



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 Tuesday September 15, 2020. Present on TEAMS: David MacDonnell, BED, Betsy Lesnikoski, BED, Paul Pikna, BED, Munir Kasti, BED, Ying Liu, BED, Andrea McNeil, BED, Darren Springer, BED, Emily Stebbins – Wheelock, BED, James Gibbons, BED, Crystal Currier, VPPSA, Douglas Smith, GMP.

Others Present on TEAMS: Colleen Rouille, BED.

1. Agenda

An agenda item was added by James Gibbins, BED. Solar Test Center and Purchase Power Agreement was added as agenda item number 8.5.

2. Review of Joint Owner Operating Committee Meeting Minutes of June 16, 2020

D. Smith, GMP mad a few changes to the minutes to correct two wording errors in item number eight of James Gibbons, BED, presentation. D. Smith, GMP, made a motion to approve the Joint Owner committee meeting minutes of June 16, 2020; the motion was seconded by D. MacDonnell, 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 2020.

D. MacDonnell, BED, summarized the operating reports for the month of June, July, and August 2020. In June 2020, McNeil had a capacity factor of 55.9 percent. There was one major reduction during the month which was caused by a mud drum blow down line steam leak. At the end of June, the plant lost a control rod on one of the turbine control valves. This limited the plant to 45 MWH for June through August. The repair has been made during the September overhaul to put the plant back to producing the average 50 MWH. McNeil performed the summer maximum claim audit on June 12, 2020 and generated 52.867 MWH for 2 hours. In July, McNeil had a capacity factor of 74.1 percent. There were a few reductions and limitations during the month. There was an east grate failure and an economizer tube leak. In August 2020, McNeil had a capacity factor of 53.7 percent. Again, there were a few reductions and limitations for the month. There was an east grate failure, a storm that tripped the plant offline, and economizer tube leak, and a penthouse tube leak. McNeil conducted its annual safety training during August in preparation of the upcoming overhaul which started September 1, 2020.

5. Fuel Procurement Update

B. Lesnikoski, BED, updated the Joint Owners telling them that this has been a hot and dry summer which has been beneficial for the loggers and the amount of deliveries that have been made. There has been a limited low-grade market, which have also helped with wood supply. McNeil is entering the fall with the wood yards full. Because we are not using any wood in September, the yard will be full at both sites which sets McNeil up in a great position to go into the winter months when it is usually hard to get wood. B Lesnikoski, BED, is a little concerned that people will want to start sending in wood in October and there will be no room in the yards. With the new contracts everyone has a base tonnage for each month and in September McNeil has accepted only limited deliveries to cover that base requirement. McNeil has some suppliers that will be spending the next three weeks without any deliveries. This will cause them to want to send wood the first of October and there will be no room. There will have to be a plan to manage incoming wood once the plant gets back online until some wood has been used. The contracts have been positive for most suppliers because of the steady volumes and known quantities. There have been some administrative details that have been complicated, but this is being worked on and will be tweaked in the contracts next year. At the commission meeting on September 14, 2020, the railroad contract amendment was approved for the next five years without any changes to the details. The timeframe was extended to a five-year contract.

6. Financial Review

Y. Liu, BED, said that the total operating expenses on the calendar year to date budget through June 30, 2020 was \$10,618.56. This was \$4,101,249 below budget. The area that was notably underspent was the fuel expense by \$3,871.16. The variance was due to wood usage being under budget for the first six months, especially in April due to Covid-19. Other notable underspent areas were electric expense by \$105,489 and boiler plant maintenance expense by \$276,324. The total budget, minus fuel, through June 30, 2020 was underspent by \$230,087. Y. Lui, BED, will continue to monitor the actual expenses against the budget for the remainder of calendar year 2020.

7. McNeil Operating Statement

Y. Liu, BED, presented the McNeil Operating Statement with McNeil revenue and expense for fiscal year to date through June 30, 2020. Also included is calendar year to date through June 30, 2020. In the June fiscal year to date 2020 numbers, the total revenue was \$17,582,894 in fiscal year 2020 compared to \$23,044,909 in June fiscal year 2019. Revenue in fiscal year 2020 is down by (\$5,462,015). The total fuel expenses were \$14,090,574 in fiscal year 2020 compared to \$12,895,040 in fiscal year 2019. Fuel expense increased by \$1,200,000 in fiscal year 2020. The increase was mainly due to the increase in production and not due to prices. The total other expenses including depreciation was \$9,980,281 in fiscal year 2020 compared to \$12,195,336 in fiscal year 2019. The higher expense in fiscal year 2019 is related to expenses for the major overhaul incurred in 2019. The total major overhaul expense was about \$2,300,000. The net loss before interest expense including depreciation was (\$6,487,961) in fiscal year 2020 compared to a net loss of (\$2,045,467) in fiscal year 2019. The net loss in fiscal year 2020 was due to decreased revenue. In the June calendar year to date 2020 numbers, the total revenue was \$8,050,653 in calendar year 2020 compared to \$9,735,104 in calendar year 2019 with a decreased revenue of (\$1,684,450) in calendar 2020. The total fuel expenses were \$6,070,226 in calendar 2020 compared to \$5,394,883 in 2019 and the total other expenses including depreciation were \$5,344,288 in calendar year 2020 compared to \$7,630,618 in calendar year 2019. The higher expenses in calendar year 2019 were related to the major overhaul expenses. The net loss before interest expense including depreciation in calendar year 2020 was (\$3,363,861). This is compared to a net loss of (\$3,290,397) in the calendar year 2019.

8. BED – G.M. Update (Darren S.)

D. Springer, BED, began by recognizing the team working on the Solar Research Center, in particular James Gibbons. This has been under discussion for a long time and is now becoming a concrete opportunity to keep some of the Solar Research Center assets that were previously located in Williston, VT to the McNeil station to create a great partnership with the University of Vermont. This will create great workforce training opportunities.

D. Springer, BED, said there has been a lot of focus on safety and public health compliance during the September overhaul at the McNeil plant. Bringing in external contractors, the McNeil team and the Center for Safety team at BED, have done a lot of work to make sure that the work can be done in a safe manner as possible recognizing that we are in unique circumstances with Covid-19. It is a tough time to have a major capital project like this during a pandemic with so many people involved. On another note, D. Springer moved on to the District Energy update. Burlington Electric continues with their phase two work with Evergreen and Vermont Gas System. The team will be engaging with the University Medical Center in the next month. There has been a lot of work going into the analysis of the route with engineering questions being looked at and the engagement with McNeil. Also being examined are the economics and the regulatory and ownership structure options that are available to Burlington Electric. D. Springer, BED, hopes and expects that over the next couple of months, this work will wrap up in phase two and that BED will be able to report back to the Joint Owners as well as the Mayor, the City Council and the public on a recommendation for advancing the project. This would include the terms of a financing structure, ownership structure, a regulatory structure, and an engineering analysis of what the system would look like. Pending that conversation, Burlington Electric would hope to advance the project to the next step. This would include permitting, pre-development work and a potential for construction work on the system itself. There will be more to report at the next Joint Owner meeting.

8.5 Solar Testing Center and Purchase Agreement

J. Gibbons, BED, shared a power point presentation on the Solar Research Center. In the presentation he showed where the center would be located in the far corner of the waste wood yard at the McNeil plant. This location is on higher ground. The original location happened to be an agroecological area and was too low for the project because of flood plane rules. The leading edge of the solar panels needs to be six feet over the hundred-year flood plain level. The first location, because of the ground level, would cause the panels to be too high in the air for easy work. The location that was chosen in the Waste Wood Yard is by the entrance to McNeil. This provides a perfect spot for entry into the area without accessing the McNeil entrance. Half of the area would be solar panels. The shape of the area accommodates three trees on the Intervale property that would not be taken down but is designed so the shade does not affect the panels. A new fence would be put in by BED but would not be charged to the Joint Owners. The leaf bin would possibly be moved to another section of the waste wood yard if the Chittenden Solid Waste District decides to continue to support the waste wood yard. They did say they supported the test center. The Solar Test Center would be owned by University of Vermont. The equipment would be donated by Sandia D.O.E. and would be installed by UVM. Burlington Electric is asking the McNeil Joint Owners permission to license the site for the use of the center for the first five years at no charge. UVM would pay for interconnection costs, permitting and construction. BED, excluding the Joint Owners, would pay for the elimination of the four trees, replanting and additional fencing. BED would then purchase the energy and R.E.C.'s from the McNeil Joint Owners for five years at market prices. Those payments would become revenue to the Joint Owners to offset operating expenses. Currently that would be eight cents per KWH and is the five-year value for solar energy. UVM would pay the annual maintenance cost associated with the solar test equipment on the property. UVM will be talking to other parties who want to make use of the site about a use agreement, to be able to use the site in conjunction with UVM as long as it will not interfere with their research operations. The Joint Owners are being asked to allow the space to be available for the Solar Test Center and sell the power from the Solar Test Center to Burlington Electric Department for five years at eight cents per KWH. The five-year proposed power purchase agreement, we would have all the attributes, energy capacity R.E.C.'s, and transmission benefits. These are about 30 MWH initially while half of the panels are being installed, and when all the panels are installed it would be 60 MWH. It would be about \$2,400 dollars at gross cost at half load and \$4,800 gross cost at full load. J. Gibbons, BED, made a motion to move forward on the Solar Research Center; the motion was seconded by C. Currier, VPPSA, and approved by all Joint Owners present.

9. BED, Plant Status, Operating/Maintenance Concerns (Dave M.)

D. MacDonnell, BED, updated the Joint Owners saying that Covid-19 has been a concern at the plant but that they are taking all precautions that can be done at this time. The overhaul at the plant started September 1st and will end September 30th. There are many big projects going on including the east grate rebuild, precipitator, live bottom, and the economizer replacement. McNeil does not plan on doing another overhaul until April of 2022. There has been some transition with the labor force, including hiring a new Station Operator that is starting in October and interviews for a Yardworker position. In the first part of October McNeil will be doing their annual stack testing. An outside contractor comes in and verifies the stack monitors are reading correctly. When stack testing is completed, there will be some EPA testing to make sure McNeil is burning the fuel efficiently. It is called a maximum achievable control technology testing or M.A.C.T. testing in short. McNeil will be running a little bit in October for these tests.

P. Pikna, BED, gave a presentation on the total economizer replacement. He shared some photographs of the capital project. He showed the original economizer in the north side of the boiler powerhouse. The photograph showed a part of the original economizer and he explained that there are three bundles of 111 tubes. The contractors are prepping the economizer for disassembly in the one of the photos. They cut the casing walls to remove the sub blowers to get things out of the way to access the economizer. He then went on to show some materials that were used in the project. A picture of the crane was in the next photo to show the original economizer being taken out to be scrapped. The process was a was an impressive structural engineering job. The “S” beam was pre-bent offsite and brought to the plant to be installed with a unique process to do so. There are many points in the tubing that are welded, and the next photo showed this. The new economizer tubes that are going in have shiny parts that are welded together on each end to make it a complete unit. D. Smith, GMP, asked what flows through the economizer. D. MacDonnell, BED, answered that the temperature of the feed water going in is around 440 degrees. The economizer is using exhaust gas to preheat the water before it gets into the steam drum to make steam. It is a pre-heater. P. Pikna, BED, continued by showing new tubes going in and then new pendants getting rigged up and prepped to go into the same hole in the side of the building. The new economizer is almost completely installed with a new casing wall. McNeil also added inspection doors on the east and west of the economizer to take a look at the economizer without having to cut a hole in it or not being able to view it. P. Pikna, BED, also showed a picture of the grate rebuild. He showed the grate that was rebuilt which was on the east side and explained that it was a heavy labor-intensive job. Also shown was the E.S.P. rebuild A West. This is a ramp that has a plate and wire system where ash is collected for the fly ash. D. MacDonnell, BED, continued by saying that the plant has been extremely busy and that he is trying to keep everyone safe with Covid-19. There are meetings daily with the Burlington Electric staff, and with the contractors to make sure things are going as planned. There has been one slight injury related to the overhaul. The Covid-19 restrictions have not slowed things down dramatically, but names of contractors are being kept in case there is a problem to report to the State of Vermont Health Department. Everyone is being kept separate when possible and most are classified as essential employees and are well acquainted with the protocol.

10. Other Business

There was no other business.

11. Schedule for Next Meeting

The next Joint Owner meeting is scheduled for Monday December 7, 2020 on TEAMS at 1 p.m.

12. Adjourn

D. MacDonnell, BED, made a motion to adjourn the meeting at 1:10 pm; the motion was seconded by C. Currier, VPPSA, and approved by all Joint Owners present.