

DRAFT Minutes

Clean Energy Development Board Meeting

Date: 03/18/2024

In Attendance (*Meeting held at electronically via video and in-person at PSD's Offices in Giga Conf. Room*)

<u>Board Members:</u>	Attending	Absent
Cara Robechek (CR) Chair	X	
David Farnsworth (DF)	X	
Ken Jones (KJ)	X	
Sam Swanson (SS)	X	
Johanna Miller (JM)	X	
Paul Zabriskie (PZ) Co-Chair	X	

State Employees:

Andrew Perchlik (**AP**), Clean Energy Development Fund Director, Public Service Department (PSD); Christopher Heine (**CH**) Clean Energy Program Specialist, PSD;

Other Attendees:

Margo Ghia, Windham Regional Commission
Kathryn Parlin, West Hill Energy
Betsy Bloomer, VELCO

CR called the meeting to order at 1:02

I. Review Agenda

No changes or objections made.

II. Discuss & Possible Vote on Draft Minutes of 12/12/23 Meeting.

PZ moved minutes be approved as presented, **KJ** second. Motion was unanimously approved after no discussion

III. Windham County Wood Heating Initiative Evaluation Report

Kathryn Parlin from West Hill Energy presented slides from the evaluation report on the Initiative that West Hill Energy completed for the Windham Regional Commission (WRC). The WRC was the grantee on the Windham County Wood Heating Initiative.

AP explained that this evaluation report also served as the WRC's final report for the multi-year grant. After the slide presentation that covered environmental (emissions) and economic impacts as well as lessons learned from the Initiative there were some short questions of Ms. Parlin on the report and methodology.

IV. Program & Spending updates

AP provided an update on the Small-Scale Renewable Energy Incentive Program (SSREIP) as the only CEDF program currently in operation. He reported that all the ARRA money allocated to the program for FY24 has been reserved and the CEDF funds were down to approximately \$47,000 remaining for pellet boiler incentives and \$65,000 for biodiesel incentives. **AP** reported that the incentives for coal change-outs and bulk pellet bin storage have closed due to a lack of funds. Data from the program shows the price for pellet boilers going up and the number of incentives/installations going down. **AP** reported that when the SSREIP runs out of CEDF dollars for its \$3,000 incentive EVT has decided that they will increase their \$3,000 incentive to maintain the current \$6,000 total incentive for pellet boilers. **KJ** asked where the EVT pellet boiler incentive money comes from. **AP** responded that it is from their “thermal energy and process fuel” funds and not their electric Energy Efficiency charge funds.

V. Montpelier District Heating ARRA Loan Discussion

AP gave an overview of the Montpelier City loan of \$750,000 that the City obtained from the CEDF in 2012. The loan was agreed to be at only a 1% interest rate, when all other CEDF loans were at 2%, and that the City only had to make interest payments until the district heating project was cash positive. VEDA services the loan for the CEDF for 1% of the loan value plus \$900/yr flat fee. **AP** pointed out that the CEDF is not able to cover the expenses of the loan with the City’s 1% interest only payments. This was not an issue when there were other ARRA loans, as they would cover the overall cost of the loan program. **AP** said the CEDF is looking for directions from the Board on what to do. **AP** said that the City reports the district heating system remains cash negative and thus they are not making any principal payments on the loan. **AP** reported that the City doesn’t expect the project to be cash positive for another 8 or 10 years. **AP** said he would like to negotiate a new payment agreement with the City where principal payments are made to the CEDF and the CEDF uses those only to make grants to entities interconnecting to the district heating system. This would help the overall profitability of the project for the city and help to lower costs of the systems’ users, said **AP**.

KJ said as a Montpelier Energy Committee member he is aware of and understands the cash flow issue the City is having with the system. He said the mechanism for accounting the systems’ cash flow isn’t ideal as the rate design is heavily weighted on demand charges and thus there is little incentive to lower BTU consumption. **DF** said he would support the CEDF renegotiating the terms of the loan, especially if it could result in the principal payments being reinvested connecting new customers to the district heating system. **CR** asked if the \$900/yr. fee charged by VEDA was something the CEDF could renegotiate. She said it should be lower now that we only have one loan. **CR** said she also supports renegotiation with City as well. **AP** said he would check with VEDA on their \$900 fee and reach out to the City about the loan.

VI. VELCO update on New England Clean Power Link/TDI project.

Betsy Bloomer from VELCO. Ms. Bloomer gave an update to the Board on the two multi-state transmission projects proposed that involve Vermont and interconnect Quebec with states South of Vermont.

She said that the Twin States project is no longer advancing and is basically cancelled as being uneconomic. VELCO did not see this as the most economic advantageous project generally for the state, but it would have provided needed funds for the impacted communities in the Northeast Kingdom.

She said the New England Clean Power Link project is still a viable project and is being promoted by its developer TDI. TDI is applying for round II of federal GRIP funding after being encouraged by DOE to make a full application of approximately \$250 million. The application is due April 17th. She said VELCO is committed to the project and still sees great value for Vermont if it were to be built. **JM** asked if the line would be bidirectional, and Ms. Bloomer said that it would be. **KJ** asked about the seasonality of the Quebec load and what time of year they would be looking to import power from this project. Ms. Bloomer responded that Quebec needs electricity during winter due to the heavy use of electricity for heating. She said that VELCO sent power to Quebec this winter, in fact. **KJ** asked if VELCO has seen a change in demand during winter with the installation of more cold climate heat pumps? She said yes, demand is increased but VELCO doesn't have visibility to the distribution level and thus it is difficult to say exactly where the changes are coming from. **CR** asked about the decision-making timeline. Ms. Bloomer expected that TDI Should hear this summer about GRIP funding award and that funding would likely be needed for the project to move forward, but that it would take years to construct and become operational.

VII. Next Meeting Discussion

The Board has its next meeting scheduled for May 22nd at 1:00 PM and has another tentatively scheduled for June 12th, at 1:00 if there is a need to approve the fiscal year 2025 budget before the end of the State's fiscal year June 30th.

VIII. Adjournment

Without objection CR adjourned the meeting at 2:20.

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