock, BED, and Ken Nolan, VPPSA.

Others Present: Colleen Rouille, BED and members of the public Nick Persampieri, Pike Porter, Greg Hancock, and Jack Hanson.

1. Agenda

P. Pikna added an agenda item, Joint Owner approval for hydroponic row container in the farmhouse parking lot. This item was added after item 12 and before other business.

2. Review of Joint Owner Operating Committee Meeting Minutes of September 11, 2023.

There were no changes to the minutes. B. Lesnikoski, BED, made a motion to approve the Joint Owner meeting minutes for September 11, 2023; D. Springer, BED, moved the motion; D. Smith, GMP, seconded the motion and it was approved by all Joint Owners present.

3. Public Forum

There were members from the public present. Nick Persampieri began by saying that he believes there are a lot of members of the Burlington community that are opposed to the District Energy project. He is someone with extensive professional experience with climate issues since 2006. He believes that the McNeil plant should be shut down instead of investing 42M dollars in District Energy. He said that the Biden administration has set a goal of carbon free electricity by 2035. He believes that we should be trying to rid ourselves of all carbon free sources by then. He said the UVM Medical Center has asked for a twenty-year commitment which is far beyond the Biden timeframe. He said the science is clear that burning wood too generate electricity emits far more carbon dioxide per unit of energy produced than burning any fossil fuel including coal. Burlington Electric has put on its website several studies which claim 85 to 95 percent reductions in carbon dioxide emissions relative to natural gas. He says that each study they rely on does not count the carbon dioxide coming out of the McNeil stack. He says that Burlington Electric justifies that on the alleged grounds that burning wood is carbon neutral and that the trees reabsorb the carbon that is emitted and therefore ignore the carbon dioxide coming from the stack. He said the science is clear that it takes many years for forest regrowth to eliminate the carbon debt from burning wood. 74 years for trees and 102 years for round wood and 18 years for residues. He said that Burlington Electric claims that they run primarily residues, tops and limbs of trees. He believes that the industry is shipping whole trees that aren't a suitable grade to be turned into lumber. He also said that Burlington Electric also justifies going forward with the District Energy project on the grounds that overall, in the counties in which Burlington Electric harvest over time the forest has been gaining carbon sequestration capacity. He said that looking at the much larger area in the counties in which trees are harvested, he implies that Burlington Electric has no information about the actual properties on which the harvesting is being done. He also stated that due to out-of-control lobbying, forest covering the state was reduced to 20 percent by the end of the 19th century. He said that the state has been recovering from that ever since and you can't use that fact to justify burning trees for electricity. He believes that you can make the same argument for a burning coal plant. Finally, he pointed out that it appears that the project is losing money many years, that it is not economic and that it is kept afloat by the trading of renewable energy credits. Pike Porter then stated that he would ask the owners of McNeil to begin discussions about phasing down and retiring the plant given the climate crisis. On average he claims that McNeil produces 404,000 tons of CO₂ in addition to other greenhouse gases. He said McNeil is the single largest polluter of greenhouse gases in the state of Vermont. He believes all the utilities should start looking for other solutions. He said he does not know all the details, but he understands that the Northfield Mountain Pump Station does not have any long-term contracts and has not since Vermont Yankee shut down. He does not know why it would not be feasible to replace McNeil with something like Northfield. He would love to hear why it could or could not be used. He states the District Energy plan, while it is supposed to reduce greenhouse gases by 13,000 tons annually, he believes that it will increase CO₂ emissions by 677,008 tons annually based on the numbers that D. Springer and N. Lunderville provided on October 23, 2003. He stated that D. Springer said that the District Energy system will not increase wood usage. He said that a Vermont Gas study done in June of 2023 said that wood will increase by 8 percent. He would like to know how, if District Energy plan needs to use 8 percent more wood over the baseline, how McNeil would not use more wood. Will McNeil produce less electricity and how does the benefit the other two Joint Owners at McNeil. Greg Hancock then stated that he is also opposed to the expansion of the McNeil plant with District Energy. He believes strongly that McNeil needs to start working on a plan for decommissioning and not prolonging it another 20 years to meet one customer's terms and conditions for waste steam. He said there is a growing body of people in the city that are researching this and looking at all the details behind it and there is more activity at the state level as well to get behind this issue. It is his hope that this will enact changes that will take care of shutting down McNeil. He is very concerned about the plant and wants it to stop.

Jack Hanson, former City Councilor spoke and said that he was a supporter of District Heat while on the City Council but is now recently an opponent as he dove more into the issue. He encourages Burlington Electric to keep an open mind and listen to what people are saying. He believes that looking at the amount of money and resources to make this project happen, he wants to better direct those resources to achieve greater decarbonization and ultimately looking out 20 years later, we need to shift away from combustion and anything that emits CO₂. He believes we should be focusing on how we are going to phase the plant out and replace it with energy sources that have net zero emissions.

4. Summary of Operating and Generating Reports for September and October 2023.

R. Dollar, BED, summarized the operating reports for the months of September and October 2023. In September 2023, McNeil produced 3607 net MWH for a capacity factor of 10.02 percent. The plant operated for 10.66% of the total hours in September. There was no gas burned in the McNeil boiler during the month of September. There was approximately 3,200 gallons of oil that was burned during the month of September in the McNeil boiler. This month at McNeil we went into our fall outage to build wood supply for the coming winter months. During this time, we conducted some maintenance activities such as mapping the boiler, tube repairs, ash silo and conveying system repairs, and miscellaneous maintenance work. In the month of October 2023, McNeil produced zero net MWH for a capacity factor of zero percent. The plant operated for zero percent of the total hours in October. This month at McNeil, we completed some maintenance work while building our fuel supply. Projects completed were boiler mapping and tube repairs, auger replacement, PS battery replacement, ash silo pug mill and miscellaneous maintenance items throughout. McNeil filled the vacant Auxiliary Operator and Generation Generalist positions.

5. Fuel Procurement Update.

B. Lesnikoski, BED, updated the Joint Owners saying that because McNeil has been offline due to the fall outage, we have been able to build up the wood inventory. The total inventory currently is just over 66,000 tons. 53,000 tons are at McNeil and 13,000 tons are in Swanton. The wood is being moved from Swanton to McNeil with four trains per week on average. Things are slow in the woods due to the wet weather. McNeil is where we want to be with wood supply.

6. Plant Status Operating and Maintenance Concerns.

P. Pikna, BED, updated the Joint Owners on the plant status saying that he has no concerns with the plant currently. McNeil just came out of a significant fall outage where a lot of preventative maintenance has occurred in preparation for winter run. LFET, the second round of boiler mapping, was a success. There were only two things found and repaired which is an indication that the water chemistry is in good shape.

7. Financial Review.

Y. Liu, BED, said that she would be reviewing the McNeil September 30, 2023, calendar year-to-date, total expenses, against the budget. The total McNeil expenses on the calendar year-to-date budget through September 30, 2023, was \$19,266,374. The year-to-date budget was underspent by \$6,353,206. There were favorable variances in all expense categories. The notable favorable variance is fuel expense which was underspent by \$4,580,036. This is due to McNeil producing less because of economics and the fall outage. The expenses will continue to be monitored. There were favorable variances in all expense categories.

8. McNeil Operating Statement.

Y. Liu, BED, presented the McNeil operating statement with McNeil revenue and expense for fiscal year to date through September 30, 2023. Also included is the calendar year-to-date through September 30, 2023. In the September 30, 2023, fiscal year-to-date numbers, the total generation megawatt hours were 55,852 compared to September 30, 2022, fiscal year-to-date total generation megawatt hours of 60,275. The station generated (4,423) less megawatt hours in fiscal year 2023 compared to fiscal year 2022. In the September 30, 2023, fiscal year-to-date numbers, the total revenue was \$5,618,193 compared to \$9,024,963 in the September 30, 2022, fiscal year-to-date numbers. Revenue in fiscal year 2023 was down by (\$3,406,769) The total fuel expenses were \$4,080,224 in the September 30, 2023, fiscal year-to-date numbers compared to \$4,327,367 in the September 30, 2022, fiscal year-to-date number. The fuel expense was down by (\$247,144). The total other expenses including depreciation were \$2,631,661 in the September 30, 2024, fiscal year- to-date number compared to \$2,730,889 in the September 30, 2023, fiscal year- to-date number. The net loss in the September 30, 2023, fiscal year-to-date was (\$1,082,691) compared to a net income of \$1,966,705 in the September 30, 2022 fiscal year-to-date number. The net income decreased (\$3,060,396) in fiscal year 2023 compared to fiscal year 2022.

In the September 30, 2023, calendar year-to-date numbers, McNeil generated 153,148 megawatt hours compared to 172,487 megawatt hours in the September 30, 2022, calendar year-to-date number. The total revenue in the September 30, 2023, calendar year-to- date number was \$15,758,816 compared to \$27,103,779 in the September 30, 2022, year -to- date number. The revenue was (\$11,344,963) less in calendar year 2023. In the September 30, 2023, calendar year-to- date numbers, the total fuel expense was \$12,109,989 compared to \$11,588,826 calendar year- to-date September 30, 2022, number. In the September 30, 2023, calendar year-to-date numbers, the total other expenses were \$8,368,132 compared to \$8,860,292 in the September 30, 2022, calendar year-to-date number. The September 30, 2023, calendar year-to- date net loss was (\$4,719,306) compared to a net income of \$6,654,661 in the September 30, 2022, calendar year-to-date number.

9. Approval of the Calendar Year 2024 Budget.

B. Lesnikoski asked if there were any questions on the CY2024 budget. She stated that there is a summary memo that said the budget is down from last year by approximately 3M dollars much of that due to a decrease in the price of wood. K. Nolan, VPPSA, asked how confident we are in the wood prices that were in the budget. B. Lesnikoski said that we have a table that changes with the diesel fuel prices and is more accurate and we have incentives on top of the budget price. She thinks it will be higher at first but even out throughout the year.

B. Lesnikoski, BED made a motion to approve the calendar year 2024, budget; D. Springer, BED, moved the motion; K. Nolan, VPPSA, seconded the motion and it was approved by all Joint Owners present.

10. Fuel Oil Transfer to McNeil.

J. Gibbons, BED, stated that there was a fuel transfer between the Burlington Electric gas turbine and the McNeil plant. The gas turbine is being converted to biodiesel. There have been several tests runs that have been successful with the new fuel. The fuel that is not being used can be used for the loaders at McNeil. The gas turbine oil was moved to McNeil and was treated as a purchase by McNeil instead of having oil delivered. The prevailing market price at the time of the transfer was used.

11. BED – G.M. Update.

D. Springer, BED, wanted to thank the Joint Owners for their work on the Solar test center which is now operational. K. Nolan, VPPSA joined us for the event along with Senator Bernie Sanders. McNeil has a great partnership with the University of Vermont. Several professors and students are going to be doing research using 9 different types of panels including bifacial panels that generate on both sides. D. Springer, BED, hopes that the facility will become more useful over time compared to what it starts with. The collaborative work is appreciated. J. Gibbons, BED, said that Burlington Electric Department had asked the Joint Owners to approve the solar test center license agreement to use the property. The license agreement provides for the Joint Owners to receive the energy output of the center at no charge in return for the use of the space. In return, Burlington Electric Department was going to sign a contract for the purchase of the full output because it is connected to our grid. That payment becomes a value to the Joint Owners. J. Gibbons, BED, has finalized the contract with a price of ten cents per kilowatt hour which approximates the five-year market value. The contract would start retroactively to November 1st. Because there was a change in the price, J. Gibbons wanted to get an authorization from the Joint Owners for D. Springer, BED, to sign this contract on behalf of the Joint Owners. D. Smith, GMP had no concerns. K. Nolan, VPPSA, asked if the attorney reviewed the document. Anber Widmayer and the legal intern from the Vermont Law school drafted and reviewed it based on a prior contract. K. Nolan, VPPSA, had no issues with this.

12. District Energy Discussion and Vote.

D. Springer, BED, stated that we have talked at length about District Energy, and he wanted to note that the term sheets between Burlington Electric and the District Energy non-profit as well as Burlington Electric Departments proposed incentives are public documents that have been posted online since the work session at the City Council on October 23, 2023. D. Springer, BED, welcomed discussion and questions and noted that anything related to Burlington Electric Departments customers privacy, contracts or operating terms that implicate market actions with McNeil would be done in executive session. K. Nolan, VPPSA said that in reading through the term sheet, there are several provisions in the document that seem to commit the Joint Owners even though the term sheet itself is structured between Burlington Electric Department and the District Energy system. K. Nolan, VPPSA questioned whether the Joint Owners need to sign the document or not the way it is written. Burlington Electric Department, the way it is structured right now is committing making land available for this project when in fact it is Joint owner property. D. Springer, BED, said there are aspects of the term sheet that bare on the joint property such as using the property for connection points and placing the electric boiler and connecting that. He said the term sheet is a Burlington Electric focused term sheet with aspects bearing on the Joint Owners. D. Springer, BED, said they would be glad to structure the term sheet in a way that makes sense to the Joint owners. K. Nolan, VPPSA, would like the document to be changed and J. Gibbons, BED, said he would do this with approval of the Joint Owners. D. Smith, GMP, asked what the vote is asking for today. D. Springer, BED, answered by saying that the vote would authorize Burlington Electric Department to move forward with the term sheets, with the changes that were discussed, and advancing the term sheets to the City Council process. These term sheets, with commercial terms, would eventually be turned into binding contracts, possible changes, after all approvals needed.

B. Lesnikoski, BED, made a motion to approve the District Energy package; D. Smith, GMP, moved the motion; K. Nolan, VPPSA, seconded the motion and it was approved by all Joint Owners present.

12A. Approval for a temporary Hydroponic Container (added to agenda by P. Pikna)

B. Lesnikoski, BED, asked the Joint Owners for approval for a temporary hydroponic grow container that new Americans growing greens for the community wants to put behind the farmhouse on a parcel that is jointly owned and is set up in an easement for a parking space. They will connect into our power, but all utilities would be at their cost. This project was brought to us by CEDO at the city. Burlington Electric would support this and are looking for a one year with an option to extend with all costs covered by the entity that is using the space. P. Pikna, BED, stated that he is asking for permission from the Joint Owners to have the container on the farmhouse lot and within the Joint Owner designated right of way for parking. K. Nolan asked if an agreement be drafted. Both Joint Owners would like something in writing with the option to not renew if needed. K. Nolan had a slight concern that the city is using McNeil as an option that may not be feasible in the future if there are other projects presented. D. Springer, BED, said he did not know of any other projects, but the Joint Owners would always ask for approval if something was presented to them. An agreement will be drafted and distributed for approval.

13. Other Business.

There was no other business.

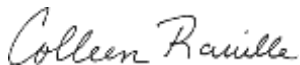
14. Schedule for Next Meeting.

The next Joint Owner meeting is scheduled at the McNeil farmhouse on Monday March 11, 2024, at noon.

15. Adjourn.

B. Lesnikoski, BED, made a motion to adjourn the meeting at 12:57 p.m.
D. Springer, BED, moved the motion; D. Smith, GMP seconded the motion.

Respectfully Submitted,



Colleen Rouille
Business Coordinator Generation