



**Metro District Energy System Advisory Board
Regularly Scheduled Meeting of**

February 18, 2021

Minutes of Meeting

The meeting was held via Webex teleconference

Facilitators: Dan Coyle, DES Project Contract Administrator and Kevin Jacobs, Thermal Engineering Group (TEG)

Board Members Present:

Freddie O'Connell
Ann McGauran
Laurel Creech (*on behalf of Nancy Whittemore*)
Jim Thiltgen (*on behalf of James Harbison*)
Brian Taylor
Nick Woollen
Heidi Hoeffner (*on behalf of Kevin Crumbo*)
Eric Schwartz

Others Present:

Dan Coyle, TEG
Kevin Jacobs, TEG
Jon Belcher, TEG
Randy Pomeroy, PMC
Tim Hestle, Constellation
Adrienne Fancher, MWS
Dontrai Buchanan, Metro ITS (web host)
Alan Robertson, State Architect

Board Chair, Freddie O'Connell, called the meeting to order at 10:02 a.m.

Mr. O'Connell proposed accepting the previous meeting's minutes. Vice-chair Brian Taylor made a motion to accept the minutes, and Laurel Creech seconded the motion. The minutes were approved unanimously.

Mr. O'Connell asked TEG to proceed with the presentation. Kevin Jacobs of TEG began by discussing the customer sales. The first slide in the presentation showed the rolling twelve-month costs and consumptions. Mr. Jacobs reported that all sales are down: the steam sales are down approximately 14% on the aggregate and chilled water sales are down approximately 20%. Costs are down due to the pandemic restrictions of the past year. The next two slides show the customer chilled water and steam sales. Chilled water sales are down compared to the 5-year average, but steam sales, while down comparatively in the late fall months, are 5% above average for the winter period. If a building does not have its normal occupancy, but the building management leaves the thermostat as normal, then the building systems will use more steam. This situation may account for the winter increase.

Mr. Jacobs then discussed the DES Covid response and the response to the billing deferral and late fee waiver policies. He deferred to the Board chair for review and discussion. Mr. O'Connell was pleased to see that customers had responded well to the policies, and he suggested that additional action did not seem necessary beyond evaluating cases individually. With discussion among the Board members, Mr. Taylor



moved to extend the late fee waiver for another quarter to allow for unusual circumstances or weather and further review; Eric Schwartz seconded the motion, and the motion was approved by all Board members present and voting.

Mr. Jacobs discussed Constellation's performance with respect to the guarantees included in Amendment 2 to their contract with Metro. Calculation of performance metrics remains the same. It is not unusual to experience a peak in the Steam Electric Conversion in the summer. The Steam Plant Efficiency exceeded the new guaranteed maximum at the end of the year, which may have been impacted by some mechanical issues in the plant that have been resolved. Steam Water Conversion is consistent with prior performance and the guarantees. The Chilled Water Electric Conversion is better than the guarantees. The Chilled Water Conversion exceeded the guaranteed values in the summer months, but the actual values are close to the guaranteed values. Water treatment appears to be good for the quarter: no biological issues. The previously identified source of hardness on Deaderick Street in the condensate line has been resolved.

Mr. Jacobs explained that some of the previous equipment maintenance issues at the EGF have been addressed – as indicated by the “yellow-plus” dots on the EGF Walkthrough slide – with the expectation that the dots will be green next quarter.

Dan Coyle described the observations of the EDS Walkthrough. The yellow dots indicate areas of improvement where previously identified issues have been resolved or repair work is in progress. It is anticipated that maintenance issues related to water infiltration and insulation repair will be resolved in the next quarter. Constellation has done a good job maintaining safety conditions.

Mr. O'Connell noted that several metrics were yellow, but the causes were understandable. Mr. Coyle observed that the metrics are expected to turn green next quarter because some of the projects in progress should be completed by then.

Mr. Jacobs explained that the natural gas usage for the first six months of the year for steam sendout was slightly above budget. Fuel use and efficiency are slightly below budget. Total gas cost is considerably below budget because the unit cost for gas is much lower than expected. There has been some fluctuation in the market. DES has restarted hedging gas purchases as prices started to rise, and we expect to be on budget for the year.

The comparison of the FY21 costs to date and the budget was discussed by Mr. Jacobs. Most of the expenses and revenues shown were in the 50% range, near where the costs were expected. However, the cost of Water/Sewer is high at 80% due to increased use of water this year. Four distinct condensate leaks and one significant chilled water leak were found and repaired. Those leaks required an increase in make-up water to compensate for the system losses and condensate dumped due to hardness.

The Metro Funding Amount for FY21, as well as expenses and revenues, are projected to be lower than in FY20.

Marketing efforts have picked up again. Potential customers previously identified have been contacted, and most of the projects remain on hold or awaiting financial resolution.

Mr. Jacobs continued by introducing the capital expenditures to date. Mr. Coyle discussed the active construction projects. He briefly explained each project with some details on the particulars of the work, including highlights of distribution system repairs. He explained an upcoming expansion joint replacement at the Music City Center that will require a shutdown scheduled for late spring when weather permits. Additional projects have been scheduled to proceed as funds permit.

Mr. Jacobs presented a graph of recent fluctuations in EDS make-up water and explained how leaks and maintenance issues influenced the demand for make-up water. One cause of the zero make-up amount after the repairs and the subsequent fluctuations may be due to a DES customer having Metro Water piped into its



chilled water lines. There may be another leak: it is unlikely that the leak will ever get to and remain at zero. An average of about 5 gpm is the goal. The system is currently operating at 7 gpm.

Jim Thiltgen asked if there was any impact from the Christmas Day bombing. TEG responded that there had not been any impact on DES infrastructure. The DES facilities are outside the perimeter of that area, and a few stones were found on the tunnel floor that could have been shaken loose by the blast. Although the shock was felt by the operators at the plant, there was no noticeable damage and operations were unaffected.

Mr. Schwartz asked if there had been any impact on the natural gas supply or pricing due to the issues in Texas. DES has not experienced any impact; the gas company has not required a curtailment. DES is prepared to use propane if the natural gas supply is impeded. Mr. Jacobs also noted that DES has hedged natural gas prices through March.

Ms. Creech observed that the DES resiliency preparations could be promoted for good public relations. Mr. Coyle highlighted DES' nearly 100% reliability record, accounting for planned outages, that is posted on the marketing website.

Without additional board member items, Ms. Creech moved for adjournment, and Mr. O'Connell seconded the motion. Mr. O'Connell adjourned the meeting at 10:46 a.m.

The next regular Board Meeting will be held Thursday, May 20, 2021 at 10:00 A.M.

These minutes were approved on _____ 5/21/21 _____.