MINUTES OF REGULAR MEETING
BURLINGTON ELECTRIC COMMISSION

Wednesday, June 12, 2024

The regular meeting of the Burlington Electric Commission was convened at 5:01 pm on Wednesday, June 12, 2024 at Burlington Electric Department, 585 Pine Street, Burlington, Vermont and virtually through Microsoft Teams.

Channel 17 was present to record this meeting.

Commissioners Lara Bonn, Jim Chagnon, Scott Moody, and Andy Vota were present at 585 Pine Street. Commissioner Bethany Whitaker was absent.

Staff members present at 585 Pine Street included Laurie Lemieux, Katie Morris (Temporary Board Clerk), Paul Pikna, Darren Springer, and Emily Stebbins-Wheelock.

Staff members present via Microsoft Teams included Rodney Dollar, James Gibbons, and Amber Widmayer.

Commissioner Moody recognized Laurie Lemieux for her nine years of service as the Board Clerk for the Burlington Electric Commission meetings in light of her upcoming retirement.

Commissioner Moody recognized Commissioner Chagnon for his six years as a Burlington Electric Commissioner in light of his last meeting as a Commissioner.

Commissioner Moody thanked Laurie Lemieux and Commissioner Chagnon for their hard work and dedication to the Burlington Electric Commission and the City of Burlington.

1. Agenda

There were no changes to the agenda.

2. May 8, 2024 Meeting Minutes

Commissioner Chagnon made a motion to approve the minutes of the May 8, 2024 Commission Meeting; the motion was seconded by Commissioner Vota and approved by three commissioners present. Commissioner Bonn abstained.

3. Public Forum

Nick Persamperi was present from the public and stated he was very concerned about McNeil's greenhouse gas emissions and thinks they should be eliminated. He also wanted to address concerns with the financial outlook for McNeil regarding the fiscal year to date financial report in the meeting materials presented during the most recent McNeil Joint Owners meeting. Mr. Persamperi stated that he thought the plant's financial viability was heavily dependent on selling renewable energy certificates and it was announced that Connecticut, starting in August of this year, will only be paying for half as many RECs as they have in the past, which could decrease revenue from this source. Concurrently, the projections for future prices for ISO New England market power show prices are expected to be low for the next several years. McNeil does well when the market prices are high, typically during the winter months. Mr. Persamperi stated that it seemed for the next several years, it will only be economically profitable to run McNeill during the months of December, January, and February, but costs need to be paid for the whole year. For these reasons and because of the climate impacts, in his opinion BED should be examining ways to find a replacement source of power. Mr. Persamperi requested that the Commission ask BED to look into trying to get as much wind and solar sources as possible, recognizing that there may not be enough to provide power from 100% renewable resources. Mr. Persamperi thought it would be better from a greenhouse gas perspective to buy market power in such circumstances. Mr. Persamperi believed that zero carbon should be BED's goal instead of 100% renewable.

Pike Porter was present from the public and asked what the best method would be to communicate with the Commissioners if the public forum portion of the BED Commission Meeting is not a discussion format. Mr. Porter asked if McNeil is not running 40% of the time, what sources would be used instead. If it is gas, Mr. Porter wanted to know how the sources correlated with using power from 100% renewable resources. Mr. Porter believed that BED should purchase more power from the grid at cheaper prices and save the pollution of greenhouses gasses. Mr. Porter stated that he thought there were several thousand megawatts of clean power in the ISO New England pipeline, and estimated that it would take about four years to phase down the use of the McNeil plant. Mr. Porter believed that McNeil could be used at time of peak usage.

4. Commissioners' Corner

There were no Commissioner comments at this time.

5. General Manager's Update

Mr. Springer stated that there were several items brought to the City Council Board of Finance meeting on June 3rd, including important financial items. The line of credit, the miscellaneous fees, and the FY25 rate change were approved. The BED team is in the process of working to get the rate change filed with the PUC with the goal of having it appear as a surcharge on bills rendered in September 2024. There will be additional work on communications with the community about the rate change and continued opportunity to lower energy use, save money, or reduce carbon footprint through energy efficiency and electrification incentives.

Mr. Springer stated that the miscellaneous fees will next go to the PUC to be fully reviewed and only will go into effect if the PUC approves them.

Mr. Springer stated that four out of the five new pole-managed EV chargers have been installed; a link to the recent press release was included in the meeting packet. A new web page has been created that focuses on locations the community would like additional EV chargers. The opportunity from the revenue bond and grants that the BED team has been applying for is to continue to invest at a significant level in EV charging over the next several years. BED is interested to hear feedback on locations where they feel level 2 and level 3 chargers would be a good fit.

Mr. Springer stated that there will be an announcement around electric buses planned for next week, prior to the next Commission meeting.

Mr. Springer stated that there are several events that BED will be participating in listed in the meeting packet, one of which already happened: bringing an F-150 Lightning truck to the Big Truck Day at the Robins Nest and the Old North End. The City's Juneteenth celebration will take place the weekend of June 15th. BED will have a booth at the City Hall area to engage with customers and the public during Juneteenth. BED will be present at the Fletcher Free Library, the Lake Monsters, Summervale, and then the Net Zero Energy Festival.

Mr. Springer stated that BED has the opportunity to close out a grant originally through the Economic Development Administration to reduce some of the administrative burden of reporting. This would include keeping the funds and continuing to use them either as a revolving fund or for other purposes that are permitted and meet the criteria around energy efficiency and economic development support. BED needs a letter from the Commission supporting the application to close out the grant. Mr. Springer stated that there is a copy of the letter that can be shared with the Commissioners.

Mr. Springer thanked Commissioner Chagnon and Laurie Lemieux for their service.

Mr. Springer stated that Michelle Hobbs was appointed on June 10th as the new Commissioner. Commissioner Hobbs will be joining the Commission meetings starting July 10th, taking the seat being vacated by Commissioner Chagnon.

6. FY24 March Financials

Ms. Stebbins-Wheelock presented the April 2024 financial results.

The Department's net loss for the month of April was $736K compared to a budgeted net loss of $1.3M.

Sales to customers were $3.9K for the month of April, $164K better than budget. Other revenues were down $57K compared to budget. EEU revenues were $54K lower than budget for the month.

Net power supply expense was $3.0M in April, $250K higher than budget.

Other operating and maintenance expenses were $385K lower than budget. Other income was $333 better than budget.

For FY24 to date, net income was $1.6M compared to a budgeted net loss of $285K or $1.85M better than budget. The positive variance this month has improved the year to date position.

The year end forecast has remained fairly steady. The projected net income was $2.1M. ADSCR was trending at $1.2M for the year. The current cash position was 87 days cash on hand, which is less than what is desirable to end the year.

Mr. Springer stated that the 87 days cash on hand was reported at the $5 million line of credit and the intent is to execute on the $10 million line in June, which is the adjusted liquidity metric. That metric will change and the team will be looking into how to report it in the future to reflet the difference with the new line of credit.

Ms. Stebbins-Wheelock stated that the BED team has met with the bond council and the bank and the scheduled closing date is June 25th, putting the new line of credit in place before June 30th.

Capital spending for April YTD was $5.4M or 49% of the budget for the fiscal year.

Operating cash at the end of April was $7.4M compared to a budget of $7.8M.

The debt service coverage ratio is 4.34, the adjusted debt service coverage ratio is 1.35, and the days cash on hand at the end of April was 111.

7. Delegation for Power Supply Contracts 1 Year or Less

Commissioner Vota made a motion to delegate to the General Manager, or his delegee, the authority to enter energy transactions for a period of up to and including one year; the motion was seconded by Commissioner Chagnon and approved by all commissioners present.

8. Purchased Power Contracts

Commissioner Bonn moved to find that premature general public knowledge of power contracts would clearly place the Burlington Electric Department at a substantial disadvantage per Title 1, Section 313 (a)(1) of the Vermont statutes; the motion was seconded by Commissioner Vota and approved by all Commissioners present.

Commissioner Bonn moved that the Commission enter into executive session with the General Manager and CFO to discuss a power contract under the provisions of Title 1, Section 313 (a)(1)(A) of the Vermont Statutes; the motion was seconded by Commissioner Chagnon and approved by all Commissioners present.

The Commission entered into Executive Session at 5:40 pm.

Commissioner Vota moved to exit Executive Session at 6:27 p.m.; this motion was seconded by Commissioner Chagnon and approved by all Commissioners present.

9. Commissioners' Check-In

Commissioner Moody asked about the concept of buying power instead of using McNeil in response to the public comments during the public forum portion of the meeting.

Mr. Springer stated that when McNeil runs, it displaces fossil fuels, primarily natural gas, 92-98% of the time. When BED references that the utility is 100% renewable, it means BED is judged as 100% renewable on an annual basis. In any given part of the year, every utility in New England uses the ISO New England system essentially as a backup battery. There will be periods of time where BED is providing more energy to the system than is needed from generation. There will be periods of time where the utility is providing less and is pulling from the system.

Mr. Springer stated that the idea of BED intentionally taking McNeil offline and relying purposefully on the ISO New England market is a different method than what is currently done. The utility would no longer benefit from the number of exemptions that save our ratepayers money from being 100% renewable. BED would not receive the maximum value for electrification incentives because when customers receive an EV incentive, the maximum value is received due to being 100% renewable. If there is a portion of fossil fuel in BED power sources, the value of incentives will be degraded. There are a variety of factors to consider beyond climate.

Mr. Springer stated that if BED were to rely on the ISO market, the utility would be relying on fossil fuels and nuclear, which the Commission and the community have been opposed to. BED would also be exposed to any volatility in that market. With an asset such as McNeil, BED can control when it operates; it can run when prices are high and can be taken offline when prices are not advantageous. If BED were to rely on the market, ratepayers will be impacted when there are spikes in price. The BED and State of Vermont policy has been to avoid that type of market exposure and have longer term and stably priced contracts. There may be times when there is cheaper fossil fuel energy on the market, but BED is willing to forego market volatility in an effort to create more predictability and certainty for customers. McNeil and all renewable resources play a role in this effort.

Mr. Springer stated that analyzing McNeil as a profit and loss is not looking at it in the way that it is looked at by BED. BED analyzes all renewable resources in terms of the most beneficial being the cheapest renewable resources that have a mix of characteristics: different capacity values, different resource values, and producing at different times of the year to make up the 100% renewable portfolio. If its profitability is compared to natural gas, it is not an equation that is considered because BED is not in the market to buy fossil fuels. The reason BED is not in the market to buy fossil fuels is because of carbon.

Commissioner Vota asked if Mr. Springer could elaborate on the advantages to BED by being 100% renewable versus mostly renewable.

Mr. Springer stated that instead of relying on fossil fuels, on an annualized basis BED can run on resources that are renewable, such as solar, wind, hydro, and wood. These resources produce in different ways and at different times of the year, and create a reliable and reasonably cost effective portfolio while mitigating the impact on climate. BED's 100% renewable accomplishment was driven by environmental consciousness initially and the utility has tried very hard to do it in a cost effective way. It would potentially be cheaper to use some fossil fuels, however Vermont policy dictates that utilities consider the environmental impacts of the energy mix. The state law that requires each utility to be a certain percentage renewable currently is 75% by 2032, and there is a pending veto override vote next week to determine whether the State wants every utility in Vermont to be 100% renewable. The State is prioritizing new renewables, particularly when solar and Mr. Springer agreed that BED would like to have as much wind and solar as possible.

Mr. Gibbons stated that Moody's recognizes BED's renewable portfolio as an advantage in our financial ratings particularly as insulation against potential carbon costs. Absent being 100% renewable by October 31st of each year, BED would then be assigned State purchased renewable energy which is assigned to the utilities that didn't meet 100% renewability at the same point in time BED did because they were viewed as not having advanced renewable energy sufficiently. BED is currently exempted from that allocation.

Commissioner Chagnon made a motion to adjourn; the motion was seconded by Commissioner Bonn and approved by all commissioners present.

The meeting of the Burlington Electric Commission adjourned at 6:42 p.m.

Attest:

Elena Alexander, Board Clerk signing for
Katie Morris, Temporary Board Clerk

Katie Morris, Temporary Board Clerk