



Metro Nashville District Energy System Advisory Board

Regularly Scheduled Meeting of

August 15, 2024

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 Jacobs, Thermal Engineering Group (TEG)

Board Members Present:

Olivia Hill, At-Large Metro Council Member
Brian Taylor, Public Representative
Heidi Hoeffner (*on behalf of Kevin Crumbo, Metro Finance Director*)
Kim Shinn, Public Representative
Gerald Smith, Metro General Services Director
Ann McGauran, State of Tennessee Representative
Bill McKnight, Private Customer Representative
Curtis Thomas (*on behalf of Dr. Troy White, MDHA Executive Director*)

Others Present:

Jon Belcher, TEG
Randy Pomeroy, Pomeroy Marketing/Communications
Mike Winters, Constellation Energy Solutions
John Schaffer, Constellation Energy Solutions
Bill Purcell, Frost Brown Todd LLC
Freddie Adom, Metro General Services
Randall Jones, Metro General Services
Kevin Crumbo, Metro Finance
Amanda Deaton-Moyer, Metro Finance
Adrienne Fancher, Metro Water Services
Charda Johnson, Metro ITS (Webex host)

Advisory Board Chair Olivia Hill called the meeting to order at 10:05 a.m. Kim Shinn moved to approve the minutes of the previous meeting, and Brian Taylor seconded the motion. The minutes were approved unanimously by verbal acceptance.

Adrienne Fancher, Metro DES Liaison, welcomed the attendance of Curtis Thomas, MDHA capital projects manager, to represent MDHA on the Advisory Board. Ms. Fancher informed the Advisory Board that she had been contacted by the business manager for JEA Utilities (Jacksonville, FL) who was surveying district energy systems around the country while preparing a new business plan for the JEA district systems.

Kevin Jacobs reviewed the Customer Sales. Mr. Jacobs stated that there are 0 customers in arrears for more than 60 days [due to the uncommon timing of this month's billing cycle with respect to the Advisory Board meeting schedule]. In reviewing the Customer Cost Comparison, Mr. Jacobs reported that the costs for steam sales are down for the quarter due to significantly reduced cost of natural gas and consequently



reduced cost of steam production. Chilled water usage is down for chilled water for the year, although Metro's use of chilled water is considerably higher.

The graphs of Historic Chilled Water and Steam Sales represent the respective averages of 2021, 2022, and 2023, in comparison with 2024 year-to-date. This year, sales for both products are tracking closely with 2021 data.

Regarding Marketing, Mr. Jacobs noted that TEG is tracking 16 prospective customers for the available capacity – including several in the Rolling Mill Hill area. Mr. Taylor and Gerald Smith asked about DES involvement in the Downtown Design Review Committee process for new developments. There was a brief discussion of opportunities for participation in design development and permitting.

In reviewing the operator's performance, Mr. Jacobs noted that the third amendment to Constellation's contract was executed and that the graphs presented today reflect FY2024. The performance guarantee for Steam-Electric has been met for the previous 12 months. The Steam-efficiency metrics varies with volume and temperature of condensate return and was met most months. The Steam-Water metrics will be changed with Amendment 3 to reflect a changed water meter and more realistic water usage; the metric was met for two months. The Chilled Water-Electric guarantee was met every month for the past 12 months and will be changed to 0.92 in Amendment 3. The Chilled Water-Water guarantee equation will change with Amendment 3 and was met during the quarter.

Water treatment performance parameters continue to be compliant. Biologicals in the chilled water system are effectively zero. The sidestream filter continues to perform by removing nearly all suspended particles. Although there were minor increases in turbidity and suspended iron for March-April, both parameters appear to be returning to previous low levels. These increases were likely due to customers re-starting cooling systems that had been turned down during the winter.

For FY24, the cost of fuel is below budget, although the weighted cost of hedged purchases is above current spot-market prices. The hedged purchases are expected to approach market prices in the coming months. None of the contingency has been spent.

For the FY24-to-date costs, Mr. Jacobs noted that at this point in the fiscal year, most of the costs are at or nearly 100%. Mr. Jacobs presented the FY25 Budget and noted changes from the previous year. The fuel budget has been reduced but the contingency budget has been increased to accommodate potential weather and market price changes. The debt service increases for FY25 to cover a final "balloon payment."

Mr. Jacobs observed during the quarterly EGF Walkthrough that some of the seasonal maintenance remains outstanding, but as evidence by the performance metrics, the plant is performing well. Jon Belcher discussed the EDS Walkthrough and his observations, noting significant repairs. There was a brief discussion of the absence of the red-yellow-green status evaluations due to continuous improvement and how we might develop a visual status representation. Ms. Hill asked for more detail regarding the valves scheduled for replacement.

Mr. Jacobs reviewed the status of Capital Expenditures, noting that several projects were closed this fiscal year, and funds remain for completing additional projects. He updated the status of the Peabody Union development next to the plant and other projects in various stages of development around downtown. Mr. Belcher reviewed capital projects in the EDS, highlighting the structural coating projects.

The System Operator, Constellation Energy Solutions (CES), presented an update for the Advisory Board. Mike Winters expressed gratitude for recognition of Constellation's efforts to improve the good condition of the EDS. Mr. Winters highlighted the positive safety statistics for the CES staff and contractors. Mr. Winters reviewed the impacts of the performance guarantees which essentially measure the consumption of water and electricity, and he noted that the one guarantee missed for the year would be represented more accurately with the new Amendment 3 calculation. Mr. Jacobs expanded on the performance metrics and year-end cost true-up. Mr. Winters commended the Constellation staff for securing a steam leak near Ascend



Amphitheater and repairing it quickly. Mr. Winters also thanked C/M Hill and the Metro Council for recognition of Constellation's service to Metro.

For Special Topics, Mr. Jacobs highlighted Amendment 3 to Constellation's agreement and the annual Customer Meeting.

For Other Board Member Items, there was a brief discussion of opportunities for public comments on Advisory Board business and for more involvement with local universities.

Ms. Hill adjourned the meeting at 11:26 a.m.

The next regular Board Meeting will be held Thursday, November 21, 2024, at 10:00 a.m.

These minutes were approved on November 21, 2024.