



(EASTERN SHORE OF MARYLAND EDUCATIONAL CONSORTIUM)
ESMEC ENERGY TRUST

Mark E. Miller, CPPO, CPPB, C.P.M. - Chairman
Allison M. Canada, CPPO, C.P.M. - Vice Chair
R. Allan Gorsuch, Ed.D. - Manager

MINUTES
May 12, 2022 – via ZOOM

- I. Meeting was called to Order by Chairman, Mark Miller. Those present representing a quorum were: Bill Mengel, Sandra Jack, Rick Raulie, Andrew Marshall, Alleesa Stewart, Jane Towers, Sarah Jones, Terri Searing, Allison Canada, Jon Andes, Dick Plutschak and Gene Adkins.

Also present were Allan Gorsuch, Larry DiRe, Kelly Griffith, Patti Beard, Noel Chesser, Eric Meyer and Chad Fisher.

II. Chairman's Report - Mark Miller, Chairman

- A. Approval of Minutes - **MOTION** made by Allison Canada to approve the March 17, 2022 minutes as submitted, seconded by Jane Towers and unanimously approved.
- B. Finance Report - Allison Canada made the **MOTION** to approve the finance report as presented, seconded by Rick Raulie and unanimously approved.
- C. BRCPC Energy Consulting Contracts and
- D. BRCPC PPA's for Renewable Energy – Mark Miller commented briefly about the status of BRCPC's efforts to award a new contract.
- E. Enel X Consulting Agreements – New agreements (Energy Management Agreement and Energy Procurement and Advisory Services Statement of Work) with Enel X shared. After discussion and upon a **MOTION** to approve as submitted by Jon Andes, the two **contract** documents were seconded by Allison Canada, and unanimously approved.
- F. Proposed FY 2023 Budget – Allan Gorsuch highlighted items **in** the budget and a **MOTION** was made to approve as submitted by Sarah Jones, seconded by Sandra Jack and unanimously approved.

III. Manager's Report - Allan Gorsuch, Manager

- A. Revised Participant List – No changes. Current information is posted on the Energy Trust section of the ESMEC website.
- B. Communications/Correspondence
 - Noted information handled and processed as needed; Enel X letter, Renewal Energy Credit and compliance reports, etc.
- C. Legislation – Reviewed and noted bills of interest.
- D. SREC Agreement with Federalsburg – Following the discussion on buying SREC's from the Town of Federalsburg at same market rate and still being handled by Washington Gas a **MOTION** was made by Allison Canada to approve the agreement as indicated, seconded by Sandy Jack and unanimously approved. Larry DiRe did advise they are still in the transition stage with their solar contractor and are monitoring credits. They're estimating 1,100 per year in credits and will be available for purchase by the Energy Trust on an annual basis.
- E. ESMEC ET Meeting Dates – November date was changed to the 10th as Enel X would not have the October results in until second week of the month.

- F. Other – Mark Miller gave Dr. Kelly Griffith the opportunity to say a few words as the incoming Executive Director of ESMEC and Dr. Allan Gorsuch offered an in-person meeting at a later date.

IV. Consultant Report - Enel X - Noel Chesser, Principal Energy Advisor and Eric Meyer, Senior Portfolio Analyst

- A. Market Update - Noel Chesser reviewed the Energy Market Update Report, noting updated conditions affecting oil prices. Demand is up because of demand by Europe. Noted the China lock down reduced some demand but not needing increased target production. Russian oil output is being redirected to China and India. U.S. natural gas production has been impacted by pipeline capacity constraints, labor shortages and lack of sufficient investment in new production. (See report at ESMEC.org/ENERGY TRUST)

In regards to emissions and Scope 1 and 2 of the SEC regulations proposed on March 21st, Noel commented to be mindful of this. If buying supplies in supply chain, more and more emphasis will be placed on emissions reporting for all entities and stated that Europe already does this.

Solar companies in the U.S. experiencing widespread delays and cancellations due to China moving their solar productions offshore. Noted this was a big deal. Big dependence on key ingredients, a lot coming from China. Lithium prices have skyrocketed. 79% coming from China.

- C. Enel X Portfolio Performance Reports - Eric Meyer took the lead on the portfolio report starting with the performance snapshot on page 2. Looking at what's driving the increase on page 2, weighted average did not change. (See report at ESMEC.org/ENERGY TRUST)
- D. Billing Rates* - Enel X recommended a rate of 78.00 per megawatt hour for Fiscal '23 and FY '24. Noel stated the market today is around \$120.00 or higher, much higher than ESMEC, and noted if we weren't hedged, our rate would be double. On that note, suggesting a billing rate **increase** from \$70 to \$78 going forward until we need to reconsider. Capacity Auction price was at \$123.00 megawatt hour and we will have new pricing first week of June.

Upon a **MOTION** by Jane Towers to accept the recommended billing rate increase for FY '23 of \$78.00 kWh, seconded by Jon Andes. The motion was unanimously approved effective July billing month. (See page 21 of Portfolio Report).

With concerns over the increase, Allan Gorsuch noted that we are in unusual times, and are subject to crisis of the day. No matter what our model is, we won't escape the cost, and we are still below the DPL Standard Offer. We will be hit when extraordinary measures occur beyond our control. Discussed options of perhaps the WGLES fund balance, **or** going 100% LNP. –Mark Miller commented that the model was based on **not** being 100% to benefit from long term beneficial pricing on the day-ahead market.

- E. Delmarva Power Distribution Rate Increase – Noel Chesser stated this is 100% global impact right now and noted the supply cost for Delmarva accounts delivery cost (60% of bill) will go up too.

- F. Renewable Energy Report for I.A.C. / Renewable Energy Goals/Strategy Inventory - Noel touched on the chart included in the Market Update on page 23 and suggested this was something we may want to start. Mark Miller commented about new reporting that needs to be sent to the IAC and MEA and stated that we are being pushed in this direction noting that our reporting standard portfolio information appears to be doing less than what we are required to do because we are grandfathered in, need to add behind the meter and do think this is important to consider. Commented on the disconnect between Regulators and the Public. Noel suggested a footnote on LEA report for solar projects and offered Enel X assistance on this. Discussion ensued as to whether there was a model like Community Solar, if the group as whole would benefit in doing something like this collectively. Noel advised utility rate probably wouldn't be discounted anymore for doing something like this. Questions arose as to whether we want to exceed RPS requirements without taxpayer support behind us and asked that this be put on the next agenda. Mark Miller stated less pressure to go beyond compliance. County Governments are asking for higher, not necessarily the LEA's. We are being forced into it. This may have to be answered by each county, instead of the Trust.
- G. Other – Block purchase – Noel Chesser recommended adding another layer of insurance for prices that are not terrible (see page 15 of Portfolio Report). After discussion it was decided to purchase 5 megawatts at PEAK. Mark and Allison both agreed and Eric Meyer is to coordinate this purchase. Eric did send to Noel the DPL 12 month rolling strip at \$60 and stated this is not too far off what they are seeing currently. Noel stated prices this high haven't been this high since 2008.

The meeting adjourned at 11:30 AM.

Next Meeting: IN PERSON – September 15, 2022

LUNCH WILL BE SERVED