

ESMEC
Eastern Shore of Maryland Educational Consortium
ENERGY TRUST

202 Chesterfield Avenue • Centreville, MD 21617 • (P) 410-758-2403, ext. 132 • (F) 410-758-0046 • E-Mail: consor@qacps.k12.md.us

Milton E. Nagel, C.P.A., Vice Chairman
R. Allan Gorsuch, Ed.D, Manager

December 9, 2004
MINUTES

- I. Call to Order and Quorum** – A quorum was established by Chairman Mark Miller. Present were: Allison Canada, Rodger Daugherty, Tom Kappra, Robin Landgraf, Fay Miller, Milton Nagel, and Michael Spears.

Also present: Gene Adkins, and Allan Gorsuch, Manager.

- II. Approval of Minutes** – Upon a motion by Fay Miller, seconded by Milton Nagel, the November 11, 2004 minutes were unanimously approved.

- III. Finance Report** - Included in the packets was the finance report submitted by Robin Landgraf. Allan Gorsuch commented that he had received an invoice from Downes & Associates for October and expected one more invoice from Downes.

- IV. Trustee Appointments - Colleges** - Upon a motion by Fay Miller, seconded by Milton Nagel, it was unanimously approved to have Allison Canada serve as Trustee for the colleges and Monte Garrettson to serve as the Alternate Trustee.

- V. Communications** - Allan Gorsuch briefly pointed out letters sent to ESCO's and consultants.

Reviewed and made updates/changes in the ESMEC Energy Trust Participant Listing.

Allan Gorsuch updated the Trust on "Information Requirements" from South River Consulting.

Allan Gorsuch advised the Trust of the invitation to meet with Cecil Community College, and that Kevin Kahoe, Principal would be joining him at this meeting.

Allan Gorsuch gave update on the status of prospective participants and asked that each participant contact folks (Library Boards, Sanitary Districts, etc.) in their county to see if there was any additional interest.

- VI. Marketing Report** - Participants received an e-mail from Noel Chesser regarding the weekly market reports and instructions on how to access these reports at any given time.

- VII. Noresco Partnership** - Allan Gorsuch asked the Trust to look over the response from Noresco and e-mail or call him with any issues or concerns before his meeting on Monday.

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VIII. Consulting Agreement with Scope of Services - Allan Gorsuch walked through Scope of Services and gave an overview of each area.

Upon a motion by Fay Miller to adopt the contact as submitted, seconded by Milton Nagel it was unanimously approved.

Noel Chesser and Bert Wilson, representatives from South River Consulting, joined the meeting at approximately 11:15 a.m.

XI. Transition Update - Bert Wilson introduced himself and stressed that "good data translates into good pricing." Discussed process in which data received from participants would be sorted by member and sent to each for confirmation. Discussed the classifications (end user types) needed to generate a separate data field for future use by South River and participants.

Noel asked that he be contacted for any and all general questions. For the more technical information you may contact Bert.

South River will need **complete** copies of all bills. Discussed the different formats in which to submit your data and Noel Chesser gave a target date of February 1, 2005 to have all the data up and running.

X. Account Placement Report - Bert Wilson touched on the congestion issues associated with the geographical nature of where we are located and what's to come. Noted that this is not just a summer issue, represents itself in the winter as well. Explained that PJM extends all the way from Chicago, south to North Carolina and that they have doubled in size in the past year. Cecil County being above constraint, Kent below.

As this market becomes more and more deregulated the need arises to think in terms of a reserve to prepare for a bad year (hedge contract). The Trust asked South River to provide them three options with explanations. The Trust will discuss and decide in which direction they want to proceed.

Discussion ensued regarding the analysis of SRC on line charts and Allan Gorsuch suggested a written analysis in layman's language for members.

Bert Wilson of South River talked about 2006 transmission prices going up and will account for 4% of total costs. Also, capacity prices going up 2%. (PLC Predictor - what you do within 5 days, 5 highest hours is what drives this market). You will pay for that capacity next year. Suggests that you start giving this area some thought.

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XI. PSC/Legislative Activity - In regards to congestion and PJM and the pricing connected to supplying the shore with electricity resulting from the geographic nature of Trust's location, at some point in the future, may want to look at getting a piece of legislation written to address these issues.

XII. Other -

Budget - Noel Chesser will send to Allan Gorsuch by December 17th the recommended percent of increase to use in the upcoming budgets. Allan Gorsuch will then send that information on to participants.

Fee Policy - Copy of the revised Fee Policy dated November 11, 2004 was included in packets.

There being no further business, the meeting was adjourned at 12:20 p.m. with lunch.

The next meeting is scheduled for Thursday, January 13, 2005 at 9:30 a.m. at the Queen Anne's County Board of Education.

Respectfully submitted,

R. Allan Gorsuch, Ed.D.
Manager, ESMEC Energy Trust