



## **Metro Nashville District Energy System Advisory Board**

**Regularly Scheduled Meeting of**

**May 18, 2023**

### **Minutes of Meeting**

*The meeting was held in person at the Sonny West Conference Center  
and via WebEx teleconference.*

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

#### **Board Members Present:**

Freddie O'Connell  
Brian Taylor  
Randall Jones (*on behalf of Velvet Hunter*)  
Heidi Hoeffner (*on behalf of Kelly Flannery*)  
Ann McGauran

#### **Others Present:**

Dan Coyle, TEG  
Jon Belcher, TEG  
Randy Pomeroy, Pomeroy Marketing/Communications  
Michael Winters, Constellation  
Blake Bars, Frost Brown Todd LLC  
Adrienne Fancher, Metro Water Services  
Charda Johnson, Metro ITS (Webex host)

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Freddie O'Connell, Board Chair, called the meeting to order at 10:08 a.m., and confirmed that quorum was in attendance. Brian Taylor moved to accept the minutes of the previous meeting, and Heidi Hoeffner seconded the motion. The minutes were approved unanimously by verbal acceptance.

Kevin Jacobs reviewed the Customer Sales. Mr. Jacobs stated that there are 5 customers in arrears for more than 30 days. In reviewing the Customer Cost Comparison, Mr. Jacobs reported that for steam and chilled water, revenues and usage were both increased over the same period during the previous year. Utility costs have increased, but sales were typical.

On Figure 3A, Chilled Water sales were higher for January and February that were warmer than usual. The difference from 2022 to 2023 may be due to increased hotel occupancy and more events at Bridgestone Arena. On Figure 3B, this was a "low steam" quarter due to decreased Heating Degree Days. Mr. Jacobs noted that it is unusual to sell more steam in March than in February.

In reviewing the operator's performance, Mr. Jacobs noted that he had added graphs to illustrate the performance over the last 3 years which includes the 2020 change in performance guarantees. While there is room for continuous improvement, Mr. Jacobs highlighted the overall improvement in the 3-year performance trends for all of the guarantees. Regarding water treatment, performance continues to be positive. The sidestream filter installation [to improve solids removal in the chilled water return and improve water quality for the customers] was put into operation in early May.

Mr. Jacobs stated that based on the quarterly EGF Walkthrough, Constellation continues the improved maintenance of the plant, grounds, and equipment.



Dan Coyle discussed the EDS Walkthrough. Mr. Coyle noted the overall system condition is the same. There are ongoing long-term items to address in the tunnels. Mr. Coyle noted that water infiltration in the tunnels and vaults is due to the nature of tunnels and not due to lack of effort by CES. Mr. Coyle noted that CES is addressing structural steel issues that should reflect positively in the future.

Mr. Jacobs reviewed the natural gas spending. He noted that while the budget has been exceeded due to high prices, the use and efficiency are below budget. Mr. O'Connell inquired if the higher unit cost of fuel was impacting the national market. Mr. Jacobs responded that the national market prices were higher. DES has hedged fuel purchases to save money over the last two years, and the FY24 budget is set higher in anticipation of continued market volatility. Due to lower prices, favorable weather, and efficient operation at the end of FY23, DES may meet the FY23 budget despite the higher prices during the year. Mr. Taylor recommended showing Figure 5 [illustration of actual and projected fuel costs] to the customers at the upcoming Annual Customer Meeting to highlight the savings for customers.

Mr. Jacobs reviewed the FY2023 Costs to Date. Water/Sewer costs are already at 99% of budget with a quarter remaining. The fuel budget is at 100%, but the fuel contingency budget is less than 4% spent; therefore, it is likely that total fuel costs will be on budget. The FY24 Budget will be presented at the next meeting.

Regarding Marketing, Mr. Jacobs acknowledged that the DES Permitting Checkbox has facilitated interest among developers. DES increased the amount of available steam capacity after resolving the loss of the old convention center and the gain of additional area for the Renaissance Hotel and Fifth+Broadway complex. Mr. Jacobs highlighted potential new customers are north of Demonbreun and south of Peabody.

Mr. Jacobs highlighted the Capital Expenditures to date through the end of FY23. He noted that many projects are still in the invoicing stage. Regarding Capital Projects, Mr. Jacobs highlighted the Peabody Union development east of the EGF. Mr. O'Connell questioned why Peabody Union declined to become a DES customer; Mr. Jacobs responded that despite multiple value discussions, the engineers elected not to connect to the system. Mr. Coyle highlighted several capital repair/prevention projects in the distribution system.

Mr. Jacobs described the Side Stream Filter currently under installation on the chilled water return in the EGF. He noted that the beneficial effect of the filter should be apparent after 2 to 3 months of operation. The filter should improve water quality and heat transfer at the customers and reduce maintenance.

Mr. Jacobs announced that Thermal Engineering Group received a new 5-year agreement to continue as the Program Administrator. He also reminded the Board of the next Customer Meeting on May 25<sup>th</sup> and of the next Advisory Board meeting on August 17<sup>th</sup> and the MWS Biosolids Building.

Adrienne Fancher advised the Board that DES would again host the TV truck and post a banner on the EGF for the Music City Grand Prix in August.

The System Operator, Constellation Energy Solutions (CES), presented an update for the Advisory Board. Mike Winters, the Plant General Manager, commended the staff for years of safe operation without injuries or environmental incidents. Mr. Winters highlighted the operational performance of the system with respect to the guarantees that had resulted in almost \$100,000 in customer savings. For context, he noted that the Water-to-Steam target was missed by 367,000 gallons, which represents a value of approximately \$2,300 and that corresponds to one day of cooling tower evaporation. Mr. Winters also highlighted the chilled water outage in January during which CES made several repairs at the plant and in the distribution system. Additional preventive maintenance was conducted while the hole was open. Service was restored after 24 hours and 1 minute, with no customer complaints. Mr. O'Connell commended CES for the good work.

Mr. Taylor observed that in years past, there had been a lack of marketing for DES, and this condition appears to have changed in recent years. He inquired about the marketing materials provided for developers given the potential explosive growth in the "South Bank" (south of Peabody) area. Mr. Jacobs and Mr. Coyle responded with a brief review of the marketing history and response from developers for DES. They both noted that the Permitting Checkbox has helped to raise the profile of DES among developers. Ms. Fancher



added that the Downtown Review Committee was meeting concurrently to decide if connection to DES could be added as a criterion for the Bonus Height Program.

Mr. O'Connell noted that the next Board meeting would be his last. With no further questions from other Board members, Mr. O'Connell adjourned the meeting at 11:04 a.m.

The next regular Board Meeting will be held Thursday, August 17, 2023, at 10:00 a.m.

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**These minutes were approved on August 17, 2023.**