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**MINUTES OF REGULAR MEETING**  
**BURLINGTON ELECTRIC COMMISSION**

**Wednesday, December 12, 2018 – 5:30 p.m.**

The regular meeting of the Burlington Electric Commission was convened at 5:30 p.m. on Wednesday, November 14, 2018 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, Jen Green, Mike Kanarick, Munir Kasti, Laurie Lemieux (Board Clerk), Dave MacDonnell, Jim Reardon, Darren Springer, and Destenie Vital

Channel 17 was present to record this meeting.

**1. Agenda**

Commissioner Stebbins asked that the Agenda be amended to move item 8. Environmental Information System Multi-Year Software Maintenance Proposal for McNeil to item 5a. immediately following the financial report.

**2. November 14, 2018 Meeting Minutes**

Commissioner Moody made a motion to approve the minutes of the November 14, 2018 Commission meeting; the motion was seconded by Commissioner Herendeen and approved by all Commissioners present.

**3. Public Forum**

There was no one present from the public.

**4. Commissioners' Corner**

Commissioner Stebbins thanked the BED staff for organizing the "*Commissioner Meet and Greet*" at the employee meetings. This "*Meet and Greet*" was attended by Commissioner Moody and Commissioner Herendeen. Mr. Springer stated that the Department will reach out to the Commissioners when the next employee meetings are scheduled so the Commissioners will have another opportunity to come in and meet employees.

**5. General Manager's Update**

Mr. Springer stated that at the VECAN conference on December 1 the Mayor announced his support for a revenue-neutral carbon fee in Vermont and announced a coalition of regional mayors who will work to advocate for this policy in neighboring states. The Mayor's speech and the press release are available on the City website if anyone would like to review.

As part of transitioning into the position of General Manager Mr. Springer looked at the structure of the organization and stated that BED is on a strong path. Mr. Springer felt a couple of changes within the

organization will assist BED in continuing this path and reviewed with the Commission the proposed structural changes. Mr. Springer stated that although these changes do not required Commission action it is important to update and share the structure before being presented to the Board of Finance and City Council in mid to late January. These proposed changes were discussed in the individual employee meetings and this vision was laid out at the December 4 employee meetings.

Mr. Springer stated that part of this reorganization will include a structural change whereas every Director will report to a Manager and every Manager will report to the General Manager. Mr. Springer stated that the biggest change within the organization is the creation of the Center for Safety. As stated in BED's Strategic Direction, safety is the Department's number one mission and by creating this center it will allow the Department to better serve BED and its employees. Mr. Springer is proposing that the Center for Safety be led by Mr. Alexander which would include continuing the work in risk management. Mike Flora would continue as the Director of Safety and would allow Mr. Flora to be out in the field even more and would allow Mr. Alexander to spend some time in the field as well. Also included in this group would be purchasing and the utility generalist area along with Ross Predom who works in conjunction with Mr. Flora in safety.

The other structural changes include merging the Energy Services team and the Customer Care team as they are both external customer based groups that provide service. This center of Customer Care and Energy Services would be led by Mike Kanarick.

Destenie Vital and Adam Rabin, the Marketing team would move into the Center of Innovation.

Mr. Springer distributed the "proposed" organizational chart for the Commission to review and stated that this organization chart will be sent to the Commission.

### Finance

Jim Reardon, Director of Finance and Administration presented a brief review of October year-to-date financial results.

October Operating Income year-to-date is \$1,127,000 and Net Income year-to-date is \$1,559,000. Year-to-date Operating Income and Net Income are approximately \$2.2 million less than budgeted, primarily due to the delay in the sale of the Highgate facility and REC (Renewable Energy Certificates) sales completed in November but budgeted in October.

The favorable variance year-to-date of \$332,000 in Sales to customers is due to average temperatures above normal for July, August and September. Other Revenues year-to-date are down \$181,000 due to Energy Efficiency Program cost reimbursements less than planned.

Power Supply Expenses year-to-date is \$426,000 above budget due to higher sales, McNeil (9%) and Winooski One (55%) production below budget, thus causing BED to purchase more power from the ISO New England Exchange. While Total Purchased Power year-to-date is above budget by \$728,000, Fuel Expense is \$278,000 below budget due to lower McNeil production and woodchip costs (per ton) are 4% below budget. The favorable year-to-date variance in Operating Expenses of \$653,000 appears to be largely due to timing (i.e. RPS Compliance/Tier 3 expenses).

Mr. Reardon then discussed Capital Spending. In total, year-to-date ended November 30<sup>th</sup>, Capital Spending is 21% (\$2,070,000) of the \$10,045,000 budgeted in FY 2019. Year-to-date, we are underspent

relative to the budget through November 30, 2018 by \$1,250,000. Most of the underspending to date is due to timing of projects, with the exception of Capital Funds dedicated to the IT Forward project. It appears all those funds will not be expended this fiscal year, but any unspent funds will need to be carried forward to FY 2020 for this project.

On Cash and Investments, BED closed November with \$12.4 million of unrestricted and reserved operating funds. Mr. Reardon noted that this is approximately \$1.4 less than what is projected in the budget. The sale of Highgate was budgeted in August for \$3,570,000. Had this transaction occurred when budgeted, we would be approximately \$2.2 million above the November ending cash projection of \$13.8 million.

As in previous months, the “Adjusted Debt Service Coverage Ratio” is not in line to meet an “A” bond rating, declining from 1.26 at October 31<sup>st</sup> to 1.13 at November 30<sup>th</sup>. This is largely due to lower Operating Revenues.

#### **5a. Environmental Information System Multi-Year Software Maintenance Proposal for McNeil Air Data Acquisition Handling System**

Mr. Flora is unable to attend the Commission Meeting this evening and requested that Mr. Gibbons present the proposal in his absence.

Mr. Gibbons stated that BED currently uses the company Wunderlich-Malec (WM) Engineering for Software Maintenance Support on the McNeil Generation Environmental Information System (EIS). This consists of the Continuous Emissions Monitoring System (CEMS) and the Data Acquisition Handling System (DAHS). Included in this contract is quarterly systems maintenance, data maintenance, software updates and patches, as well as 24/7 technical support.

Mr. Gibbons stated that WM purchased the Honeywell division of this product and, Honeywell/WM installed the original DAHS and is the only qualified vendor to support the existing DAHS.

CEMS & DAHS is integral to meet State and Part 75 air standards, lack of compliance leads to violations and potential negative operational and financial implications such as halts to operations and/or fines. BED has always paid the fee on an annual basis with a consistent increase year over year. A multiyear agreement would lock in the rate for 5 years. BED anticipates a \$15,340 saving over the 5 year period.

The Department is asking the Commission for approval of the multi-year software maintenance proposal for the Environmental Information System.

Commissioner Herendeen made a motion to approve the multi-year software proposal as presented; the motion was seconded by Commissioner Haskell; and the motion was approved by all Commissioners present.

#### **6. McNeil Station 2019 Calendar Budget**

Mr. MacDonnell presented the draft of the McNeil calendar year budget. Mr. MacDonnell explained that the McNeil Plant actually produces two budgets, a Calendar Year Budget because the Joint Owners operate on the calendar year and a Fiscal Year Budget because BED operates on a fiscal year.

Mr. MacDonnell explained that the budget is level funded from calendar year 2018 to calendar year 2019.

The 2019 budget does not include the \$500,000 one-time gasifier expense and the \$200,000 one-time estimated property tax payment for the gasifier that was included in calendar year 2018. There was an added cost of \$500,000 for mapping and repair of the water wall tube leak issues the plant has been experiencing. Estimated costs for raw woodchips in calendar year 2019 are \$10,345,000 compared to \$13,110,000 in calendar year 2018. The price of woodchips were decreased from the calendar year 2018 budget from \$28.00 for the first six months and \$29.00 for the last six months to \$27.50 for the first six months and \$28.00 for the last six months in calendar year 2019. These prices have decreased because of lower woodchip prices and the decrease in volume related to the major turbine overhaul that will last for six weeks. The \$2,750,810 costs for the major turbine overhaul is included in the expense portion of the calendar year 2019 budget. As of the end of October, the parts for the major turbine overhaul are already purchased and are in inventory at an expense of \$1,076,000. The 2019 capital budget also includes \$400,000 for a software upgrade project called IT Forward.

Commissioner Chagnon made a motion to accept the budget as presented; the motion was seconded by Commissioner Moody; and the motion was approved by all Commissioners present.

## **7. Net Zero Roadmap Synapse/RSG**

Mr. Springer stated that a critical part of what BED and the City would like to accomplish is to become a net zero city by 2030. BED had a very competitive RFP process to select a partner to work with the Department on the roadmap. There were 13 very qualified firms that bid and based on BED's internal review, the top choice in the process is Synapse/RSG. This firm is present this evening and will provide a roadmap overview to the Commission. BED held a two (2) day kick off phase of this project with tonight being the conclusion. Meetings with BED staff were held along with external partners, Vermont Gas, Chittenden County Regional Planning Commission, Department Heads, and the Department of Public Works. These meetings provided a briefing so the partners can engage in the process along with others who joined BED at Hotel Vermont on Tuesday for a reception.

Jen Green, BED's City Sustainability Officer stated that the members of the Synapse Team and RSG, a subcontractor assisting on BED's Net Zero Road are present this evening to provide an overview to include scope of work, deliverables, and timeline going forward. Ms. Green introduced Jenn Kallay, Synapse Project Manager, Asa Hopkins from Synapse, and Jonathan Slason from RSG.

Ms. Kallay, Mr. Hopkins, and Mr. Slason gave a brief overview of their background, experience and qualifications for the project.

Ms. Kallay stated that Synapse was founded in 1996 and have worked closely with public interest and government clients and provide rigorous modeling of the electric sector with a staff of 30 individuals. Synapse is a core business on modeling de-carbonization pathways and has provided a lot of work for companies across the country.

Ms. Kallay stated that the scope of work is to provide a roadmap to get Burlington to net zero energy. This scope is very inclusive and comprehensive which include the electric, thermal, and transportation sectors. It also includes all BED customers, residential, commercial, institutional, industrial and includes all types of buildings, owner occupied, leased, and owners with large portfolios of commercial buildings.

This project is broken into the following four (4) tasks:

- Kickoff to develop the baseline, such as what does the energy usage and emissions look like today

(to be developed through the end of January);

- What does this usage and emissions look like over the next 10-20 years (February);
- What levers need to be pulled to get to net zero, what are the varied pathways, what are the policies and practices, and what are the pathways that can be used to get there (March/April); and
- Choosing what levers to pursue and packaging this into a strategic plan (May – July).

Once this is accomplished a report will be produced outlining the path and touring this around to the community and getting buy-in so that implementation can be done as soon as possible.

Ms. Kallay, Mr. Hopkins and Mr. Slason closed the presentation by answering the Commissioners questions.

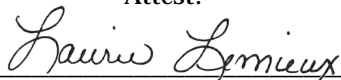
### **8. Commissioners' Check-In**

Commissioner Herendeen stated that there is an article about EV's and the degree in which they can be powered. There is a comparison in Texas and California in regards to what their daily power demands look like. Texas has a deep valley which makes it easier to deal with in regards to charging EVs, which Commissioner Herendeen found interesting.

Mr. Springer stated that the EV Rate rollout to BED customers is tentatively scheduled for January 10 and relates to the article that Commissioner Herendeen referenced regarding the EV article. This program will be very attractive to BED customers to charge up at home on a level 2 charger overnight, from 10:00pm to noon the next day. Mr. Springer stated that there is opportunity because of our own valley to add more kilowatt hours of beneficial use without the need for more infrastructure or significant capacity.

Commissioner Moody moved to adjourn the meeting at 7:05 p.m. This motion was seconded by Commissioner Herendeen and approved by all Commissioners present.

Attest:



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Laurie Lemieux, Board Clerk