



DRAFT

McNeil Station Joint Ownership Operating Committee Meeting Minutes

The meeting of the McNeil Station Joint Ownership Operating Committee convened at 12:07 p.m. on Wednesday, July 26, 2017 at the McNeil Generating Station Farmhouse.

Present: Neale Lunderville, James Gibbons, Munir Kasti, Betsy Lesnikoski, Dave MacDonnell, Amy Parah, Paul Pikna, T.J. Poor, Jim Reardon, and Doug Smith

Others Present: Laurie Lemieux, BED

1. Agenda

Mr. Lunderville made a motion to approve the Agenda; the motion was seconded by Mr. Smith and approved by all Joint Owners present.

2. Review of Joint Owner Operating Committee Meeting Minutes of April 12, 2017

Mr. Lunderville made a motion to approve the Joint Owner Committee meeting minutes of April 12, 2017; the motion was seconded by Mr. Poor and approved by all Joint Owners present.

3. Public Forum

There was no one present from the public.

4. Overview of Operating Reports for April 2017 through June 2017

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

In April 2017, the McNeil Generating Station produced a total of 15,391.0 net MWH for a Capacity Factor of 42.7%. The plant operated for a total of 358.9 hours or 49.8% of the total hours. The McNeil Station had an equivalent availability of 46.5%. As of April 30th, the total MWH produced for calendar year 2017 to date was 92,371.0 MW. There were an estimated 22,113.6 tons of wood consumed in April. The reductions and limitations in April were the annual overhaul which lasted from 4/14 through the end of April. The Wood Yard Operator position closed April 11, 2017 with interviews being conducted in May. Water Treatment Technician Jason "Joe" Hewitt retired April 22, 2017.

In May 2017, the McNeil Generating Station produced a total of 12,796.0 net MWH of power for a Capacity Factor of 34.4%. The plant operated for a total of 277.0 hours or 37.2% of the

total hours. The McNeil Station had an equivalent availability of 40.4%. As of May 31st, our total MWH produced for calendar year 2017 to date was 105,167.0 MW. There were an estimated 20,074.2 tons of wood consumed in May. There were a few reductions and limitations in May most notable was the extension of the annual overhaul and a main transformer bushings failure. Interviews were conducted for the Wood Yard Operator position and it was awarded to Jeremy Parent. He started on June 13, 2017.

In June 2017, the McNeil Generating Station produced a total of 21,501.0 net MWH of power for a Capacity Factor of 59.7%. The plant operated for a total of 475.6 hours or 66.1% of the total hours in June. The McNeil Station had an equivalent availability of 86.4%. As of June 30th, our total MWH produced for calendar year 2017 to date was 126,668.0 MW. There were an estimated 34,137.1 tons of wood consumed in June. There were a few reductions and limitations in June; most notable was the main transformer bushings failure. Rick Stergas, the environmental Specialist resigned on June 23, 2017. Rick was at McNeil for almost 22 years. Jeremy Parent's first day of employment as the new wood yard operator was on June 13, 2017. With more than 38 years of service, Shift Supervisor Frank Vigneau retired on June 23, 2017. The second quarter REC's for 2017 ended June 30th. McNeil's average NOx emissions for the quarter were .072 lb/mmBtu which are low enough to qualify for Connecticut class 1 REC's.

5. Fuel Procurement Update

Ms. Lesnikoski stated that Vermont is experiencing above normal precipitation and is 7.21" above normal. A lot of McNeil's wood comes from the northwest part of the state which has experienced an even greater amount of precipitation and this has impacted the deliveries. Wood is being cut but cannot be pulled because of the weather and a few dry days are needed to get the wood to the landing.

Ms. Lesnikoski then reviewed a report from the last fiscal year that separates the direct and indirect suppliers, tons of wood that was delivered, what type of wood, and where the suppliers are located. Ms. Lesnikoski reviewed the three (3) single biggest suppliers and stated that amendments to these contracts were signed at price of \$28. Ms. Lesnikoski stated that this price was determined by looking at what the weekly basis quota usually is and then gave the suppliers half of that figure. The suppliers are committed to that volume at the \$28 price and if the price increases, the suppliers still honor the \$28 price and if the price goes down McNeil is committed to the \$28 price. Ms. Lesnikoski stated that the contract amendments are based on a 6 month period, June 1st to December 31st.

Ms. Lesnikoski reviewed a map depicting where McNeil's wood comes from and shows the diversity of suppliers and stated that she has tried to spread out any risk. Ms. Lesnikoski stated that the more suppliers McNeil has, the chance of anyone controlling the market is very slim.

Ms. Lesnikoski stated that there has been discussion in the past regarding the emerald ash borer and stated that Vermont has not been affected by this but the emerald ash borer is present in New York and the quarantine is still in place. McNeil is working with the USDA officials in New York to be sure that McNeil has ash exclusion on jobs or certified chippers. There are also some issues with bats and Ms. Lesnikoski is working with the state to not restrict forestry operations. Ms. Lesnikoski stated that an acoustical survey at the South Forty was to be done in June and once it is determined that there are no bats then the trees can be cut.

6. Financial Review

Ms. Parah stated that Finance is working on finishing up the fiscal year and the financial information presented 2-3 weeks early and the figures are preliminary and subject to change. Ms. Parah stated that overall spending is under budget by 15% but is making sure that there are no outstanding invoices which could affect these figures.

7. McNeil Operating Statement

Mr. Lunderville moved that the financial information, if shared publically would place BED and McNeil at a significant competitive disadvantage per Title 1, Section 313 (a)(1) of the Vermont Statutes. The motion was seconded Mr. Smith.

Mr. Lunderville made a motion to enter into Executive Session based on the finding under the provisions of Title 1, Section 313(a) (1) (A) of the Vermont Statutes with staff present. The motion was seconded by Mr. Poor.

The Joint Owners moved into Executive Session at 12:41 p.m.

Mr. Lunderville made a motion to exit Executive Session at 1:08 pm; this motion was seconded by Mr. MacDonnell.

8. BED – GM Update

Mr. Lunderville stated that the City is at a point in the District Heating Project to begin pursuing two (2) scenarios in the provisioning of district energy. One of these scenarios uses only McNeil which would use both the economizer and steam extraction and the other would use McNeil and Perkins Pier sewage heat recovery along with the economizer. The scenario that uses only McNeil poses a question that we, as joint owners need to think about, *“is this something we are comfortable doing”*. Mr. Lunderville stated the economizer steam is the *“free”* heat and is not used for anything else and the plant is not dependent on it. The plant does depend on the steam to create electricity and what would the impact be from a MW perspective taking into account the times when steam extraction is needed during peak times for district energy. This would mean roughly 5 MW on the 50 MW system.

Mr. Gibbons stated that there may be operational implications of steam extraction that does not exist from pure waste heat recovery off the stack and if the margin that is factored into the pricing is sufficient to cover the risks.

Mr. Lunderville stated that this issue cannot be solved today but wanted to bring forward some issues for the next two meetings scheduled for this year. Mr. Lunderville stated that a risk analysis should be done by McNeil to include steam extraction versus standard procedure as McNeil runs now. Mr. Lunderville also stated that the City wants to be mindful that this is not a joint owner project and if the project would include changing the plant in any way, then the City would want the joint owners to firmly support the project.

9. Plant Status, Operating/ Maintenance Concerns

Mr. MacDonnell stated that in April 2018 the plant would be doing a turbine overhaul which would require a five (5) week outage. McNeil has requested the outage time to ISO (April 18, 2018 – May 20, 2018) and this is pending, but the Plant has received approval from VELCO.

This overhaul happens approximately every 5-7 years and is based on run hours and “starts”, every start is counted as 50 hours. The last overhaul of this turbine was done in 2011.

Mr. MacDonnell stated that due to the aging workforce McNeil is experiencing the loss of knowledge through retirement but feels that the plant is doing their due diligence in finding the right people to replace these employees. Job descriptions have been updated to allow cross training and employees have been asked to do more and this has been working out.

Mr. MacDonnell reviewed all the work that was completed during this year’s plant outage and is pleased that there were no injuries and no loss time.

10. Other

Mr. Poor stated that VPPSA has accumulated a reserve fund and asked if McNeil foresaw and additional expenses associated with the plant where these monies might be applied to. Mr. MacDonnell stated that the boiler economizer is the only additional expense but that will occur in the next year.

Mr. Gibbons stated that VPPSA is trying to advance the budgeting process to go out to the Board of Directors in the September/October timeframe. Last year VPPSA received the draft McNeil budget on November 8th and are asking to get that budget earlier.

Mr. MacDonnell asked if VPPSA could give McNeil a date by which they need the budget and they would ensure that the deadline is met. Mr. Gibbons will speak to VPPSA and get back to Mr. MacDonnell.

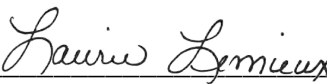
11. Schedule for next Meeting

The next Joint Owner meeting is scheduled for October 10, 2017 at noon at the McNeil farmhouse.

12. Meeting Adjourned

Mr. Lunderville made a motion to adjourn the meeting at 1:47 pm; the motion was seconded by Mr. Poor and approved by all Joint Owners present.

Attest:



Laurie Lemieux