

DELAWARE MUNICIPAL ELECTRIC CORPORATION
REGULAR MEETING
DEMEC ADMINISTRATIVE BUILDING
SMYRNA, DELAWARE
October 19, 2021

A meeting of the Board of Directors of the Delaware Municipal Electric Corporation was held Tuesday, the 19th day of October 2021 at DEMEC's Administrative Building, Smyrna Delaware.

The meeting was called to order at 10:06 a.m. with Morris Deputy, Chair, presiding.

The following roll call was presented:

Present:

Morris Deputy, Board Chairman
Representing Middletown
Charles Anderson, Director
Representing Seaford
June Merritt, Alternate
Representing Seaford
Mary E. DeBenedictis, Director
Representing Clayton
Tom Coleman, Director
Representing Newark
David Del Grande, Alternate
Representing Newark
Cassandra Young, Alternate
Representing Smyrna
Scott Blomquist, Director
Representing the MSC of New Castle
Dr. Roy Sippel, Alternate
Representing the MSC of New Castle
Mark Whitfield, Director
Representing Milford
Lou Vitola, Alternate
Representing Milford
Austin Calaman, Director
Representing Lewes BPW
Kim Bellere, Alternate
Representing Lewes BPW
Kimberly Schlichting, President
Representing DEMEC

DEMEC Staff Attending: Stephanie Dove, Chief Financial Officer; Heather Contant, Director of Government & Community Relations; Jennifer Coulbourne, IT System Administrator; Kendra Friel, Training & Events Coordinator; Scott Lynch, VP Asset Development; Charles Santo, Accounting Analyst; Stephan Siok, Director of Beasley Plant Operations & Compliance

Guests and Attendees: Mr. Lincoln Willis, Principal, The Willis Group (via phone)

Mr. Morris Deputy, Board Chairman and Director representing Middletown offered congratulations to Ms. Kimberly Schlichting, newly appointed President and CEO of DEMEC.

APPROVAL OF MINUTES

The minutes of the following meeting were presented for approval:

1. Minutes of September 9, 2021

Upon motion made by Seaford, to approve the minutes of the meeting of September 9, 2021, seconded by New Castle, the motion passed unanimously.

TREASURER'S REPORT

Monthly Financial Report – August 2021 –

Ms. Stephanie Dove, Chief Financial Officer, presented the August 2021 Financial Report. She noted that demand for August and the summer in whole has increased over 2020, as anticipated. Ms. Dove reported that the financial statements are impacted by power market increases which are dependent on natural gas cost increases. Natural gas prices have steadily been increasing since the beginning of the year and forecasted to continue to increase. The increase in summer demand has increased cash balances. . After reviewing projects in the pipeline for financing, she asked members to keep her apprised of potential financing projects to allow for adequate planning.

Upon motion made by Clayton, to approve the Monthly Financial Report for August 2021, seconded by Milford, the motion passed unanimously.

APPOINTMENTS/ELECTIONS

Corporate Officer Change (President) –

Mr. Deputy presented an updated slate of officers to reflect Ms. Schlichting as DEMEC President and CEO.

PRESENTATIONS

None.

RESOLUTIONS

2021 – 7 Certifying Corporate Banking Authority -

Ms. Dove explained that due to the retirement of Mr. Patrick McCullar, this resolution is necessary to grant Ms. Schlichting authority over bonds as the newly appointed President and CEO of DEMEC.

Upon motion made by Milford, to approve Resolution 2021-7 Certifying Corporate Banking Authority with one correction, seconded by Newark, the motion passed unanimously.

COMMITTEE REPORTS

Executive Committee –

Mr. Deputy to report in Executive Session.

Finance Committee –

Mr. Charles Anderson, Director representing Seaford, and Finance Committee Chair reported on his first meeting in his new role. The committee focused on the Beasley Operating Reserve Policy, which needs to be updated. The committee will bring recommendations to the board in the future.

Draft Meeting Minutes – September 21, 2021 –

No action taken.

PRESIDENT’S REPORTS TO BOARD

Construction Projects Status –

No discussion.

Economic Development Projects –

Mr. Deputy reported on another large company that was considering building in Middletown. In addition, the large pharmaceutical campus will now require significantly less load than initially projected. The first phase of this project is expected to be operational in 2024.

Legislative Update –

Ms. Schlichting took a moment to recognize the passing of long-time DEMEC lobbyist Robert Maxwell. She described Mr. Maxwell as a caring and influential individual who was a great advocate for public power and a dear friend.

Mr. Lincoln Willis, Principal, The Willis Group, joined the meeting via phone. He discussed current redistricting, stating he doesn’t expect it to affect the current makeup of the legislature. Senator Hansen held another Energy & Climate Forum. The main topic of discussion was reaching 0% carbon-based fuel production. As in the past, the Senator was open to considering ideas. The downfalls of solar and wind were discussed, and nuclear power was considered. The continued use of RECs and SRECs to achieve carbon neutrality was also discussed, as well as limitations such as technology, which is not ready to support such an endeavor. This particular topic does not appear to be at the top of the agenda; however, that could change.

Retention Policy –

Ms. Schlichting noted that late additions were made to the policy that were not received early enough in advance of the meeting for discussion. The revised policy will be presented at the November board meeting for approval.

NERC Critical Infrastructure Protection (CIP) Designation –

Ms. Schlichting reviewed a memo regarding NERC document 4010. The main purpose of CIP standards is to establish baseline security measures including a framework for identification and protection of critical cyber assets. This document will be reviewed annually by the board and staff to ensure it remains up to date and adheres to NERC standards. She included an in-depth review of the document, which designates the responsibility of DEMEC leadership regarding CIP standards. The document also provides authority for delegation in support of overall compliance efforts. The proposed changes demonstrate the leadership role of the DEMEC board of directors, reflecting the chair of the DEMEC board as the designating authority on the behalf of the full board. It demonstrates that DEMEC staff isn't operating in isolation of the board regarding CIP matters. Approval of the document was recommended by staff, with the proposed changes.

Upon motion made by Clayton, to approve NERC CIP Designation Document 4010, seconded by Newark, the motion passed unanimously.

Personnel Budget 2022 –

Ms. Schlichting stated that the personnel budget would be discussed during executive session and requested that board members provide load forecast to staff to help with the rest of the 2022 budget planning currently underway. Anticipated changes in commercial load is especially needed for planning purposes.

AMI –

Mr. Scott Lynch, VP of Asset Development, provided a presentation and updated the board on the status of each DEMEC member's participation in the AMI program. He stated that Middletown is complete and the MSC recently approved to begin. AMP will be out the last week of October to visit members and assist with onsite issues.

Rate Study –

Ms. Schlichting shared that staff continues to work with the consultant from Utility Financial Solutions. This work may slow a bit since staff is focusing much of their time on the 2022 budget. Information will be brought forward as it is gathered.

Joint Training Yard –

Staff continues to work with the Town of Smyrna on requests for information. Once we receive the town's approval, the groundbreaking can take place.

It is the recommendation of staff that Tennessee Valley Public Power Authority's (TVPPA) lineworker training program be offered in the Joint Training Yard. Many programs have been evaluated over the past several years and TVPPA was found to best meet the needs of the membership. At the in-person working group held on September 20th, steering committee members met with representatives from TVPPA and unanimously agreed the program meets the needs of the DEMEC membership. Agreement centered on the quality of TVPPA's training program, the programs flexibility to be tailored to meet specific member needs along with cost savings of the in-house program. Implementation of the program requires affiliate membership in TVPPA. Membership details were provided to the board for review before the meeting.

Upon motion made by Milford, to seek an affiliate membership with TVPPA, seconded by Newark, the motion passed unanimously.

Communications –

Ms. Heather Contant, Director of Government & Community Relations offered a follow-up to the Legislative report. She shared that the clean energy push reported by Mr. Willis is also being seen at the federal level. She noted that both AMP and APPA have both issued calls to action. She reviewed specific areas of concern noting that DEMEC will address these issues with elected officials at the federal level.

Ms. Contant reviewed the Communications Report for September 2021. She noted that in comparison to those presented in the September meeting, numbers shown here are more in line with what is to be expected. She further explained the statistics and their importance. She provided each Director with a miniature rendition of their community's most recent billboard. She shared that Public Power Week billboards went up in mid-September. The billboards stayed up through Public Power Week. While it is a 4-week contract, billboards will remain up until a new customer rents the space. She thanked the members for helping with the radio spots and shared that billboard locations have already been contracted for 2022. She asked members to reach out to her with any changes.

The Charitable Donations and Sponsorship Report was reviewed. Specific sponsorships and outreach were discussed. Ms. Contant shared that the 30 second commercial produced by DEMEC staff is now being shown on a several streaming services. Examples of social media posts for the month were shared.

Ms. Contant reminded the members of the upcoming holiday season. DEMEC will shortly begin annual holiday energy savings outreach. She told them to expect similar graphics to those created for Power Savers and asked them to continue sharing.

Ms. Schlichting shared positive feedback gathered by staff regarding the Annual Gathering. Several members stated their elected officials enjoyed attending at DEMEC. Ms. Schlichting stated that use of the DEMEC facility will be considered for future events.

TRAINING & EDUCATION ACTIVITIES

Training & Events Report –

Ms. Kendra Friel, Training & Events Coordinator, reported on several recent events and trainings. Attendee satisfaction ratings and feedback were shared. Ms. Friel then reviewed upcoming trainings specifically calling out the “Best Practices in Public Power Governance” webinar series being offered in response to the goal set forth in the approved strategic plan of improving board development and the promotion of a culture of alignment. At this time only DEMEC board members have been invited to attend. Member councils/boards will be included on the invitation unless otherwise directed by each community.

GREEN ENERGY & DEMAND RESPONSE PROGRAMS STATUS REPORT

Demand Response Update –

Mr. Scott Lynch, VP of Asset Development reported that the summer program ended on September 30th. There were no calls in September and 19 Power Savers calls were made in total. All five capacity and transmission peaks were captured for another successful year. CPower will join DEMEC at the December board meeting to present on the program as in years past.

MRPS Report –

The MRPS report has been distributed for presentation to local regulatory bodies. This item remains on the agenda to discuss changes coming in the beginning of 2022. Mr. Lynch invited members to participate in determining the next stage of RPS goals. He will be sending out scenarios to gather feedback from the membership. His findings will be presenting in either December or January for approval.

ENERGY EFFICIENCY PROGRAM STATUS REPORT

Energy Efficiency Advisory Council Update –

Mr. Lynch attended the meeting and provided an overview of DEMEC's Energy Efficiency Program achievements for the 1st and 2nd quarters for 2021. Avoiding double counting of efficiency efforts was discussed. It was decided any incentives/savings achieved by a project will revert to the utility where the project is hosted.

Energy Efficiency Program Update –

Mr. Lynch reviewed the dashboard. He shared information on Efficiency Smart's participation in community events such as the Riverwalk Freedom Festival in Milford and encouraged members to let Efficiency Smart know of upcoming events so they can attend. He shared that all 8 members participated in the appliance recycling program. New Castle came in 2nd for participation in the online at home energy efficiency challenge and a Newark resident won one of the random drawings. Mr. Lynch encouraged members to let him know if anyone in their community would like more information on participation in Efficiency Smart.

Renewable Energy Taskforce Meeting Update –

Mr. Lynch reported the taskforce is working on what the next SREC auction will look like. He shared information on the current SREC market versus the auction and explained the reason for current pricing and how the taskforce hopes to reduce pricing.

BUSINESS FROM THE FLOOR

Mr. Tom Coleman, Director representing Newark, shared that he and Mr. David Del Grande, Alternate representing Newark, will meet with representatives from Senator Carper's staff to discuss the infrastructure bill this afternoon. They hope to discuss funding for a substation.

INFORMATION TECHNOLOGY

IT Update –

Executive session.

EXECUTIVE SESSION

The Board went into executive session at 11:13 a.m. upon motion by New Castle, seconded by Clayton, to discuss the following:

1. Personnel actions, strategic business and commercial generation operations, dispatch, negotiations, and planning.
2. Cyber Security Insurance
3. Personnel Budget 2022

The Board ended executive session and returned to regular session at 12:05 p.m.

ACTION TAKEN AFTER EXECUTIVE SESSION

Upon motion made by Clayton, to approve the immediate purchase of certain insurance, seconded by New Castle, the motion passed unanimously.

Upon motion made by Newark to approve the transfer of discussed asset to close out a 2020 review, and seconded by Lewes, the motion passed unanimously.

Upon motion made by Seaford to provide authority for the President & CEO, in working with legal counsel, to negotiate and remedy an operational issue to include actions as discussed in executive session, and seconded by Newark, the motion passed unanimously.

Upon motion made by New Castle, to approve the 2022 Personnel Budget as discussed in executive session and altered for Q2, seconded by Clayton, the motion passed unanimously.

SET NEXT MEETING DATES

The following meeting dates were set:

1. Tuesday, November 16, 2021 – 10:00 a.m.
2. Thursday, December 7, 2021 – 9:00 a.m. *Please take note of the 9:00 a.m. start time. Meetings will revert to 10:00 a.m. at the January 2022 meeting.*
3. Tuesday, January 18, 2022 – 10:00 a.m.

ADJOURNMENT

Upon motion by Newark, seconded by Smyrna, the Board Meeting adjourned at 12:11 p.m.