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FINAL

TO: All Attending

FROM: Colleen Rouille

DATE: September 21, 2016

SUBJECT: McNeil Station Joint Ownership Operating Committee Meeting Notes

The meeting of the McNeil Station Joint Ownership Operating Committee convened at 10:05 a.m. on Wednesday, September 21, 2016 at the McNeil Generating Station Farmhouse.

PRESENT: N. Lunderville, BED	J. Gibbons, BED
K. Nolan, VPPSA	B. Lesnikoski, BED
D. Smith, GMP	P. Pikna, BED
A. Parah, BED	M. Kasti, BED
A. MacDonnell, BED	C. Rouille, BED
J. Reardon	

1. Agenda

N. Lunderville added item 7.1, Review of Draft Generation Task Force Report to the agenda. No other changes were made.

2. Review of Joint Owner Operating Committee Meeting Notes of June 15, 2016

No changes were made to the minutes. N. Lunderville made a motion to approve the Joint Owner Committee Meeting minutes of June 15, 2016. The motion was seconded by D. Smith and approved by all Joint Owners present.

3. Public Forum

There was no one present from the public.

4. Overview of Operating Reports for June, July and August 2016

D. MacDonnell summarized the reports for the last three months.

In June 2016, the McNeil Generating Station produced a total of 33,125 net MWH of power for a Capacity Factor of 92.0%. The plant operated for a total of 720.0 hours or 100% of the total hours in June. The McNeil Station had an equivalent availability of 96.5%. As of June 30th, our total MWH produced for calendar year 2016 to date was 163,494.0 MW. A notable reduction in June was the circulating water chemistry issue which was due to a lack of rain water in the wells at the plant. There were an estimated 49,880.4 tons of wood consumed in June. McNeil's average NOx emissions for the quarter were .071 lb./MMBtu which are low enough to qualify for Connecticut class 1 REC's. On June 19, 2016, McNeil successfully performed the "seasonal (summer)

Maximum Claimed Capability Audit” of 52.0 mw for 2 hours. McNeil hired a 100 day temporary employee to help unload the train.

In July 2016, the McNeil Generating Station produced a total of 26,569.0 net MWH of power for a Capacity Factor of 71.4%. The plant operated for a total of 675.3 hours or 90.8% of the total hours in July. The McNeil Station had an equivalent availability of 83.3%. As of July 31st, our total MWH produced for calendar year 2016 to date was 190,063.0 MW hours. There were a few reductions and limitations in July, most notable was the circulating water chemistry issue again caused by low levels of water in the plant wells. There were an estimated 39,086.6 tons of wood consumed in July. July 3rd marked the two year anniversary since an employee at McNeil had a lost time accident. On July 27th a McNeil employee did have a lost time accident due to an injury to his finger while unloading the train. In August 2016, the McNeil Generating Station produced a total of 22,445.0 net MWH of power in August for a Capacity Factor of 60.3%. The plant operated for a total of 548.9 hours or 73.8% of the total hours in August. The McNeil Station had an equivalent availability of 91.1%. As of August 31st, our total MWH produced for calendar year 2016 to date was 212,508.0 MW hours. The restrictions and limitations in August included a tube leak and a bowed turbine rotor. Beginning at the end of July, McNeil has been cycling on and off each weekend and it has been going very well after the first few weeks. There were an estimated 33,825.7 tons of wood consumed in August.

5. Fuel Procurement Update

Chief Forester, B. Lesnikoski reported that at the end of August there were 52,000 tons of wood in inventory. Taking out the round wood from that total, there is about 38,000 tons of woodchips from both sites. This is around a 5 week inventory of woodchips. McNeil’s goal is to maintain that inventory for the winter months using the pile rotation that works well. A new truck scale is being installed at McNeil in October that will shut down deliveries at the plant for about three weeks. All deliveries will be sent to Swanton until the scale project is completed. The Emerald Ash Borer season has ended and none have been found in the State of Vermont so quarantines will probably not change until next summer. Threatened and endangered species are changing our procurement standards and McNeil is working with the State biologist on this. McNeil has been working on getting more woodchip suppliers so that no one supplier has too much of our business. We currently have 9 mills, 14 chippers in Vermont, 26chippers in New York and 15 suppliers for round wood. The price right now is low because prices and markets are depressed region wide so we are able to bring wood in at a cheaper price. There has been a 24% reduction in price from last year. The price issue is being looked at continuously to avoid other issues that may occur such as safety.

6. Financial Review

Ms. Parah reported that the calendar year to date budget is under budget. There were some Invoices that have not come in for the outage by the end of June but when they do we will be closer to being on budget. The audit went well and there were no major findings for McNeil.

7. BED – G.M. Update

N. Lunderville welcomed K. Nolan in his new capacity as the General Manager of VPPSA. N. Lunderville reported that B.E.D. has been working on the district energy plan in the city. B.E.D. selected a company named Corix to do a definitive analysis on the technical, financial and business terms that would allow a district energy system to go forward. Corix

is looking at what the customer needs are and seeing the best system to fit the customers versus seeing how we can offload waste heat from McNeil. Corix will be looking at this for the next 6 to 8 months for a price of \$75,000. The McNeil joint owners will not share in that cost. Corix represents a better opportunity to give diversification of revenue streams for B.E.D. without impacting other sources of revenue like energy and REC's. The next meeting N. Lunderville will give an update on what has been accomplished.

7.1 Review of Draft Generation Task Force – Executive Session

N. Lunderville moved a finding that premature general public knowledge of Draft Generation Task Force Report would clearly place the McNeil Joint Owners at a substantial disadvantage per Title 1, Section 313 (a)(1) of the Vermont Statutes. K. Nolan seconded the motion. All were in favor of the finding. N. Lunderville moved that because of the finding, the McNeil Joint owners enter into executive session with the joint owners present to discuss the Draft Generation Task Force Report under the provisions of Title 1, Section 313 (a)(1)(A) of the Vermont Statutes. D. Smith seconded the motion. All Joint Owners present were in favor. Executive session started at 10:55 a.m. and ended at 11:49 a.m.

8. Plant Status, Operating/ Maintenance Concerns

D. MacDonnell informed the joint owners that the plant has had a well water issue due to the lack of rain and is hoping the fall weather conditions will remedy the problem. The McNeil Outage has been approved by ISO New England for April 15 through April 30th 2017. In October McNeil is doing their annual stack testing, which validates our stack monitoring equipment is operating properly. The truck scale is being replaced in October. The scale has been there 32 years and has significant decay. At the commission meeting last week it was noted that our insurance premiums for McNeil went down by \$9,380 due to the operational manuals that have been drafted at the plant.

9. Schedule for next Meeting

The next Joint Owner meeting is scheduled for November 17, 2016, at noon at the McNeil farmhouse.

12. Meeting Adjourned

Mr. Lunderville moved to adjourn the meeting at noon. The motion was seconded by Mr. Smith and approved by all Joint Owners present.