



(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

**May 8, 2008
MINUTES**

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

Also present: Allan Gorsuch, Herb Mills, Jeff Rank, Karen Marshall and Noel Chesser.

- A. Approval of Minutes – Upon a motion by Fay Miller, seconded by Robin Landgraf, the March 13, 2008 minutes were unanimously approved.
- B. Finance Report – The finance report dated 4/30/2008, prepared by Robin Landgraf, was distributed. Upon a motion by Fay Miller, seconded by Milton Nagel, it was unanimously approved to accept the finance report as presented.
- C. Matt Kastantin - EnerNOC– Allan Gorsuch advised that Matt Kastantin would not be presenting today and confirmed the e-mail to all participants regarding EnerNOC purchasing South River Consulting.

Allan Gorsuch did explain that the presentation was to be on the Emergency Load Response Program and that the purpose of this program is to receive capacity payments from the utility company.

- D. BRCPC Meeting – Mark Miller advised they are doing pretty much the same thing as the ESMEC Energy Trust. They are looking to enter into long term agreement with a generator to reduce demand. Advised they are also looking to buy a piece of a wind farm.

SRC has done a summary of their Demand Response Program and they (BRCPC) have formed a sub committee to address/study this area.

- E. July 10, 2008 Meeting – Allan Gorsuch advised there would be no July meeting and anything that came up would be directed to the executive committee.
- F. Other – Mark Miller reported that HB 865 passed requiring any bid over \$25,000.00 to be advertised on eMaryland Marketplace.

II. Managers Report

- A. Communications: Allan Gorsuch distributed in packets, information from Delmarva Power on Type 1 & Type II rates.

Allan Gorsuch shared information on the Empower Act and a public conference being held on May 29th 30th which in summary says to the utility company that they are going to have to get into act of conserving energy in the way of smart meters, etc. (Also advised that to date, there has still been no response regarding the March 4th letter to Mr. Gary Stockbridge at Delmarva Power regarding this very subject.)

Allan Gorsuch noted there is a Senate Bill going before the General Assembly December 1, 2008 regarding re-regulation, in order to fix the problem.

Allan Gorsuch advised he had been contacted by Dunn & Bradstreet and information on the ESMEC Energy Trust has been updated. Advised of an unfavorable rating on payment of invoices and discussed briefly the circumstances and advised the situation has been corrected.

Allan Gorsuch noted the information on NCG Energy Solutions included in the packets. A discussion ensued regarding Cecil College and "double counting" (double purchasing) of REC's. Suggested that if we ever re-bid the professional services contract to at least offer them to make a bid.

- B. Marketing – Allan Gorsuch advised the meetings with Hurlock and Cambridge will be on June 12th and the meetings with Crisfield and Princess Anne will be on May 21st. Shared with the group Cecil County's inquiry as to the humane society and the volunteer fire company participating in the Energy Trust. Mark Miller reminded everyone of the two reasons they went with public entities as stated in Article I, 1.01 (w) of the revised Trust Agreement dated October 30, 2003. Those reasons being: 1) their budgets are stable and 2) they pay their bills on time and know the importance of doing so.
- C. Legislation/PSC – A listing dated May 7, 2008 of House and Senate Bills was distributed in packets.
- D. Demand Management – Will wait to see how BRCP moves forward with this program.

- E. Power Purchase Agreements – Noel Chesser advised this is just another way of buying power and the reason being is the market rules change due to capacity and capacity is worth a lot of money right now. Noel advised there is no risk to the Trust, the Trust won't own a plant, the only obligation would be to agree to pay a fixed rate when they start producing electricity.
- F. FY 2009 Budget – Upon a motion by Milton Nagel, seconded by Robin Landgraf, the Operating Budget for FY 2009 dated May 8, 2008 was unanimously approved. Assessments should be the same or a little less after all the new accounts have been added in. Noel Chesser is to provide those assessment figures.
- G. Other

ASBO and MACO Conferences – Allan Gorsuch reminded the Trust he would be attending these two conferences but there would be no room costs to the Trust.

Guidelines and Policies – Copies of Electric Purchase Implementation Guideline Policy approved on March 13, 2008 and the Electric Cost Management Policy, also approved on March 13, 2008 were included in the packets and Allan Gorsuch advised everyone to include them in your Agreements, Policies, Guidelines and Strategies binder. He again reminded everyone the importance of the documents in this binder when audited.

III. Consultants Report – Noel Chesser addressed the Trust by first stating that South River Consulting had been purchased by EnerNOC out of Boston, MA and that he had previously sent out an e-mail to all participants. Assured the Trust that nothing has changed and that it was business as usual and asked that he be contacted regarding any questions or concerns.

- A. Block Portfolio Report – Noel handed out and discussed the “Commodity Cost Estimate” information and reported that they were quite pleased overall. Added that he saw no value in buying blocks right now and that the PLC Program should result in favorable savings. Recommended that until we see some break that no more summer hedges be purchased. By the end of summer will have to take a look at it again. Should start pricing for October by August 1st .

- B. Market Projections – Noel commended that in the speculation market, hedge funds are driving high prices and that there is a bubble in the hedge market for oil. Right now we are purchasing more on the day ahead market.
- C. Billing Rates for the summer – June to July, July to August, August to September, and September to October – 4 months. Noel recommended the following rates:

\$0.1100	Secondary Accounts (SGS/SGS SH/ LGS)
\$0.1075	Primary Accounts (GSP)
\$0.0950	Recreational/Outdoor lighting (OL/ORL)

Noel noted that the budget last year was 9¢. This year the supply rate overall will be 10¢.

Upon a motion by Mike Spears, seconded by Milton Nagel the above billing rates were accepted as presented and unanimously approved.

D. Other

REC's – Renewable Energy Credits – See "REC Purchases to Meet Maryland RPS" dated 5/8/08 from South River Consulting. Noel also passed around the actual bid sheet from the broker, Spectron.

Noel advised they had purchased REC requirements thru the year 2011. Not able to buy solar REC's in Tier 1 as there are none available right now.

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

The next meeting is scheduled for Thursday, September 11, 2008 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