



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 Monday, November 28, 2022. Present; Munir Kasti, BED, Betsy Lesnikoski, BED, Paul Pikna, BED, Ying Liu, BED, Darren Springer, BED, Rodney Dollar, BED, Erin Cushing, BED, Emily Stebbins-Wheelock, BED, Shawn Enterline, VPPSA, and Doug Smith, GMP.

Others Present, Colleen Rouille, BED.

1. Agenda

There were no changes made to the agenda.

2. Review of Joint Owner Operating Committee Meeting Minutes of September 19, 2022.

There were no changes made to the minutes. D. Springer, BED, made a motion to approve the Joint Owner meeting minutes of September 19, 2022; D. Smith, GMP, 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 September, and October.

R. Dollar, BED, summarized the operating reports for the months of September and October 2022. In September 2022, McNeil produced 1238 net MWH for a capacity factor of 3.44 percent. There was a reduction and limitation during the month. A boiler tube leak happened, and the plant did not run due to economic reserve. This month at McNeil, the Yardworker position was filled and the fall outage dates of October 8th to October 28th were approved. In the month of October 2022, McNeil produced zero net MWH for a capacity factor of zero percent. McNeil had its fall outage and worked on the rebuild of the west grate, the rebuild of the live bottom, a new control fluid pump and resolved issues with T1 transformer.

5. Fuel Procurement Update

B. Lesnikoski, BED, updated the Joint Owners saying that the McNeil plant was down most of September and all of October and that allowed the plant to grow the wood inventory at both sites. Before McNeil came online in November, the inventory was 81,706 tons. This time period of not running set the plant up to be at their capacity for wood. Because of this, McNeil has reduced the number of trains coming to the plant in November and that allowed Swanton to get to capacity as well. McNeil is in an advantageous position with wood inventory going into this winter. If McNeil brings in 7,500 tons on average of wood per week, we will make it through until the end of March. McNeil is collaborating with suppliers and letting them know that we are still looking for wood even though the yards look full to keep what we use coming in. McNeil picked up some new suppliers in Vermont because of issues in Ryegate and Stored Solar. The December price for Diesel fuel was below \$6.00, then it spiked up and is now back to around the \$6.00 range. McNeil is still offering an incentive to be competitive with the other markets. The inventory today after running for two- and one-half weeks is 70,750 tons.

6. Financial Review

Y. Liu, BED, said that she would be reviewing the McNeil September 30, 2022, calendar year-to-date, total expenses, against the budget. The total McNeil expenses on the calendar year-to-date budget through September 30, 2022, was \$19,223,384. The year-to-date budget was underspent by \$2,581,349. The notable favorable variance was in the fuel expense category which was underspent by \$1,637,877 because McNeil did not run for economic and maintenance reasons in September and October. Also, as of September 30th, there has been no gain or loss of disposition of the plant leaving a favorable variance of \$400,001. There has been no plant equipment that has been retired as of the end of September causing no cost to the joint owners.

7. McNeil Operating Statement

Y. Liu, BED, presented the McNeil operating statement with McNeil revenue and expense for fiscal year to date through September 30, 2022. Also included is the calendar year-to-date through September 30, 2022. In the September fiscal year-to-date 2022 numbers, the total generation megawatt hours were 60,275 compared to September 30, 2021, fiscal year-to-date 2021 total generation megawatt hours of 66,476. The station generated 6,198 less megawatt hours in fiscal year 2022 compared to fiscal year 2021. In the September fiscal year-to-date 2022 numbers, the total revenue was \$9,024,968 compared to \$6,890,756 in the September fiscal year-to-date 2021 number. Revenue in fiscal year 2022 is up by \$2,134,206. The total fuel expenses were \$4,327,367 in the September fiscal year-to-date 2022 compared to \$3,976,220 in the September fiscal year-to-date 2021. The total other expenses including depreciation were \$2,730,890 in the September fiscal year-to-date 2022 number compared to \$2,566,334 in the September fiscal year-to-date 2021 number. The net income in fiscal year-to-date 2022 was \$1,966,705 compared to a net income of \$348,202 in fiscal year-to-date 2021. The net income increased \$1,618,503 in fiscal year 2022 compared to fiscal year

2021. In the September 30, 2022, calendar year-to-date numbers, McNeil generated 172,487 megawatt hours compared to 208,650 megawatt hours in the September 30, 2021, calendar year-to-date number. The total revenue in the September 30, 2022, calendar year-to-date number was \$27,103,779 compared to \$18,467,916 in the September 30, 2021, year-to-date number. The revenue is up \$8,635,863 in calendar year 2022. In the September 30, 2022, calendar year-to-date numbers, the total fuel expense was \$11,588,826 compared to \$11,584,165 calendar year-to-date 2021. In the September 30, 2022, calendar year-to-date numbers, the total other expenses were \$8,860,292 compared to \$8,490,843 in the September 30, 2021, calendar year-to-date number. The operation expenses were up by \$587,058 in the calendar year 2022 due to the rising cost of labor and materials and steam expense. The maintenance expense was up by \$646,302 in calendar year 2022 due to boiler plant maintenance. These two variances were offset by a zero charge in the disposal of plant equipment category. The September 30, 2022, calendar year-to-date net income was \$6,654,661 compared to a net loss of (\$1,607,093) in calendar year-to-date 2021. The net income was up by \$8,261,753 in calendar year 2022.

8. Approval of the Calendar Year 2023 Budget

M. Kasti, BED, presented the calendar year 2023 budget to the Joint Owners with a memo addressed to them. M. Kasti said the Calendar year 2023 expense budget is \$33,887 as compared to \$28,531,557 in calendar year 2022. This expense budget increase of \$5,355,544 is due to the increase in the fuel budget of \$4,745,128 as well as inflation of labor and material costs. The capital budget for calendar year 2023 is \$2,845,556 compared to calendar year 2022 at 2,061,391. The difference is \$784,165 more in the calendar year 2023 budget. The main reason for this increase is two capital projects, one being a front-end loader and the other is turbine controls upgrade. Additionally, rising costs of materials and labor contributed to this increase. E. Stebbins-Wheelock, BED, pointed out that the budget has an added feature with operating revenue projection that has not been in past budgets. She said that the calendar year net income projection is \$8,287,065. M. Kasti, BED, called for a vote on the motion to approve the 2023 calendar year budget: S. Enterline, VPPSA, seconded the motion and it was approved by all Joint Owners present.

9. BED – G.M. Update

D. Springer, BED, provided an update on District Energy saying that there have been further conversations and that he is hopeful that the project will be moved to permitting in the near future. Some work needs to be done on the financial agreements between the Joint Owners and the District Energy system. The schedule would include state permitting in the near future. There have been productive conversations with the Agency of Natural Resources, and we have the 501C3 non-profit entity that will be managing the project on behalf of Evergreen. They would be the applicant for the permit and not the Joint Owners but would be engaged in supporting the effort. The Joint Owners will be updated when needed. D. Springer, BED, also mentioned that this winter, with the potential of historic high prices, trying to operate above 50 megawatts with a slightly more aggressive price would be the plan looking at the day ahead or real time, whichever works best for McNeil. With the prices so high, we want to add more output when we can with the guidance of the BED planning team for additional revenue.

10. Plans Status, Operating/Maintenance Concerns

P. Pikna, BED, began by saying that nothing has changed with the supply chain and contractor labor support issue. Lead time for labor support is not what it used to be. As an example, McNeil had an issue that needed to be addressed before the long winter run and the biggest concern was that the contractor labor could not support us and needed to be put off for a period of time due to lack of support. The LMP's this week are not exceedingly high, and because McNeil wants to be ready for the winter, doing this project right now would benefit us. After waiting for the contractor, the project will happen this week because the contractor had some time on Tuesday and Wednesday. The grate and live bottom projects that happened in this fall outage went very well. That work was planned for next April and will no longer need to be done during that outage. With a mild November, McNeil still made a profit. The hope is that this winter will be a normal Vermont winter and that will help with the income expected. The spring outage has been scheduled but it may change due to many employees having young kids and it being during school vacation. ISO New England will be contacted to see if this change can be made since it has not been approved yet. On another note, tours have picked up at McNeil. We have had school tours and professional tours. There have been several tours from different countries. D. Springer, BED, added that BED continues to follow the biomass task group discussion that is happening around Vermont.

11. Other Business

There was no other business.

12. Schedule for Next Meeting

The next Joint Owner meeting is scheduled at the McNeil farmhouse on Monday March 13, 2023, at noon.

13. Adjourn

M. Kasti, BED, made a motion to adjourn the meeting at 11:55 a.m.
S. Enterline, VPPSA, seconded the motion.

Respectfully Submitted,

Colleen Rouille
Business Coordinator Generation