

ESMEC

Eastern Shore of Maryland Educational Consortium

ENERGY TRUST

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EDUCATIONAL ENERGY TRUST INNOVATIVE NEW ELECTRIC PROCUREMENT PROGRAM ACHIEVES FIRST YEAR SAVINGS OF \$ 2.5 MILLION

Centreville, MD —The Eastern Shore of Maryland Educational Consortium (ESMEC) Energy Trust achieved savings of \$2.5 million off of the Delmarva Power standard offer service rates for the fiscal year 2007. The savings was achieved through implementation of an innovative new electric procurement program for its members. This new program also enabled ESMEC to achieve savings of \$1.2 million when compared to the best case retail fixed rate alternatives offered by energy suppliers.

The new electric procurement program was designed to achieve lower electric supply costs and more flexible electric price risk management. This is achieved through a combination of a cost plus structure and managed bid wholesale purchases and utilizing sound commodity purchasing strategies of time diversity (time buys) and market responsive purchases (value buys).

The new procurement program was developed in cooperation with South River Consulting LLC, the energy consultant company that serves the ESMEC Energy Trust. This program is under consideration by the Maryland Public Service Commission for adoption by the Investor Owned Utilities (Delmarva Power, BGE etc.) for residential and small commercial standard offer service.

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 \$3.7 million dollars above operating expenses in electricity costs for taxpayers, projected to total nearly \$5 million by the end of this school year. There are now 20 institutional members of the Trust, including the 9 school systems, 3 community colleges, 7 county governments and 1 township, all on the Eastern Shore. As a result of this collaborative effort, funding previously spent on utilities is now being used for direct public services.