



(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
March 23, 2023
via Zoom

- I. Meeting was called to Order by Chairman, Mark Miller. Those present representing a quorum were: Bill Mengel, Richard Raulie, Andrew Marshall, Alleesa Stewart, Jane Towers, Sarah Jones, Jesse Reid, Teresa Searing, Karen Smith, Allison Canada, Phil Thompson, and Kelly Griffith.

Also present were Allan Gorsuch, Lawrence DiRe, Robert Resele, Eric Meyer and Chad Fisher.

II. Chairman's Report - Mark Miller, Chairman

- A. Approval of Minutes - **MOTION** made by Allison Canada to approve the September 15, 2022 minutes as submitted, seconded by Phil Thompson and unanimously approved.
- B. Finance Report – Allison Canada made the **MOTION** to approve the finance report as presented, seconded by Phil Thompson and unanimously approved.
- C. FY 2022 Audit Report – Allison Canada made the **MOTION** to approve the Audit Report as presented, seconded by Phil Thompson, and unanimously approved. Allan Gorsuch reminded everyone Tim Brooke conducted the audit report and has done so for the last 2 years. Summary of Tim's report was sent out in the meeting materials email.
- D. FY 2023 Audit Committee - Asked for volunteers with financial backgrounds to serve on the Audit Committee. Sarah Jones from Talbot County volunteered.
- E. Other:
 - a. Succession Planning – Mark Miller announced his retirement as of April 21, 2024. Discussed future leadership opportunities and Allan Gorsuch reminded everyone the Election of Officers will be conducted in the Fall and to be thinking about a role as Chairwoman or Chairman. Be thinking about the possibility of a new Vice Chair as well.
 - b. BRPC – Mark Miller gave an update and discussed the process of pursuing a piggyback on the new BRPC contract, if in place, and advised he expects to hear something by the September meeting. Recommended to move forward with the renewed agreement with Enel X Advisory Services USA, Inc.

MOTION made by Allison Canada to approve the Enel X Advisory Services USA, Inc. contract extension for 1 year, until June 30, 2024, seconded by Phil Thompson and unanimously approved.

III. Manager's Report - Allan Gorsuch, Manager

- A. Revised Participant List – Listing was updated and distributed through email. Noted that the information is also posted on the Energy Trust section of the ESMEC website.
- B. Trustees and Alternate Trustees – Allan Gorsuch gave overview of 22 years of operation of the ESMEC Energy Trust and stressed the importance the participants have serving in a fiduciary capacity as a Trustee/Alternate Trustee for their entity.

With retirements in the future, the question came up regarding an application/job description for roles of manager and secretary. Allan Gorsuch advised those roles are laid out in the Bylaws and the secretary selection was done as a matter of convenience, as she was already serving in the ESMEC office.

- C. Communications/Correspondence – Allan Gorsuch indicated that the most important items were already shared by email attachment between meetings.
- D. Energy Trust Organization – Allan Gorsuch advised of a possible virtual office arrangement in the future for the Energy Trust office.
- E. Energy Trust Website – Noted the ESMEC.org website and information included on this site pertaining to the Energy Trust.
- F. Sudlersville Decision and Payments - Discussed briefly the Town of Sudlersville's decision and payments and advised we have received all monies due us for services provided.
- G. Legislation/PSC – Advised most bills died in Committee. Advised some bills are resurrected at the last minute like SB235 School Buildings – Solar and Geothermal Technology, which would require a county board of education, during the design development phase of the construction or major renovation of a school building, to evaluate the use of solar panels on the roof of the school and geothermal heating and cooling systems. If not, must explain why you didn't include them.
- H. Allan Gorsuch highlighted:
 - HB 910 – Energy Storage – Targets and Maryland Energy Storage Program – Establishment
 - SB548 – Maryland Energy Administration – Energy Programs – Modifications (Clean Transportation and Energy Act). May effect school buses.
- I. Enel X Contract Extension for FY 2024 – See II. E. b. above.
- J. Draft FY 2024 Budget – Discussed budget and settlement figure used for both secretary and manager salary increases. Will look to have more information and approve at the May meeting.

IV. Consultant Report - Enel X - Eric Meyer, Senior Portfolio Analyst and Chad Fischer, Senior Energy Analyst

Eric Meyer commented first on billing rates, stating a decision for changes has to be made by Mid-June in order to change July billing rates.

- A. Market Update – Eric Myer reviewed the Energy Market Update Report, noting key market price driver of the oil markets has been the Chinese oil demands. Production is still very strong in the US with growth slowing. Healthy levels for storage.

Great news – talked about capacity costs cut in half. PJM and FERC discussed, siding with electric consumers and determined that prices in the DPL-South zone were not “just and reasonable”, which allowed a post-auction adjustment to a more reasonable \$90.64/MW-day.

Currently at \$97.93 and was at \$400.00. Eric noted that DPL has highest capacity prices in all of PJM which is a signal that we could see price escalation because of the need for new generation. Noted that PJM declared they were worried about grid resiliency in 2027 – 2028. Will keep on top of this and keep the Trust posted.

- B. Portfolio Performance Report – Chad Fischer reviewed the Portfolio Performance Snapshot in detail and commenting that the high billing rate chips away at the working capital balance. Spoke about the negative hedge settlement (line item on page 4) being a good thing. That working capital balance conversation led into the following.

- C. Billing Rates* - Want to keep as close to \$1 million working capital balance as possible. Have been carrying a negative capital balance. See page 21, based on \$87 for FY '24 – this is what the finance people have been told will provide them with fund balance. Allan Gorsuch shared this is what they are building their budgets on, don't reduce this, keep it where it is. Stay the course.

Talked about buying hedges to offset this. Looking at \$15.00 higher costs hedges right now. Mark Miller suggested looking at a layer for FY '24 & 25 and a layer for FY '25 & 26. Also monitor and consider FY '27 to establish maximum base. Eric advised that will include Fiscal '27 dynamic RTC block as well.

See Slide 10 – Eric shared his sentiments as this is the one to consider – off peak for Fiscal '25. They will put something together and send to the group. Stated the benefit is OFF Peak. On Peak being the most risk, most volatile. On Peak not as advantageous, but rate looking good right now, expecting higher prices for FY '26, '27 and '28.

- D. Federalsburg SREC Agreement – Eric Meyer gave overview of the Solar REC contract with ESMEC

FERC Capacity Charges – Discussed possible microgrid solution to address capacity problem here on the Eastern Shore.

Eric Meyer noted the Peak Predictor program and hopes everyone will pay attention to this program, participate and get onboard to reduce these costs. Eric offered to conduct an informational session on the Peak Predictor program prior to summer if requested.

The meeting adjourned at 11:35 AM.

Respectfully submitted,

R. Allan Gorsuch, Ed.D.
Manager, ESMEC Energy Trust

Robin W. Fairall
Secretary, ESMEC Energy Trust