

ESMEC

Eastern Shore of Maryland Educational Consortium

ENERGY TRUST

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EDUCATIONAL ENERGY TRUST ADOPTS INNOVATIVE NEW ELECTRIC PROCUREMENT PROGRAM

Centreville, MD – The Eastern Shore of Maryland Educational Consortium (ESMEC) Energy Trust has recently implemented a new wholesale market based approach for procuring electricity for its members. The new approach provides more price risk management flexibility and provides for the purchase of electricity as a true commodity. The program also reduces overall electric supply costs by significantly reducing retail supplier margins, premiums and transaction costs. The program is estimated to achieve added savings off of the Delmarva standard offer rates of \$2.5 million for fiscal year 2007.

The new procurement program was developed in cooperation with South River Consulting LLC, the energy consultant company that serves the ESMEC Energy Trust. Another group, the Baltimore Regional Consortium Purchasing Committee (BRCPC), a buying consortium consisting of Central Maryland county governments, public school systems, and local municipalities, also began using this process and recently received the National Institute of Governmental Purchasing (NIGP) *2006 Innovations in Public Procurement Award* for implementing this wholesale-based procurement program. The NIGP is a national, membership-based, non-profit organization that provides support to professionals in the public sector purchasing profession.

The ESMEC Energy Trust was founded by the nine Eastern Shore school systems in 2001 in response to Maryland's electricity deregulation. Since inception, the Energy Trust has saved an estimated 3.1 million dollars in electricity costs for taxpayers, projected to total over 5.6 million by the end of this school year. There are now 17 members of the Trust, including the 9 school systems, 3 community colleges and 5 county governments, all on the Eastern Shore. In addition to electricity, many Energy Trust members also jointly purchase fuel oil. As a result of these collaborative efforts, funding previously spent on utilities is now being used for direct public services.