MINUTES OF REGULAR MEETING
BURLINGTON ELECTRIC COMMISSION

Wednesday, February 12, 2025

The regular meeting of the Burlington Electric Commission was convened at 5:07 pm on Wednesday, February 12, 2025, 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 and Bethany Whitaker were present.
- Staff members Elena Alexander, Paul Alexander, Munir Kasti, Darren Springer, and Emily Stebbins-Wheelock were present at 585 Pine St.
- Staff member James Gibbons was present via Microsoft Teams.
- Public member Pike Porter and two anonymous public members were present via Microsoft Teams.

Agenda

- There were no changes to the Agenda.

Meeting Minutes

- Commissioner Bonn made a motion to approve the minutes of the January 8, 2025, Commission Meeting; Commissioner Hobbs seconded the motion. Vote: 4 ayes 0 nays.

Public Forum

- Pike Porter raised concerns regarding the Velerity proposal and emphasized the importance of public engagement in the process as mandated by the original District Energy Resolution from November 2023. He requested the inclusion of community member participation in the Request for Proposals (RFP) process to ensure substantial public input.
- Mr. Porter also highlighted the significant capacity of hydropower in ISO New England, noting that in 2023 alone, nearly 150,000 megawatts were utilized, and urged that the Velerity proposal should assess the potential for hydropower to replace McNeil. He suggested incorporating the identification of local hydropower producers in the analysis to explore power purchase agreement options.

Commissioners Corner

- Commissioner Whitaker requested an update on the Energy Efficiency Charge (EEC) investigation recently opened by the Public Utility Commission (PUC). Ms. Stebbins-Wheelock shared that energy efficiency utility expenditures on EEC-funded programs have been outpacing EEC collections, leading to a deficit in the EEC fund, despite the EEU operating within its approved budget. The misalignment between the rate-setting mechanism and the budget cycles created complications, resulting in customer credits of about $1.3 million that were improperly accounted for in rate calculations. Because of this imbalance, significant rate increases are anticipated for 2025, projected to be between $36 to $50 annually for customers, including any Energy Assistance Program customers. General Manager Springer added that there's pending legislation aimed at potentially including the efficiency charge in assistance programs. The investigation by the PUC aims to identify the root cause of the deficit. Past under-collection of revenues resulted in artificially low rates.

General Manager's Update

- General Manager Springer addressed the ongoing challenges faced due to federal grant uncertainty, particularly regarding a freeze on the EV charging grant and others, which hinders communication and program advancement. The Department is working with coalitions and the Mayor's office to engage in amicus briefs related to relevant litigation and is in regular contact with Congressional offices to inform them about these issues. It's an unfortunate situation, but the Department feels equipped to navigate it and has not incurred significant expenses, as it is still in the early stages of grant activation, leaving them hopeful for progress following recent court orders aimed at unblocking the funds.
- BED has secured a second grant award for an all-electric bucket truck from Vermont VW settlement funds, which are not affected by the federal funding freeze. The City Council approved the grant, and the truck is expected to be operational within 20 to 24 months. Lessons learned from the initial all-electric truck, particularly concerning performance in harsh winter conditions, will inform enhancements for the new model to improve its cold-weather functionality.
- The General Manager also provided updates on the testimony taken that morning regarding a new bill, S.65, which seeks to include the efficiency program within the energy assistance program framework. This bill builds on elements from the Governor's budget address and a proposal from Senator Ann Watson. It aims to unlock efficiency funds for emission reduction projects, potentially benefitting various entities, including Efficiency Vermont. A key aspect of the bill is establishing a statewide low-income rate for the efficiency charge, which could significantly impact funding and support for electric initiatives.
- Commissioner Hobbs inquired what the electric bucket truck will cost as compared to a traditional diesel bucket truck. General Manager Springer shared that the electric models' costs are approximately $750,000 to $800,000, significantly higher than the $350,000

typical cost of a diesel truck. However, the fuel and maintenance savings over time make the electric option more appealing, especially with grants available to offset initial expenses.

- Commissioner Hobbs inquired if there is a contingency plan amid potential federal funding loss. General Manager Springer stated that BED plans to issue its next revenue bond approximately in November, which will provide funding for the installation of several new Level II and Level III EV chargers regardless of grant status. Scaling back on projects may be necessary without federal assistance, and the speed of progress could be affected. Discussions about moving forward with the Building GIANTS program and heat pump pilot rate are ongoing, although no definitive funding strategies have been established yet. James Gibbons added that BED will only enter contracts deemed essential for immediate progress, allowing them to mitigate risks until a clearer funding picture emerges.

FY25 December Financials

Ms. Stebbins-Wheelock presented the December results:

- December FY25 financial results were positive, with an actual net income of $122,000 as compared to a budgeted net loss of $29,000.
- Sales to customers revenues exceeded budget expectations by $139,000. Year-to-date sales are 1.2% higher than budget. Other revenues, mostly EEU reimbursements, were less than budget by $75,000. December was not a REC revenue month.
- Regarding expenses, January net power supply expense was nearly aligned with the budget, with a positive variance of $5,000. Year-to-date, net power supply expense is favorable to budget by $224,000. The report highlighted that year-to-date the Department has served more load at a lower cost per megawatt hour than budgeted.
- Other Operating & Maintenance expenses exceeded the budget by $51,000.
- Other income and deductions were favorable to budget due to timing of billable work orders and higher interest income than anticipated.
- General Springer requested that Ms. Stebbins-Wheelock provide an update on the FEMA funds for the Winooski One dam project. Ms. Stebbins-Wheelock shared that FEMA has indicated that funds for that project are fully obligated, and has transitioned the project to the Vermont Department of Public Safety, which will handle disbursements. BED has received about $70,000 in FEMA assistance for several smaller projects associated with the July 2023 flooding, but has not yet been reimbursed for the dam project as it is not yet complete. The State recently advised it would process a partial reimbursement for the dam project based on actual expenditures to date, rather than waiting for project completion. The Department is preparing the supporting documentation for reimbursement of 90% of the expenses. With around $1 million spent on the project through January, for the Department hopes to receive funds by June 30th, which would address the negative $1.1 million variance in year-to-date other income related to FEMA reimbursements.

- Capital spending for January reached just under 40% of the full-year capital budget, with positive news on the arrival of transformers and switches, which will aid in progressing the distribution capital budget.
- Cash reserves stood at $10.96 million, exceeding the budget of $10.3 million by approximately $670,000.
- Credit rating metrics as of January 2025 were a debt service coverage ratio of 5.11, adjusted debt service coverage ratio of 1.34, and 148 days of cash on hand including the Line of Credit.

Battery Storage

- This item results from the continuing negotiations between the Department and the other McNeil joint owners about future ownership of McNeil. The proposed battery storage agreement with the Joint Owners would allow BED to develop of a 5-megawatt battery storage project at McNeil. . BED would handle the contracting and associated costs, including any future battery decommissioning. The agreement provides for both the possibility that ownership of McNeil transfers to BED as well as the possibility that there is no ownership transfer, in which case BED would be required to engage in good faith discussions with the Joint Owners to create a fair value-sharing mechanism for the battery asset, given their 50% ownership stake in the McNeil property. The Department sees the battery storage initiative as an opportunity to promote tangible advancements aligned with innovation, enhancing energy supply and sustainability efforts in Burlington.
- Commission Chair Moody asked if this proposed agreement is specifically tied to the McNeil location. General Manager Springer confirmed that it is.
- Commissioner Whitaker made a motion to approve the battery storage agreement; the motion was seconded by Commissioner Bonn. Commission vote; 4 ayes 0 nays.

McNeil RFP

- General Manager Springer shared that the bids received in response to the first two forestry study RFPs did not meet budget expectations and therefore the RFP has been reopened. BED hopes to present a forestry proposal to the Commission at the March meeting.
- For the emissions reduction, efficiency, and innovation RFP, three bids were submitted; one exceeded the budget while two met it. The chosen vendor, Velerity, is expected to provide services aligned with the City Council Resolution, including examining repowering McNeil with different renewable fuel sources to reduce greenhouse gas emissions. Per the Council Resolution, the contract resulting from the RFP must be approved first by the Commission, then the TEUC, and finally the City Council. General Manager Springer addressed Pike Porter's comment regarding finding new hydropower options. He stated that the RFP is not focused on identifying new hydropower energy sources, but instead on assessing various efficiency options and alternative fuel options as listed in the Council Resolution.

Alternative fuels include renewable natural gas, green hydrogen, biogenic hydrogen from wastewater treatment, biogenic methane, and green ammonia. Repowering options include waste wood paralysis and combined cycle and carbon capture technology. Velerity will also consider the impact on ratepayers, impacts on emissions, and the implications in the wholesale energy markets. Velerity is scheduled to deliver an interim report within 60 days and a final report within 120 days, all while integrating stakeholder feedback into their work. Although the consulting assignment is relatively modest at $25,000, the importance of public engagement is acknowledged. General Manager Springer also addressed Pike Porter's concerns with plans for an initial kickoff meeting facilitating stakeholder engagement in defining input processes for both report phases.

- Commissioner Whitaker expressed skepticism about stakeholder engagement with only $25,000 to work with but recognized its significance and suggested options like public presentations and community discussions for budget-friendly engagement.
- Commission Chair Moody addressed Pike Porter, inquiring if he has read the agreement. Mr. Porter confirmed that he has.
- Commission Chair Moody expressed his appreciation that Velerity will be looking at "other" options in the event McNeil is not there.
- Commissioner Hobbs made the motion to approve and recommend the Transportation, Energy and Utilities Committee and the City Council approve the proposed contract with Velerity for work related to a study of options for the McNeil Generating Station. Commissioner Hobbs seconded the motion. Vote: 4 ayes 0 nays.

Commissioners' Check-In

Commissioner Whitaker asked for an update on any future street lighting projects. Munir Kasti confirmed that an update will be provided at the March meeting.

Executive Session- McNeil Commercial Items

Commissioner Bonn made the motion that premature general public knowledge regarding McNeil commercial items would clearly place the Burlington Electric Department at a substantial disadvantage per Title 1, Section 313 (a)(1) of the Vermont Statutes; Commissioner Whitaker seconded motion. Commission vote; 4 ayes 0 nays.

Commissioner Bonn made a motion to enter into Executive Session at 5:54pm to discuss the McNeil commercial items under the provisions of Title 1, Section 313(a) (1)(A) of the Vermont Statutes; Commissioner Hobbs seconded the motion. Commission vote; 4 ayes 0 nays.

Commissioner Hobbs made a motion to exit Executive Session at 6:27pm; Commission Whitaker seconded the motion. Commission vote; 4 ayes 0 nays

Adjourn

Commissioner Whitaker made a motion to adjourn; the motion was seconded by Commissioner Bonn, Commission vote; 4 ayes 0 nays.

The meeting of the Burlington Electric Commission adjourned at 6:27p.m.

Minutes drafted by Elena Alexander, Board Clerk, edited by Emily Stebbins-Wheelock, CFO & Manager of Strategy and Innovation

Attest: ______________________________
Elena Alexander, Board Clerk