

**MINUTES OF REGULAR MEETING
BURLINGTON ELECTRIC COMMISSION**

Wednesday, July 10, 2019– 5:30 p.m.

The regular meeting of the Burlington Electric Commission was convened at 5:37 p.m. on Wednesday, July 10, 2019 at the Burlington Electric Department, 585 Pine Street, Burlington, Vermont.

Commissioners present included Jim Chagnon, Sabina Haskell, Bob Herendeen, Scott Moody, and Gabrielle Stebbins.

Staff members present included Paul Alexander, James Gibbons, Laurie Lemieux (Board Clerk), Betsy Lesnikoski, Dave MacDonnell, Paul Pikna, Jim Reardon, and Darren Springer.

Channel 17 was present to record this meeting.

1. Election of Officers

Board Clerk Laurie Lemieux called the meeting to order at 5:37 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 Board Clerk opened the floor for nominations for Chair of the Commission.

Commissioner Chagnon made a motion to nominate Commissioner Stebbins as Chair of the Burlington Electric Commission; the nomination was seconded by Commissioner Herendeen. The Board Clerk asked if there were any other nominations. Hearing none, the Board Clerk asked the Commission to indicate support for Gabrielle Stebbins by a show of hands. Of the 5 members, 4 votes were cast in support of Commissioner Stebbins, with Commissioner Stebbins abstaining. Commissioner Stebbins was elected Chair of the Commission. At this time Ms. Lemieux turned the meeting over to the Chair.

Commissioner Stebbins opened the floor for nominations for Vice Chair of the Burlington Electric Commission. Commissioner Chagnon made a motion to nominate Commissioner Moody; the nomination was seconded by Commissioner Herendeen. Commissioner Stebbins asked if there were any other nominations. Hearing none, Commissioner Stebbins asked the Commission to indicate support for Scott Moody by a show of hands. Of the 4 members voting, 4 votes were cast in support of Commissioner Moody, with Commissioner Moody abstaining. Commissioner Moody was elected Vice Chair of the Commission.

Commissioner Moody nominated Laurie Lemieux as the Board Clerk for the Burlington Electric Commission; the nomination was seconded by Commissioner Chagnon and approved by all Commissioners present.

2. Agenda

Mr. Springer requested that we move the financial presentation immediately following the Commissioners' Corner to accommodate a scheduling issue.

3. June 12, 2019 Meeting Minutes

Commissioner Moody made a motion to approve the minutes of the June 12, 2019 Commission meeting; the motion was seconded by Commissioner Chagnon and approved by Commissioners Chagnon, Herendeen, Moody, and Stebbins with Commissioner Haskell abstaining, as she was not present for the June 12, 2019 meeting.

4. Public Forum

Ms. Gioia Thompson was present for the meeting.

5. Commissioners' Corner

Commissioner Moody had the opportunity to test drive an electric vehicle (EV) for several days and stated that it was a great experience and that he definitely will buy an EV in the future.

Commissioner Stebbins stated that, at the last Commission meeting, it had been announced that Commissioner Haskell would not seek reappointment due to a residency change. Commissioner Haskell has decided to continue to reside in Burlington and was reappointed by the City Council.

6. Finance

Jim Reardon, Director of Finance, presented a brief review of the May 2019 year-to-date financial results.

May Operating Loss year-to-date is \$43,000, and Net Income year-to-date is \$1,564,000, and we are relatively on target year-to-date when compared to the budget.

Power Supply Revenues for the month are \$1,264,000 higher than budgeted due to the timing of \$1,264,000 in REC (Renewable Energy Certificates) revenue budgeted in April, but received in May. The REC revenue of \$1,264,000 is less than budgeted for April, and May year-to-date Power Supply Revenues are less than budgeted by \$662,000. It was noted earlier in the fiscal year that we expected REC revenues to be less than budgeted for Fiscal Year (FY) 2019. Sales to Customers were lower than budgeted for May due to the cooler than expected weather during the month of May.

Power Supply Expenses year-to-date continue to exceed budget. Power Supply Expenses year-to-date are \$582,000 above budget, primarily due to McNeil production below budget causing BED to purchase more power from the ISO New England Exchange. While total Purchased Power year-to-date is above budget by \$1,896,000, Fuel Expense is \$1,563,000 below budget due to lower McNeil production (18%) and woodchip costs (per ton) 6% below budget. The favorable year-to-date variance in Operating Expenses of \$2,194,000 is due to underspending for DSM Rebates (\$841,408) and Outside Services (\$998,463) for RPS Compliance (Tier 3), REC broker commissions and consulting services related to "Net zero Roadmap".

Mr. Reardon, then discussed Capital Spending. In total, year-to-date ended June 30, Capital Spending is 71% (\$7,176,000) of the \$10,045,000 budgeted in Fiscal Year (FY) 2019. Through June 30, we are underspent relative to the budget by \$2,869,000 of which a large share is attributable to the IT Forward Project and Customer Projects such as the Great Streets-St. Paul rebuild.

On Cash and Investments, BED closed June with \$8.2 million of unrestricted and reserved operating funds. Mr. Reardon noted that this is approximately \$300,000 above the revised cash forecast used to determine the beginning cash balance for the FY 2020 budget.

The Adjusted Debt Service Coverage Ratio improved slightly, and Days Cash on Hand decreased slightly from May to June, 2019.

General Manager's Update

Mr. Springer stated that BED's A3 rating remains unchanged and that this was accomplished by holding rates steady. The Department's challenge is with the adjusted debt service coverage ratio, although projections indicate improvement for FY20, and the Department will continue to track this very closely.

The BED FY2020 budget was approved by the City Council in June with no changes from the budget presented and approved by the Commission.

The Department is conducting vendor demonstrations this month as part of our IT Forward project to upgrade our meter data management system, customer information system, and financial information system. The Department will conduct a rigorous review process to ensure that we select the correct vendor.

Mr. Springer stated that state government research indicates 78 cents of every dollar spent on fossil fuel leaves the state. By contrast, we believe a significantly larger portion of every dollar spent on electricity at Burlington Electric stays local, but we had not done analysis to prove that. With the help of our UVM summer intern, and collaboration with the Vermont Agency of Commerce, Department of Public Service, and the Energy Action Network, BED is going to research how much of every dollar spent on BED electricity stays in the Vermont economy. Mr. Springer will share the results when available.

BED has been recognized by the American Public Power Association (APPA) as a Smart Energy Provider. This is based on BED's programs in energy efficiency, distributed energy, sustainability, and customer service. The designation will be formally awarded in October 2019 at an APPA conference in New Orleans.

BED continues to partner with the Vermont Lake Monsters and had a great rollout on opening day with our drive electric promo. CHAMP now rides onto the field in a Burlington Electric golf cart and has been marketed on social media, and at Lake Monsters games, and covered by Seven Days.

The Department thanks Commissioner Moody for appearing in a video for BED social media about his EV test drive of a Nissan Leaf.

Commissioner Stebbins asked about the status of Solar Shopper. Mr. Springer stated that the program is ongoing and is up for renewal with the various solar installers in August. There has been discussion with the installers regarding streamlining the process to make it more simple for them and the customers.

7. Biomass Implications for Zero Carbon

Commissioner Herendeen showed a PowerPoint presentation detailing his concerns about the McNeil Station and its role in emitting net carbon dioxide into the atmosphere-specifically in the next 10 years, which the IPCC has stressed as pivotal for serious slowing of global warming. Commissioner Herendeen had watched the webinar: <https://hub.aashe.org/browse/video/21486/Getting-to-Climate-Neutrality-Does-Bioenergy-from-Wood-Help-or-Hurt> and referred to several popular and scholarly articles. Commissioner Herendeen stressed that "carbon neutrality" does not guarantee "climate neutrality" because of lags between emissions from burning and recapture from regrowth. For clear-cutting (such as

for pellet production in the southeast United States and in cooler places as well), the lags are 70+ years. The question is the lag time for use of waste wood and residues, which is McNeil's source.

Commissioner Herendeen presented graphs demonstrating the contribution of atmospheric carbon dioxide over time from several energy sources including solar, coal, and biomass. Solar produces an initial CO2 pulse from manufacturing and installation, but no additional CO2. Fossil produces a constantly rising contribution. The contribution from biomass initially rises roughly as fast as fossil, but starts to level off after the lag period. It was pointed out that McNeil's wood has been sourced from the same type of forest and harvesting practice for 30+ years so that this leveling has likely occurred-because the lag time is said to be 10-15 years. That means that McNeil has led to an increase in atmospheric CO2 over the years, but now contributes little or no additional CO2 in its continuing operation. Commissioner Herendeen said he will continue to investigate.

Ms. Lesnikoski, BED's Chief Forester presented data on the landscape level of Vermont forests. US Forest Service Forest Inventory Analysis data show Vermont forests with a net annual growth rate of just over 3 million green tons per year. Harvests of all forest products are 1.7 million green tons per year or just over half the net growth. This leaves almost half the annual growth still actively growing in the forest. McNeil's portion of the annual harvest is 155,538 tons from Vermont or 9% of the annual harvest. The majority of wood harvested in Vermont is made into solid wood products in which the carbon is still sequestered.

The McNeil Station has strict harvest guidelines which severely limit clear cutting. The majority of harvests (78%) are covered under management plans approved by the state under the Use Value Appraisal program. The harvest plans follow US Forest Service guidelines, which cover current conditions and ensure future growth and improvement of the residual forest area. By providing a market for low grade material, the McNeil Station allows landowners to follow management plans, maintain their tax incentives, and keep the forest as forest. Forests provide many benefits along with carbon sequestration, such as clean air, clean water, wildlife habitat, and recreation.

Ms. Lesnikoski invited the Commission and any other interested parties to come for a walk in the woods, see and active operation, and see the results of past harvesting. It was suggested that Adam Rabin produce a video of BED forestry operations.

It was decided at this time to move the Commissioners' Check-In as the next item, prior to the Executive Session.

8. Commissioners' Check-In

Commissioner Stebbins stated that, at the last Commission meeting, it was decided that if there were no issues, the August Commission Meeting would be canceled. Mr. Springer stated that there is nothing pressing at this time, but if something should arise that would need Commission attention he would let Commissioner Stebbins know and that the plan at this time is to present the Net Zero Energy Roadmap at the September meeting. The Commission decided that there would not be an August meeting unless something came up.

Commissioner Herendeen asked if there would be an opportunity to review the Net Zero Energy Roadmap before the roll out. Mr. Springer stated that a time would be set up in August for anyone who would like to come to BED to review prior to the September meeting.

9. Sheffield Wind Contract

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

Commissioner Moody moved that the Commission enter into executive session at 6:50 p.m. with BED Staff to discuss a potential power contract under the provisions of Title 1, Section 313(a) (1) (A) of the Vermont Statutes; this motion was seconded by Commissioner Herendeen and approved by all Commissioners present.

Commissioner Moody made a motion to exit Executive Session at 7:15 pm; the motion was seconded by Commissioner Haskell and approved by all Commissioners present.

Commissioner Herendeen made a motion to approve a contract extension with Sheffield Wind under the terms presented in Executive Session; this motion was seconded by Commissioner Haskell and approved by all Commissioners present.

Commissioner Moody moved to adjourn the meeting at 7:16 pm; this motion was seconded by Commissioner Herendeen and approved by all Commissioners present.

Attest:



Laurie Lemieux, Board Clerk