

Eastern Shore of Maryland Educational Consortium

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

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

## PRESS RELEASE

Contact: R. Allan Gorsuch, Ed.D.  
Phone: (410) 758-2403, ext. 132

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### **SCHOOL BOARDS CREATE ENERGY TRUST: SHOPPING FOR ELECTRICITY YIELDS SAVINGS**

Centreville, MD (October 12, 2001). Through the newly established Eastern Shore of Maryland Educational Consortium (“ESMEC”) Energy Trust, the nine boards of education of the Eastern Shore are projecting to realize a collective savings of more than **\$760,000.00** in electricity costs over the next seven to nineteen months.

“We are quite pleased with the results of our first collective procurement for electricity in a young deregulated marketplace,” said R. Allan Gorsuch, PhD., ESMEC Energy Trust Manager. “Given the governmental nature of Energy Trust participants, there is a public benefit when operating costs such as electricity can be reduced.”

The initial competitive bidding for electricity by the Energy Trust on behalf of its participants resulted in the transfer of nearly half (98) of the 200 public school system accounts placed in the market for alternative electric suppliers. AES/NewEnergy headquartered in Philadelphia Pennsylvania was the leading supplier as a result of the initial bid for electricity. AES/NewEnergy representative, David Mitchell said, “it was very easy to work with the ESMEC Energy Trust. The ESMEC Energy Trust had a clear view of the electricity markets and they were very prepared to work with alternative energy suppliers to get the process completed. I wish we had more qualified purchasers like the ESMEC Energy Trust.”

The Eastern Shore Educational Consortium (ESMEC) was formed in 1986 as a cooperative administrative entity for the purpose of facilitating and administering cooperative and joint programs by and between the boards of education of the nine counties located on the Eastern Shore of Maryland, namely: Caroline, Cecil, Dorchester, Kent, Queen Anne’s, Talbot, Somerset, Wicomico and Worcester.

The ESMEC Energy Trust was established under a Trust Agreement dated May 21, 2001 for the cooperative procurement of electricity, fuels and related services on behalf of the Energy Trust participants. A stated purpose under the Trust Agreement provides:

“...the Founding Boards of Education wish to take advantage of the deregulated electricity marketplace...by establishing the ESMEC Energy Trust as a Maryland trust for the purposes of considering, promoting, facilitating, coordinating and administering the collective procurement of electricity, fuels and related services for the Founding Boards of Education and Participants...”.

Participation in the Energy Trust is open to governmental entities with an interest in the collective procurement of electricity, fuels and related services for their own benefit/use, including boards of education; county and municipal governments; community colleges; other public entities and certain nonprofit or non-stock corporations. Current other participants include Cecil County Government, Dorchester County Government, Wor-Wic Community College and Chesapeake College.

The Electric Customer Choice and Competition Act of 1999 (the “Act”) enacted by the Maryland General Assembly opened the electricity market in Maryland, thereby enabling consumers to competitively shop for and choose the company that supplies them with electricity and related services. Pursuant to the Act, the ESMEC Energy Trust is qualified and licensed by the Maryland Public Service Commission (the “PSC”).

The ESMEC Energy Trust is organized to facilitate the purchase of electricity, fuels and related services by organizing and analyzing participant load and usage data, developing a concerted request for proposals (RFP), coordinating (packaging and timing) the marketing of participant energy demands and advising participants regarding supply contract terms and conditions. The Energy Trust does not take ownership of the electricity or other fuels. Each of ESMEC’s nine boards of education received savings as a result of the initial ESMEC Energy Trust competitive bid. Dr. Allan Gorsuch, Manager of the ESMEC Energy Trust said that, “Not only were savings obtained by each board of education, but the boards of education are positioning themselves to reduce the impact of future significant cost increases, expected after July 1, 2003, as a result of electricity deregulation. The boards of education are attempting to mitigate this future impact on local school boards.” Energy Consultant, David Downes, has indicated that bids for electric supply will be continually solicited based on market conditions.

For more information contact Dr. R. Allan Gorsuch, Manager, ESMEC Energy Trust, Eastern Shore of Maryland Educational Consortium, 202 Chesterfield Avenue, Centreville, Maryland 21617. Phone: 410-758-2403, ext. 132, Fax: 410-758-0046. E-mail: [consor@qacps.k12.md.us](mailto:consor@qacps.k12.md.us). Web address: [www.esmec.org](http://www.esmec.org).