MINUTES OF REGULAR MEETING
BURLINGTON ELECTRIC COMMISSION

Wednesday, July 10, 2024, 5:00 pm

The regular meeting of the Burlington Electric Commission was convened at 5:00 pm on Wednesday, July 10, 2024, at Burlington Electric Department at 585 Pine Street, Burlington, Vermont and virtually through Microsoft Teams.

Channel 17 was present to record this meeting.

Commissioners Hobbs, Moody, Vota, and Whitaker were present in person.

Commissioner Bonn was present via Microsoft Teams.

Staff members present at 585 Pine Street included Paul Alexander, Katie Morris, Mike Kanarick, Munir Kasti, Darren Springer, Emily Stebbins- Wheelock, and Elena Alexander (Board Clerk, Temporary Board Clerk at start of meeting)

Staff members present via Microsoft Teams included Erica Ferland, James Gibbons, and Rodney Dollar.

1. Election of Officers

Temporary Board Clerk, Elena Alexander, called the meeting to order at 5:00 p.m. The first meeting of the new fiscal year is the Burlington Electric Commission's organizational meeting. The first order of business is to elect officers. The Temporary Board Clerk, Ms. Alexander, opened the floor for nominations for Chair of the Commission.

Commissioner Whitaker made a motion to nominate Commissioner Moody as Chair of the Burlington Electric Commission; the nomination was seconded by Commissioner Vota. Temporary Board Clerk Alexander asked if there were any other nominations. Hearing none, the Temporary Board Clerk Alexander asked the Commission to indicate support for Commissioner Moody by a show of hands. Of the 5 members present, 4 votes were cast in support of Commissioner Moody (Commissioner Moody abstained from voting. Commissioner Moody was elected Chair of the Commission. At this time, Temporary Board Clerk Alexander turned the meeting over to Chair Moody.

Commission Chair Moody opened the floor for nominations for Vice Chair of the Burlington Electric Commission. Commissioner Vota made a motion to nominate Commissioner Whitaker; the nomination was seconded by Commissioner Bonn. Commission Chair Moody asked if there were any other nominations. Hearing none, Commission Chair Moody asked the Commission to indicate support for Commissioner Whitaker by a show of hands. Of the 5 members present, 4 votes were cast in support of Commissioner Whitaker (Commissioner Whitaker abstained from voting)

Commissioner Whitaker was elected Vice Chair of the Commission.

Commissioner Whitaker nominated Elena Alexander as Board Clerk for the Burlington Electric Commission: the nomination was seconded by Commissioner Vota and approved by all Commissioners present.

2. Agenda

There were no changes to the agenda.

3. June 12, 2024, Meeting Minutes

Commissioner Vota made a motion to approve the minutes of the June 12, 2024, Commission Meeting; the motion was seconded by Commissioner Bonn and approved by Commissioners Moody, Bonn and Vota. Commissioners Hobbs and Whitaker abstained as they were not present at the June 12 meeting.

4. Public Forum

No one from the public was present at that time.

5. Commissioners' Corner

Commissioner Vota asked General Manager Springer about the variable rate for electric car charging outside of designated hours and losing the monthly rate. Mr. Springer confirmed that this issue has come up with the way BED structured the current EV charging rate. If users charge during off-peak hours only, they get the credit benefit, and it resets monthly. If users charge during any peak hours, customers are not penalized in that they still pay the residential rate, however, they do not get the benefit of the less expensive EV charging rate for that month.

Mr. Springer indicated that there have been instances with one charging company, where a draw registers as a charge even if it was not scheduled or set up that way. BED has been working with customers and that company to rectify this issue. If the charging happens when it is not supposed to, users should contact the charging company vendor, as well as the BED Customer Care team to make sure all equipment is functioning correctly.

BED's long-term vision is to implement a more dynamic function that would allow users to charge anytime they want, and still get the benefit of the credit. There would be dedicated hours of charging interruption, but users would have the option to override and charge during that time, but in that case, they would lose the EV rate benefit. This would allow users to charge for more hours with off-peak rates.

6. GM Update

Mr. Springer proposed that the Commission forgo the August 14, 2024, Burlington Electric Commission meeting, as typically there has not been an August meeting. All present members of the Commission agreed to cancel the August meeting.

Mr. Springer proposed that the Burlington Electric Commission hold a joint Special Meeting with the Transportation Energy Utilities Committee (TEUC) of the City Council on August 22, 2024, at 5:30. This meeting purpose would be to discuss the RFPs prescribed in the District Energy Resolution. Discussions would include the two drafted RFPs, one for a third-party study on forestry, and one on future opportunities to reduce the environmental footprint and increase innovation at McNeil Generating Station. All present members of the Commission agreed to the proposed meeting. The meeting will be held at 585 Pine Street, Burlington, Vermont. CCTV will be attending this meeting if available.

Mr. Springer shared information on the following:

BED is beginning to consider future bonding for the second tranche of the Net Zero Energy Revenue Bond, with hopes to bring an item to the Commission and City Council sometime in late summer or early fall to get on the November ballot. BED will try to ensure that the current revenue bond concluding in FY25 stretches for the duration of the current fiscal year to support projects. BED anticipates the additional revenue bond would be available for Net Zero Energy and grid-related upgrade projects for FY26 and beyond.

TEUC is looking at how to improve compliance around the Rental Weatherization Ordinance, building emissions, and reduction policies that could come into play. BED will be looking at TEUC to provide guidance on research areas, as well as utilizing the Building Electrification Institute to help with research.

BED was proud to join with the Mayor, Green Mountain Transit (GMT), Vermont Agency of Transportation, and Burlington High School City and Lake students in the unveiling of 5 new electric transit buses. Ten percent of GMT's fleet is now electric, with the opportunity to electrify more buses in the future. BED is supporting these with incentives, and they will charge on off-peak hours in Burlington. The buses will be running routes throughout Chittenden County and beyond.

This September, BED will be transitioning the processing fee to customers who choose to use a credit or debit card to pay their electric bill. This will change the current practice whereby all ratepayers absorb those fees. Fees are roughly $300k/year, up from $5K/year when they first started. BED will research to see if there are fees associated with payments made via ACH.

Third Annual Net Zero Energy Festival – Please save the date of September 21, 2024, 10am-2pm (rain date September 22) for the NZE Festival. We have several exciting new aspects to the event this year.

BED closed on the new $10 million Line of Credit (LOC) on June 25. This LOC has more favorable terms than last year's, which is a positive financial development and should help support our Moody's rating. Moody's typically does its rating review post-audit, but it can vary from year to year.

BED and other utilities joined a call with Senator Sanders about the Solar For All program, which was part of the Inflation Reduction Act. There is an opportunity to have subsidized solar built in Vermont. This will flow through the electric utilities and be made available to low-income customers. If BED can participate, we potentially could use our Energy Assistance Program as the vehicle through which these benefits would be provided. Vermont is getting significant resources, and a variety of partners, along with Senator Sanders who helped obtain the funding, are coordinating the effort. It is too early to tell how much funding BED will get, but it is expected that BED will get a pro rata share of whatever the benefit flow is from the subsidized solar. On a load basis BED would be 6% of the state. This program would be set up in a way similar to the Group Net Metering program. There are three categories; single family, multifamily, and rental property subsidized programs.

7. May FY24 Financials

Ms. Stebbins-Wheelock presented the May 2024 financial results. In May the Department had a net income of $2,000,000 compared to a budgeted net income of $1.47 million, just over half a million better than budget. The favorable variance was due primarily to a combination of higher sales to customers and favorable net power supply expenses offset by a shortfall in REC revenues compared to budget.

Sales to customers were $238,000 better than budget, with residential sales up modestly by $48,000 and commercial sales up $189,000 (but a substantial portion of that, $134,000, was due to a one-time billing adjustment).

Other revenues, mostly EEU revenues, were favorable to budget by $107,000.

As previously forecast, REC revenues in May were unfavorable to budget by $550,000.

Ms. Stebbins-Wheelock then reviewed operating expenses. Net power supply expense was favorable to budget by $700,000. Within net power supply expense, both fuel and purchased power expense were favorable to budget. McNeil was offline for the outage which caused a favorable fuel variance of $414,000. Purchased power was under budget, mostly due to lower wind production compared to budget. Other operating & maintenance expense had a small variance unfavorable variance of $73,000 against a $1.7 million budget for the month.

Non-operating income was favorable to budget by $78,000 due to higher interest income and customer contributions than budgeted, offset by some losses on disposition of plant.

For FY24 to-date, net income was $3.6M vs a budgeted net income of $1.2M ($2.4M better than budget).

Commissioner Whitaker asked if the Department has made up for all the prior losses at this point in the year because we were previously were showing a net loss, but are now showing a net income. Ms. Stebbins-Wheelock confirmed that REC revenues were $1.5 million below budget for the year due to the lower than budgeted wind resource production and lower than budgeted McNeil production.

Energy prices were lower this winter because the winter was relatively mild. BED was not running McNeil as much, however, causing the Department to save on fuel, while paying more than budget for energy through the ISO-NE Exchange, but since energy prices were low, the negative variance in ISO-Exchange energy expense was not severe. Net income has been tracking better than budget in FY24 for several months, although actuals for some months have been worse than budget and some months better than budget. There is a six-month delay between the renewable energy production under our contracts or owned resources and the RECs from that production being available for sale. Therefore, when the FY25 budget was done, the Department knew actual production through December 2023 and could budget for the first half of FY25, but did not know what the production would be for the first six months of 2024. Therefore, REC revenues for the last six months of FY25 may be off if we continue to see production lower than budget.

Commissioner Whitaker questioned why there would be rate increases if we finished the year $2.5 million in the black. Mr. Springer explained that we still needed one more month of data to get the correct numbers, but BED is expecting to finish the year with a positive net income in the seven-figure range. That "year-end cash" will roll into the "starting cash" for the new year, but there is a difference between net income and the unrestricted cash balance. Mr. Springer stated that the 5.5% rate increase built into the FY25 budget includes all expenses and operational aspects to ensure BED not only has sufficient net income but also will end the year with sufficient days cash on hand to maintain its Moody's metrics. Ms. Stebbins-Wheelock also stated that the adjusted debt service coverage ratio is also taken into account. Operating expenses should be in line with the operating revenues so that there is sufficient operating income to cover debt service. Ms. Whitaker expressed concern for Burlington residents having a rate increase as it is already expensive to live here. Mr. Springer agreed and stated that the Department has requested a 5.5% increase this year, but for future planning, as a result of new legislation passed this session, the Department now has the ability to submit a rate change of 3% or less without necessarily having to go through a fully litigated case, which will save staff time and resources. Mr. Springer assured the Commission that if there is a possibility of getting the rate increase to 3% or lower next time around, BED certainly will go that route. Until then, the Department will aim towards lower rate increases and continue to do so until it reaches 3% or less.

Ms. Stebbins-Wheelock continued to report that cumulative capital spending for FY24 reached $6.3 million by the end of May compared to a budgeted amount of $10.3 million. This equates to roughly 58% of the FY24 capital budget.

Operating cash was at $7.8 million, which equates to 120 days cash on hand; the debt service coverage ratio (DSCR) was 4.95; and the adjusted DSCR was 1.56.

Ms. Stebbins-Wheelock noted that the preliminary cash numbers for June show $7.8 million, which is very close to budget projections. Final days cash on hand for FY24 cannot be determined until operating expenses are finalized and audited, but it is nice to have the cash position end up nominally on budget.

Commissioner Vota asked why the capital budget is relatively unexplained. Ms. Stebbins-Wheelock explained that one variance of $640,000 is tied to a project that has not happened yet at McNeil. The capital budget for converting the gas turbine to biodiesel was not needed because BED did not need to make any capital investments or adjustments to the plant to run on B20. In addition, Ms. Stebbins-Wheelock that while the Department has received new EV chargers and is working with Burlington DPRW to install several at the waterfront, discussions on the installation and location are still ongoing. Forecasting distribution capital expenditures has been the most challenging, mostly due to the supply chain backlog that is a nationwide issue. The Department currently has over $1 million worth of transformer orders waiting for delivery.

4. Public Forum (Revisit)

Going back to the Public Forum, Commission Chair Moody informed us that a member of the public who arrived after the public comment portion of the agenda would like to speak. Commissioner Moody invited Pike Porter to state his business.

Mr. Porter of Burlington thanked the Commission for allowing him the opportunity to be heard. He questioned the accuracy of the 100% renewability of Burlington Electric on an annualized basis. Stating that McNeil is eligible not because it meets the renewability definition, but because the Public Utility Commission (PUC) decided that McNeil and Ryegate Power Station qualify due to the amount of money Utility programs already invested in the two plants. In that issuance, it was stated that these plants had to look at the renewability of wood. Mr. Porter said that BED dropped the ball, and it was never addressed. Mr. Porter expressed how he, along with twelve States Attorneys throughout the country, feel that this Renewable Energy Credit system that BED is claiming as 100% renewable is deceptive. Twelve Attorneys General told the Federal Trade Commission (FTC) that rate payers and the general public were being deceived. While BED has claimed to be 100% renewable on paper since 2014, there are these two large caveats. Mr. Porter informed us that he has made significant personal changes since 2014, including an electric car and solar panels. But since 2018, BED has not invested in any new clean energy systems (no new wind, or solar). Mr. Porter thinks that it is time to move away from McNeil, the largest generator of greenhouse gases in the state (stationary source) and move toward clean energy systems. Although he is pleased to hear about the new renewable energy system outlined in the agenda today, he asked the Commission to not only look at the economics of McNeil (because McNeil loses millions of dollars and continues to do so) but also to look at the environmental costs. The statement “renewable and carbon free” is based on a lot of loopholes, accounting tricks, and caveats.

8. 2024-25 Strategic Direction

Commission Chair Moody asked Mr. Springer to share the 2024-25 Strategic Direction document that was up for review. Mr. Springer explained that both the Commission and BED have been working collectively on the Strategic Direction by using feedback and suggestions from different divisions within BED. BED requests that the Commission adopt the following changes and/or updates.

Update the year 2023-24 to 2024-25.

Redefine #3 of Engage Customers and Community to encompass not just programs but services, language about being fully accessible, and emphasis on all Burlingtonians receiving the benefits from the Net Zero Energy initiatives.

Redefine #2 of People Process and Technology, by adding cyber awareness, a key focus for the team. BED’s IT department has spent a lot of time working with the broader organization to raise cyber awareness, through a variety of campaigns and doing so very successfully. This change reflects the prize BED received from the Department of Energy for their cyber security and technical assistance work.

Redefine the Manage Risks and Responsibility section.

#3 - Strengthen internal policies and procedures to ensure timely and diligent compliance.

#5 - Strengthen cybersecurity by investing in advanced technologies, improving threat response processes, providing continuous staff training to protect our infrastructure and customer data.

Commissioner Whitaker asked if this was the 2030 Strategic Direction. Mr. Springer explained that this is the 2024-25 Strategic Direction, which falls in line with our vision of becoming a Net Zero Energy city by the year 2030. BED continues to track and will update strategies, such as in the ground transportation and thermal sectors, as we strive towards our 2030 goals.

Commissioner Vota asked if the Strategic Direction was brought to the Commission as a guiding and awareness document. Mr. Springer explained that BED would like feedback from the Commission. Even though the Commission votes on it each year, Commissioners can suggest items to be added and/or updated if they feel something is not reflected appropriately. Commission Chair Moody stated that the Commission had a large part in developing the Strategic Direction when it was first created, and that Commission input is always welcome.

Commissioner Hobbs asked if the Strategic Direction was in line with the Dashboard. Mr. Springer confirmed that they are very much in line with each other.

Commission Chair Moody asked if there were any suggested changes or if they wanted to move to a vote today. Commissioners Whitaker, Hobbs, and Vota agreed they did not have any changes. Commissioner Bonn (present virtually on Teams) was having technical difficulties and did not comment. Commissioner Vota made the motion to adopt the Strategic Direction as edited. Commissioner Whitaker seconded the motion. Commission Chair Moody asked if there were any discussions on the topic. Hearing none, Commission Chair Moody asked the Commission to indicate support of the motion by a show of hands. Of the 5 members present, 5 votes were cast in support of the motion. Motion passed.

9. Commissioners' Check-In

Commissioner Whitaker reflected on the public comments, asking if there were any compromises that BED and the public could agree upon for the McNeil plant to try to get away from "right and wrong." For example: keep using McNeil for the useful life of the facility. Is there a way to find a middle ground and begin to have discussions in relation to the 2030 vision or, are both sides going to continue to state their case to do something different? Mr. Springer commented by saying that there will always be opposition to something. Looking at the carbon footprint from McNeil on a lifecycle basis, it is better than fossil fuels, but not as good as wind. In hearing from the head of ISO New England at the recent VELCO meeting, BED learned about the efforts being made to bring more offshore wind to the region and to connect with Canada to have more two-way flow of hydro. The question is, how do we balance this responsibly? There are not a lot of new renewables or existing renewables that are currently available in the region, making it difficult. The broader regional question is, how do we get more renewables online? BED supported the legislation to update the Renewable Energy Standard, as well as commitments stating that, if our load grows, we will meet a big chunk of it with new renewables. We will continue to support the region by growing more wind and solar. In the last five years, BED has added more solar, purchased hydro, and renewed wind contracts. The idea that BED is not constantly in the market of trying to support renewables is not accurate. BED is interested in innovation at McNeil that improves the environmental footprint. BED is hopeful that there will be a consensus among critics and proponents, to focus more on reliability and affordability and not the individual economics of a particular plant. BED hopes that anyone, who is concerned environmentally and does not want to rely more on fossil fuels, would be interested in improving the footprint of that plant and using the McNeil site in a more innovative way.

Commissioner Whitaker summarized by saying that the portfolio is constantly changing, and BED is always trying to move towards something that is more renewable and more sustainable, looking at ways to make McNeil more efficient and more diverse. Mr. Springer concluded by stating that BED is always interested in ways to improve efficiency, reduce the environmental footprint, and provide benefit from a climate standpoint. BED does not want to move away from the current resources and rely on more fossil fuels or nuclear. BED supports innovation, more renewables, and better environmental footprints.

Commissioner Vota asked about the McNeil site and the amount of storage available. As the systems evolve, is there land around the site that could be utilized should it come to that point? Mr. Springer confirmed that the McNeil site is an existing site, so it is permitted, and it has connection to the BED, GMP, and VELCO systems. It is a 50 MW generation facility and now has some solar, so yes, there is storage there and that would be very useful. It would not balance out the City's needs but could be used for things such as reducing the peak needs, and reducing the need for more expensive, higher polluting generators within the region. BED wants to use the site in a way that is environmentally and economically beneficial.

Commissioner Vota requested that, when preparing the meeting packets, contributors be cognizant of acronyms. If an acronym is going to be used, explain it the first time it is used. When working on the summaries, it would be helpful if to include enough information and context for people who are not in the industry. Mr. Springer confirmed that the team would try to boil it down to the key essentials as well as to explain the acronyms.

Commissioner Whitaker made the motion to adjourn; the motion was seconded by Commissioner Hobbs and approved by all Commissioners present.

The meeting of the Burlington Electric Commission adjourned at 6:07 p.m.

Attest:
Elena Alexander, Board Clerk