



(EASTERN SHORE OF MARYLAND EDUCATIONAL CONSORTIUM)
ESMEC ENERGY TRUST

Mark E. Miller, C.P.M., CFPO, Chairman
Milton E. Nagel, C.P.A., Vice Chairman
Allan Gorsuch, Ed.D., Manager

**March 12, 2009
MINUTES**

- I. Call to Order/Quorum** – A quorum was established by Chairman Mark Miller. Present were: Milton Nagel, Tom Kappra, Fay Miller, Robin Landgraf, Jeff Rank, Allison Canada and David Jones.

Also present: Allan Gorsuch, Mike Haring, George Mitchell, Noel Chesser and Bert Wilson.

- A. Approval of Minutes – Upon a motion by David Jones, seconded by Fay Miller, the January 8, 2009 minutes were unanimously approved.
- B. Finance Report – The finance report dated 2/28/09 was distributed and reviewed by Robin Landgraf.

Upon a motion by Milton Nagel, seconded by Fay Miller the finance report was unanimously approved as presented.

- C. Membership Application – Town of Betterton – Upon a motion by Milton Nagel, seconded by Tom Kappra, the application from the Town of Betterton was unanimously approved.

II. Managers Report

- A. Communications – Allan Gorsuch included information in the packets regarding a business luncheon in Cambridge on March 18th and advised he would be attending.
- Discussed extending hedge purchases. Noel to touch on this later in the meeting.
- B. Marketing – Allan Gorsuch commented on the success of towns being included in the Trust. Discussed status of Cambridge and Chestertown and anticipates future conversations.
- C. Marylanders for Reliable Power – Allan Gorsuch advised he joined this group to be kept informed of developments in the energy industry and to be involved in efforts to help produce public policies essential to reliable power.
- D. P.S.C. – Discussed Senate Bill 844 and Senate Bill 795 – Re-regulation of the electricity industry. Also referred to copy of the letter in the packet to the Chairman of the Senate Finance Committee, Thomas M. Middleton, in opposition of these two bills.
- E. Legislation - Bill listing included in packets. Allan Gorsuch highlighted some of the bills and made comments regarding status and projected outcomes.
- F. Other
- FY'09 Budget Allocation
 - Welcome to Marylanders for Reliable Power
 - Understanding Maryland's Need for Improved Electricity Infrastructure.

Also, included in the packets were two newspaper articles; Pepco, Delmarva Power Customers to Be Offered Programmable Thermostats and Energy Manager Helps Kent Schools Conserve Resources, Save Money.

III. Consultants Report

- A. New Member Information – Noel Chesser distributed New Member Information summarizing events and processes that take place when becoming a new member in the Trust.
- B. Block Portfolio Report – Noel and Bert reviewed the portfolio stating we were under budget by 86¢ a megawatt hour and advised of an \$8.00 spike in congestion cost - the Delmarva Power zone (DLP) experienced an increase in congestion costs (differences between actual hourly cost at West Hub vs hourly cost at DPL zone) in January 2009 due in part to a colder than average January. Advised that Bert was working on transmission costs with Pepco who is providing a tremendous amount of support on this. Talked about fixed rate commitments on page 5 of the portfolio review and explained on page 6 that Pepco has to post collateral on behalf of the Trust to cover this difference. On page 10 spoke about the budget rate still on track for FY'10 at 10¢ Kwh hour. These billing rates will be set at the May meeting. The question was asked as to what these rates have over the standard offer rate and Noel touched on this and will send Allan Gorsuch a format to include on the Savings-To-Date report that would use list a shopping rate/cost avoidance to better define this comparison.
- C. Power Supply Contracts – Discussed BRCP status and what the legislature is doing. Decided to revisit the possibility of a more formal cooperation with BRCP going forward when things get better.
- D. Market Projections – In the Forward Market Report chart on page 11 discussed some of the causes for market drops. Spoke about combined heat & power possibility for participants with natural gas. Bert suggested a conference call with the four counties to include facilities people, as they will need to know what they need to do.
- E. Longer Term Hedge Strategy – Talked about hedge status and Noel advised he will look at this for Fiscal '12 and '13. Will get some pricing and see how it looks.
- F. Other – Noel talked about the announcement from Pepco Energy Services regarding retail supply services and what that means to ESMEC in that they will be honoring all existing contracts thru June 30, 2011. Talked about rebidding for FY'12 and beyond along with the option of becoming your own supplier.

There being no other business the meeting adjourned at 12:00 p.m. with lunch.

The next meeting is scheduled for Thursday, May 14, 2009 at 10:00 a.m. at the Queen Anne's County Board of Education.

Respectfully submitted,

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