

DELAWARE MUNICIPAL ELECTRIC CORPORATION
REGULAR MEETING
DEMEC ADMINISTRATIVE BUILDING
SMYRNA, DELAWARE
December 7, 2021

A meeting of the Board of Directors of the Delaware Municipal Electric Corporation was held Tuesday, the 7th day of December 2021 at DEMEC's Administrative Building, Smyrna Delaware.

The meeting was called to order at 9:05 a.m. with Morris Deputy, Chair, presiding.

The following roll call was presented:

Present:

Morris Deputy, Board Chairman
Representing Middletown
Tyler Reynolds, Alternate
Representing Middletown
Charles Anderson, Director
Representing Seaford
June Merritt, Alternate
Representing Seaford
Tom Coleman, Director
Representing Newark
David Del Grande, Alternate
Representing Newark
Scott Blomquist, Director
Representing the MSC of New Castle
Mark Whitfield, Director
Representing Milford
Lou Vitola, Alternate
Representing Milford
Kim Bellere, Alternate
Representing Lewes BPW
Kimberly Schlichting, President
Representing DEMEC

DEMEC Staff Attending: Stephanie Dove, Chief Financial Officer & Interim COO; 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: Max Walton, Attorney, Connolly Gallagher; Edward Drew, VP & General Manager, CPower; Donna Karas, Director of Account Management, CPower; Bill Oosterom, Director, CPower; Jeremy Firestone, Professor, University of Delaware

APPROVAL OF MINUTES

The minutes of the following meeting was presented for approval:

1. Minutes of November 16, 2021

Upon motion made by Seaford, to approve the minutes of the meeting of November 16, 2021, seconded by Milford, the motion passed unanimously.

TREASURER'S REPORT

Monthly Financial Report – October 2021 –

Ms. Stephanie Dove, Chief Financial Officer and Interim COO reviewed the October 2021 Monthly Financial Report. Demand for the month was up, as expected, mostly due to schools remaining open and some weather impact.

Cash on hand is nearing the board designated target and should be at the target by year end. Cash decreased over the prior October but was up over last month. The Rate Stabilization Reserve credit was up 281% over the previous October.

Total income is 24.7% higher than the same period last year mostly due to increased market revenues. October market revenue was 200% higher than the previous October. Net income is 12.7% higher than the same period last year.

In the Shoulder Months Financial Forecast, Ms. Dove stated demand is up over November of 2020 and schools have been a major contributor. Small credits can be expected in the Rate Stabilization Reserve. She expects to see the same in December.

The preliminary audit with Baker Tilly has begun and meetings are set for next week. Ms. Dove closed her report by reminding members to share any upcoming projects in the pipeline in preparation of going to the bond market in the first half 2022.

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

APPOINTMENTS/ELECTIONS

None.

PRESENTATIONS

University of Delaware – DEMEC Fellowship Student Research -

Professor Jeremy Firestone from the University of Delaware offered a presentation on the DEMEC Fellowship Student Research Program. All previous fellows have graduated. Professor Firestone expects two new fellows in the spring. The research of the graduated fellows was focused on offshore wind in the northeast. He reviewed previous findings and shared information on the tools used in this research. He noted that past research was centered on beach communities. They plan

to expand this to 12 communities up north including tribal communities. The research showed the public opinion of the Block Island offshore wind project has not changed much over the years. He offered reasons for both the positive and negative positions. Professor Firestone answered questions about improving opinions. Ms. Kimberly Schlichting, President & CEO, asked if the professor will share results when the project concludes. Professor Firestone stated the papers presented are currently under review and will be shared when the review process is complete.

Annual Demand Response Report – C-Power –

Mr. Bill Oosterom, Director with C-Power, presented the annual Demand Response Program update. He explained that the program is designed to help the grid in times of high usage by encouraging customers to curb their consumption. He reviewed particulars of the program, one of which was the minimum amount to be curbed as a participant. Ms. Schlichting reminded members that the benefit of DEMEC's partnership with C-Power is their ability to aggregate customer's curtailment responses for greater certainty of payments for customer's participation. Mr. Oosterom reviewed a list of customers in the program and explained how aggregation works, noting the potential savings.

Mr. Oosterom shared the results of this year's program and summarized the overall savings to DEMEC's members. This was the eighth year in a row with no events. Customers were required to participate in a summer test only. Since the inception of the DEMEC program in 2011, member customers have received \$4.4 million in demand response incentives.

Ms. Schlichting highlighted the goodwill generated by this program; utilities assisting their customers in saving money. Mr. Oosterom reminded members that municipalities themselves can also take advantage of the program.

In addition to the PJM Capacity Market Program, DEMEC has its own coincident peak program. In an attempt to capture all five PJM coincident peaks, twenty Demand Response days were called. All five peaks were captured, bringing the most savings. Mr. Oosterom shared a list of customers who typically respond to this call. No changes will be made to the upcoming program year, but in the 2023 – 2024 program, a winter test will be introduced.

In preparation for next year's program, C-Power will be working to register customers in January and February of 2022. They should be done by mid-May, allowing all customers to participate on the start date in June.

Mr. Tom Coleman, Director representing Newark, asked if Efficiency Smart passed customers to C-Power to take advantage of the program. Mr. Lynch confirmed this. Mr. Charles Anderson, Director representing Seaford, was concerned that a certain commercial customer is not participating. He and Mr. Lynch will work together to encourage and reach out to other like customers.

Mr. Oosterom concluded his presentation. He then spoke of C-Power's appreciation of their partnership with DEMEC. He shared that he and his colleague, Ms. Donna Karas, Director of Account Management, were greatly moved by a presentation from Mr. Walter Hasse, General Manager of the Navajo Tribal Utility Authority and Ms. Schlichting's accounts regarding the Light Up Navajo Pilot Program, in which DEMEC supported and participated. He invited Ms. Schlichting to join him and he, Ms. Karas, and Mr. Edward Drew, VP and General Manager of C-

Power, presented her with a donation to DEMEC for the next Light Up Navajo project starting in Spring of 2022. Ms. Schlichting accepted the donation, noting DEMEC will now be able to sponsor more volunteers for the upcoming project. She encouraged interested members who want to volunteer to let her know.

RESOLUTIONS

None.

COMMITTEE REPORTS

Executive Committee –

No report

Finance Committee –

Mr. Anderson reported there was a productive meeting between the committee and audit lead. There were no issues and nothing to report.

PRESIDENT'S REPORTS TO BOARD

Legislative Update –

Ms. Schlichting reported on continued work during the Energy Stakeholders Meetings organized by Senator Stephanie Hansen. Some factors still need to be addressed, but the net-metering draft legislation being reviewed is moving in the right direction.

Ms. Heather Contant, Director of Government and Community Relations attended a presentation by AMP discussing new federal infrastructure funds. Large sums of money will be made available to the energy sector, including public power utilities and municipalities, through grants to help with electric vehicle public access charging, resiliency, cybersecurity, broadband, and more. Ms. Schlichting shared that Senator Hansen is aware of the funds being made available and is asking that each municipality organize a study of their distributions systems to determine what is needed. These studies can be costly. A joint venture can be organized through DEMEC if funding is received.

Records Retention Policy –

Will be reviewed at the January 2022 meeting.

Budget 2022 –

To be discussed in executive session.

Rate Study –

Staff is planning a workshop in January. Ms. Dove will send a date survey.

Joint Training Yard –

Ms. Schlichting and Mr. Max Walton, Attorney with Connolly Gallagher, attended the recent Town of Smyrna Board of Adjustments Meeting. DEMEC was seeking a waiver on the number of required trees and sidewalk and curbing. The tree waiver was approved, but not the sidewalk and curbing waiver. DEMEC is getting quotes for this project, which could be very expensive. Mr.

Walton stated DEMEC will seek a motion for reconsideration due to procedural irregularities. Staff will have all required information to the Town of Smyrna by week's end. If weather does not hold, groundbreaking may take place in early spring 2022.

COMMUNICATIONS & OUTREACH

Ms. Contant reviewed social media reach and engagement. She reviewed the new set up and shared insights. She stressed how sharing helps engagement.

Holiday Energy Savings Outreach has begun. Twelve graphics were created, two were to be shared each week. If they've not yet been shared, Ms. Contant asked the members to consider offering them as a "12 Days of Christmas" promotion. She shared links to recent radio commercials and reported on the Holiday Light Contest which DEMEC partnered with iHeart Radio on again.

DEMEC also sponsored the WBOC Holiday Gift Guide again. With this sponsorship DEMEC energy tips will be featured on WBOC. She thanked Seaford for hosting her at their city hall for a Delmarva Life segment. A link to the interview will be provided when it is available.

Ms. Contant reported on recent media coverage. The Stars of Delaware Sponsorship continues to be of great value. A recent benefit of this sponsorship was an article on holiday energy savings. Additionally, she shared that APPA requested a blogpost on the impact of DEMEC's participation in the Light Up Navajo Pilot Project on staff.

Ms. Contant attended the CDCC State of the Base Briefing. As part of the Legislative Affairs Committee, Ms. Contant was part of a select group invited to meet with the federal delegates in attendance.

Ms. Contant also attended a NCCCC Policy Makers Luncheon at which Governor John Carney was the featured guest. Attendees were able to offer questions to the Governor. Covid, workforce development and infrastructure funds were some topics discussed.

Ms. Schlichting presented on Light Up Navajo at Connolly Gallagher. She touched on diversity and bringing communities together.

In closing, Ms. Contant provided examples of social media posts during the month of November.

TRAINING & EDUCATION ACTIVITIES

Training & Events Report –

Ms. Kendra Friel, Training & Events Coordinator, reported on recent training and events. She highlighted upcoming workforce development training as well as other future offerings. She closed with a review of recent additions to the DEMEC Training & Events Portal.

GREEN ENERGY & DEMAND RESPONSE PROGRAMS STATUS REPORT

MRPS Scenarios Update –

Mr. Lynch is working on these scenarios. Some have been shared with Ms. Schlichting and Mr. Coleman for feedback. He asked that anyone who would like to be included in these early

discussions reach out to him. He reminded them that the scenarios are being developed to address changes in RPS legislation that went into effect in February of 2021.

ENERGY EFFICIENCY PROGRAM STATUS REPORT

Energy Efficiency Program Update –

Mr. Lynch offered an update on the Energy Efficiency Program. Mr. Tom Coyle with Efficiency Smart was out in early November to speak with members. Four members are up for renewal in 2022. Efficiency Smart is currently working with Newark and will be connecting with the others soon. A gift basket was donated for the Milford Chamber of Commerce's annual holiday auction. A Smyrna resident won a voucher to Efficiency Smart's online store through their Trivia Tuesday promotion. A program coming in February of 2022 will focus on local non-profits who work with vulnerable populations. Five nominees will receive a \$100 donation. Three will be granted up to \$5000. This promotion is for all Efficiency Smart members, not just for DEMEC members.

IT UPDATE

Ms. Jennifer Coulbourne, IT System Administrator, offered her report. DEMEC attended GridEx VI in November. The platform used is a simulation designed to mimic the real world. Beasley's recovery plan was tested during this exercise to meet NERC requirements. Results of the exercise will be available late in the first quarter of 2022. Municipalities were encouraged to attend as observers. Also, the recently approved cyber insurance policy is now in place.

BUSINESS FROM THE FLOOR

None.

EXECUTIVE SESSION

The Board went into executive session at 10:12 a.m. upon motion by Newark, seconded by New Castle, to discuss the following:

1. To discuss personnel actions, strategic business and commercial generation operations, dispatch, negotiations, and planning.
2. Succession Planning
3. Budget 2022

The Board ended executive session and returned to regular session at 11:07 a.m.

POTENTIAL ACTION TAKEN AFTER EXECUTIVE SESSION

Upon motion by Seaford to adopt the 2022 Budget, seconded by Milford, the motion passed unanimously.

SET NEXT MEETING DATES

The following meeting dates were set:

1. Tuesday, January 18, 2022 – 10:00 a.m.
2. Tuesday, February 16, 2022 – 10:00 a.m.
3. Tuesday, March 15, 2022 – 10:00 a.m.

ADJOURNMENT

Upon motion by Newark, seconded by New Castle, the Board Meeting adjourned at 11:09 a.m.