MINUTES OF REGULAR MEETING
BURLINGTON ELECTRIC COMMISSION

Wednesday, December 11, 2024

The regular meeting of the Burlington Electric Commission was convened at 5:03 pm on Wednesday, December 11, 2024, at Burlington Electric Department, 585 Pine Street, Burlington, Vermont, and on Microsoft Teams.

Attendance

- Channel 17 was present to record this meeting.
- Commissioners Lara Bonn, Michelle Hobbs, Scott Moody, Andy Vota, and Bethany Whitaker were present.
- Staff members Elena Alexander, Paul Alexander, Rodney Dollar, Nate Gunesch, Mike Kanarick, Munir Kasti, Darren Springer, and Emily Stebbins-Wheelock were present.
- Staff members Erica Ferland, James Gibbons, Ajey Pandey, and Amber Widmayer were present via Microsoft Teams.

Agenda

- The Overview of Department of Energy Building GIANTS grant agenda item was moved to follow the McNeil 2024 Calendar Budget.

Meeting Minutes

- Commissioner Hobbs made a motion to approve the minutes of the November 13, 2024, Commission Meeting; Commissioner Vota seconded the motion. Vote: 5 ayes 0 nays

Public Forum

- No members of the public were present.

Commissioners Corner

Commissioner Whitaker thanked Ms. Stebbins-Wheelock for her follow-up on some questions from the November meeting.

Commissioners Whitaker and Moody asked General Manager to comment on an email Commissioners received from Pike Porter about a recent PUC document.

General Manager Springer reminded the Commission that Mr. Porter is a litigant against BED in our IRP proceeding. GM Springer explained that the document is a proposal for decision from a PUC hearing officer that relates to the use of Thermal Energy Process Fuel (TEPF) funds, which come from the Regional Greenhouse Gas Initiative and bidding efficiency into the ISO-NE Forward Capacity Market (both non-ratepayer sources) and can only be used for non-regulated fuel customers. Because 95% of Burlington is served by VGS, BED has very limited opportunity to use

these funds. BED gained legislative authorization to use TEPF funds to support District Energy feasibility work. In late 2023, BED sought the Commission's approval to allocate additional TEPF funds to DES beyond the approved budget for the 2020-2023 period. The Commission denied that request in order to ensure that adequate funding remained for other TEPF programs, even though BED informed the Commission that additional program uptake was unlikely before the end of 2023. In early 2024, BED went back to the Commission, confirmed that additional program uptake did not occur, and requested a transfer of funds from TEPF to BED operating funds cover the overage. The PUC Hearing Officer has proposed that the Commission deny our request as it is not timely. GM Springer emphasized that the question is not about whether or not the spending is appropriate or authorized. It clearly is. The question is about which funds should support the expenditures.
GM Springer continued to say that BED has consistently obtained unmodified opinions in its financial audits, with strong financial management acknowledged, and that every penny of our requested rate cases over the past three years has been approved by the PUC.
With regard to TEPF funds, BED advocated for recent legislative changes (Acts 151 and 44) that provide greater flexibility to ensure that these funds will be utilized for the benefit of Burlington ratepayers regardless of the DES reimbursement outcome.

Commissioner Vota asked about the mechanics of TEPF fund allocation within different utility contexts, specifically BED's dual role as a distribution utility and energy efficiency utility. GM Springer responded that it is true BED has unique capabilities as both an DU and EEU. Commissioner Vota asked about the implications if the PUC decision is not in BED's favor. GM Springer responded that this is spending that has already occurred and will not affect FY25 results. Ms. Stebbins-Wheelock added that if the Department would reduce BED's Cost of Service by the amount of unreimbursed expenditures if we were to file a rate request in 2025.

General Manager's Update

EV Charging Grant

- Unanimous approval received from Board of Finance.
- Ms. Stebbins-Wheelock is working to obligate the grant by the end of the month, aiming for completion before change in Presidential Administration.
- Consideration of potential risks, including clawbacks.
- Commissioner Bonn asked if the Department was concerned about negative impact from potential trade tariffs. GM Springer that the most likely impacts would be to supply chain.
- Need for early inventorying of EV infrastructure and building grants.
- Energy Benchmarking Ordinance.
- Postponed to December 16 due to unmetered buildings at the University of Vermont impacting thermal load benchmarking.
- Proposed amendments to exempt unmetered buildings from initial benchmarking. but assess them in future policies.

- Engaging with cities like Cambridge, MA and Portland, ME to refine the ordinance, proposing a threshold of 10,000 square feet for compliance.

McNeil RFPs

- Evaluated responses for emissions reduction and forestry.
- Three responses received for emissions reduction RFP, two within budget; one forestry response submitted, also out of budget.
- Reference checks for budget-compliant vendors initiated.
- Forestry RFP reopened until January 24.
- Target to present all RFPs for Commission, Transportation, Energy, and Utilities Committee (TEUC), and City Council review in January or February, depending on responses.

Village Hydroponics Project

- Collaborating with the nonprofit to grow produce indoors using a heat pump.
- Focus on climate resilience and efficiency in agriculture.
- Media coverage planned for the project.
- Commissioner Hobbs asked how the site was selected. GM Springer said it was ad hoc, an opportunity that CEDO asked us about, but it is part of a pattern we are hoping to establish of McNeil as an energy innovation site.

Post-election Events and Partnerships

- Attendance at Energy Action Network gathering and Treasurer's Climate Finance Roundtable emphasizing grant obligations.
- Reconnected with the municipal bond bank to explore future revenue bond opportunities, targeting 2025 for potential issuance.

Energy Storage RFP Development

- Mr. Gibbons is working on developing an energy storage RFP for release in December or early January.
- Evaluating multiple project sites to enhance City energy storage capabilities.
- Commissioner Vota asked about the scale of battery under consideration. GM Springer responded that we are considering a 5 MW asset with a 4-hour discharge capability.

Tariff Impact on Clean Energy Technologies

- Continuous assessment of risks associated with tariffs on solar technologies and batteries impacting market reliability.
- Notable supply chain challenges related to tariffs under scrutiny.

Revenue Bonds and City Debt Policy

- Recent $20 million revenue bond approval does not affect overall City debt policy.
- Favorable borrowing rates for the City due to higher credit rating compared to BED.
- With current discussion about potential new water revenue bonds and City general obligation bonds, Commissioner Vota asked whether the Department is at any risk due to the borrowing needs of the City. GM Springer responded that there is no risk now that voters have approved our $20M Net Zero Energy and Grid Reliability revenue bond proposal. Our revenue bonds do not affect the City's debt policy or debt ratio. The Department has been part of a conversation about potentially increasing BED's annual general obligation bond financing.
- Commissioner Vota asked whether the City's borrowing rate is more favorable than BED's. GM Springer responded that the City's credit rating is typically higher than BED's because we are a component unit of the City.

FY25 October Financials

- Ms. Stebbins-Wheelock informed the Commission that the Department of Public Service filed testimony today recommending approval of BED's 2024 rate increase at the requested 5.5% amount.
- Ms. Stebbins-Wheelock also informed the Commission that BED's EEU fund received a clean, unmodified opinion from the external auditors who audit all Vermont EEUs on behalf of the State.
- Ms. Stebbins-Wheelock met with the Department's debt advisors about timing of the next revenue bond issuance. Outlook uncertain; we will check in again in the summer of 2025.
- The Department's net loss for the month of October was $515k compared to a budgeted net loss of $559k, a positive variance of $44k.
- Sales to customers compared to budget were up $16k for the month. Other revenues had a positive variance of $16k to budget, due mostly to a variance in EEU revenues.
- October's net power supply expense had a favorable variance of $252k to budget. McNeil was offline in October for economics, maintenance, and wood supply, so fuel expenses were approximately $500k less than budget. Transmission was slightly over-budget and purchased power expense was also over-budget.
- Operating expense had a negative variance of $132k. Most of this variance is driven by a variance in health insurance expense, which the Department has investigated and found to be due to a miscommunication with the City. The FY25 budget amount is correct and the Department is working with the City to adjust expenditures for the remainder of the fiscal year to land at the full-year budget amount.
- Depreciation and amortization expense had a negative variance of $9k and a tax expense had a positive variance of $27k.

- Other income had a negative variance of $138k, due the timing of customer contributions and grant income.
- Capital spending for October fiscal year-to-date was $2.454M or 21% of budget.
- Commissioner Vota asked why capital spending is less than budget. Ms. Stebbins-Wheelock explained that estimates for when the most significant IT capital projects would begin were too optimistic. The Winooski One dam replacement has been delayed due to finding an installation contractor but is now underway. At the last Commission meeting, Mr. Kasti spoke to the continuing delays the Department in receiving materials and equipment and the work from Engineering. Ms. Stebbins-Wheelock added that the Department historically has underspent its capital budget.
- Operating cash at the end of October was $13.2 million compared to a budget of $11.4 million, due to the timing of receipt of this year's general obligation bond funding. This equates to 154 days cash on hand with the $10M line of credit.
- The most-recent-12-months Debt Service Coverage Ratio was 4.83 and the Adjusted Debt Service Coverage Ratio was 1.26.

McNeil 2024 Calendar Budget

- Mr. Kasti and Mr. Dollar compared the proposed budget for all of McNeil ($30,173,188) to the approved budget for 2024 ($30,732,680).
- Significant budget adjustments attributed to an overestimation of wood inventory and changes in the logging market, leading to a reduction in the fuel budget of approx. $1.4 million.
- Increased costs for parts and services, resulting in an additional $850,000 in expenses.
- Capital budget for 2025 proposed at $2.36 million, down from $2.8 million in 2024 due to fewer high-cost projects.
- Steam expense is related to maintenance of boilers and auxiliary equipment.
- Revenue sources are primarily from energy sales, capacity, and RECs before depreciation.
- The Informational Advertising Budget focuses on staffing and recruitment advertising.
- Commissioner Vota asked for an explanation of the budgeted loss. It is not atypical for the plant's operating expenses to exceed the plant's revenues, but these are not necessarily indicative of BED's value from McNeil.
- Commissioner Hobbs asked for an elaboration on the wood market. Mr. Dollar responded that the logging industry continues to experience labor shortages, which is also a driver of mill closures.
- Commissioner Hobbs made the motion to accept the McNeil budget as presented. The motion was seconded by Commissioner Whitaker. Commission vote; 5 ayes 0 nays.

Overview of DOE Building GIANTS grant

- Mr. Gibbons introduced Ajey Pandey as BED's new Resource Planner and Nate Gunesch, a DOE Clean Energy Innovation Fellow, to give the presentation.
- Mr. Pandey and Mr. Gunesch introduced the Building GIANTS program, which will support Burlington's Net Zero Energy goals by implementing demand response strategies to reduce peak energy costs and address cost disparities between natural gas heating and high-efficiency heat pumps.
- The program will serve both residential and commercial customers. Residential customers will receive a heat pump controller as well as a submeter to monitor energy use from the heat pump. BED will partner with Dynamic Organics to send demand response signals to the building energy management system of commercial customers.
- Future contracts related to the Building GIANTS program will be presented to the Commission for approval in January or February. Until then, the team will continue to:
    - Refine communication materials and develop contracts with key partners:
        - Sensibo: Heat pump control technology provider.
        - Emporia: Energy consumption monitoring.
        - Dynamic Organics: Demand response controls for commercial settings.
    - Assist in outreach efforts targeting low- and moderate-income households.
    - Set benchmarks for evaluation and reporting as per federal guidelines, focusing on deployment metrics and equity indicators.
- Commissioner Moody asked how many customers we expect will participate. Mr. Pandey responded that we are projecting 45 commercial customers/buildings will participate in the program. GM Springer added that we have over 2400 heat pumps in the City currently. The program will serve both existing heat pump customers as well as customers installing a heat pump for the first time.
- Mr. Gibbons added that BED would file a pilot rate for a bill credit as an incentive to participate in the program.
- Team focus:
    - Current customer base and growth strategies.
    - Incentive offerings for residential and commercial customers.
    - Long-term impact beyond the three-year grant period.
    - Scheduling for demand response events.
    - Emphasis on equitable access to the program for disadvantaged residents.
    - Strong commitment to environmental goals despite challenges in customer segmentation and emissions sources.

- Commissioner Whitaker asked about the program's cost and expressed concern that it was targeting only higher-income customers. Mr. Gibbons responded that the program is 50% funded by the DOE grant. GM Springer shared that 14-15% of BED's heat pump incentives have gone to low-to-moderate income customers, and that the grant has a Justice40 requirement, which considers income as well as geography. Ideally, in the future we would have an end-use rate for heat pumps like we have for home EV charging. Mr. Gunesch added that the team is actively engaged in dialogue with affordable housing partners as well.
- Commissioner Bonn asked about the number of events that would be called. Staff responded that this would be a year-round program, with up to five events called per month. Commissioner Bonn commented that the industry has been looking for these types of devices and have them proven out, and all of the partnerships being proposed are considered tried and true.

Commissioners' Check-In

- Commissioner Moody asked about the status of moving from the time-of-use rate for home EV chargers, currently set from 10 PM to midnight, to a more flexible rate. Mr. Gibbons responded that the tariff already permits a dynamic option, and staff is actively working to test the capability. Once testing is complete, we'll need to notify customers that the rate option is available for their devices.
- Confirmation of the next meeting scheduled for January 8. Tentative rollout of updates on incentives projected for the same day.

Adjourn

Commissioner Vota made a motion to adjourn; the motion was seconded by Commissioner Hobbs, Commission vote; 5 ayes 0 nays.

The meeting of the Burlington Electric Commission adjourned at 6:34p.m.

Attest: ______________________________

Elena Alexander, Board Clerk