

DELAWARE MUNICIPAL ELECTRIC CORPORATION
REGULAR MEETING
Remotely Via Zoom
January 18, 2022

A meeting of the Board of Directors of the Delaware Municipal Electric Corporation was held Tuesday, the 18th day of January, 2022 remotely via Zoom.

The meeting was called to order at 10:02 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
Tom Coleman, Director
Representing Newark
David Del Grande, Alternate
Representing Newark
Scott Blomquist, Director
Representing the MSC of New Castle
Dr. Roy Sippel, Alternate
Representing the MSC of New Castle
Lou Vitola, Alternate
Representing Milford
Austin Calaman, Director
Representing Lewes BPW
Kim Bellere, Alternate
Representing Lewes BPW
Mary Ellen DeBenedictis, Director
Representing Clayton
Andrew Haines, Director
Representing, Smyrna
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; Emily Greene, Compliance Administrator; Scott Lynch, VP Asset Development; Charles Santo, Accounting Analyst; Stephan Siok, Director of Beasley Plant Operations & Compliance;

Guests and Attendees: Mark Bronzina, Tangibl; Eric Brown, Tangibl; Dan Gaffney, Tangibl; Jansen Jones, Tangibl; Kim Kiank, Tangibl; James Seternus, Tangibl; Gustavo Vaselli, Tangibl;

APPROVAL OF MINUTES

The minutes of the following meeting was presented for approval:

1. Minutes of December 7, 2021

Upon motion made by New Castle, to approve the minutes of the meeting of December 7, 2021, seconded by Clayton, the motion passed unanimously.

TREASURER'S REPORT

Monthly Financial Report – November 2021 –

Ms. Stephanie Dove, Chief Financial Officer and Interim COO reviewed the November 2021 Monthly Financial Report. She noted that November 2021 saw increased demand over November 2020 due to cooler weather and school openings.

Total cash on hand is lower than that of November 2020 due mainly to required repairs, however cash increased from the prior month. Cash on hand is nearing the board designated target. The Rate Stabilization Reserve increased dramatically in comparison to the same period in 2020.

Ms. Dove shared that income increased over the same period in 2020 and explained contributing factors highlighting the role the Fremont Energy Center played, noting that the asset produced the largest generation and capacity factors since 2012. Average LMP prices also increased dramatically over the prior November leading to increased generation revenues.

Ms. Dove noted December 2021 demand was down slightly over 2020. For winter of 2022, cold snaps can be expected but the current arctic model is showing cold air staying north for the first 6 weeks. NOAA is projecting warmer than average temperatures through February.

In closing she shared that final audit field work is in February and reminded members to share news of any projects coming up, even if they are several years out. She has plans to meet with Middletown to discuss such a project tomorrow. Ms. Dove shared that staff plans to do final financing for contracted projects by the end of the second quarter in 2022.

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

APPOINTMENTS/ELECTIONS

None.

PRESENTATIONS

None.

RESOLUTIONS

None.

COMMITTEE REPORTS

Executive Committee –

Mr. Morris Deputy, Director representing Middletown and Board Chair, reported on the Executive Committee meeting held this morning. Discussion was had about DEMEC's position on net metering, which will be discussed in more detail in executive session. Also discussed was moving the board governance training scheduled for February 2022 to later in the year due to COVID. DEMEC staff will let the membership know when a new date is selected. Ms. Kimberly Schlichting, President and CEO, will be circulating a survey to collect information for a board retreat. Also discussed was updating the review process for the DEMEC President and CEO. Meetings will be scheduled over the next several weeks to decide on new criteria.

Finance Committee –

Mr. Charles Anderson, Director representing Seaford, reported the committee held an entrance interview with the auditors. The committee is focusing on the development of policies. He then stood on Ms. Dove's report.

PRESIDENT'S REPORTS TO BOARD

Legislative Update –

Ms. Schlichting shared that staff continues to participate in the energy stakeholder meetings and are currently focusing on net metering amendments. Discussions have taken place with Senator Hansen about hosting capacity studies for each municipality. More will be covered in executive session.

Records Retention Policy –

Ms. Schlichting submitted the draft policy for board approval sharing that board, staff, and legal input has been considered while drafting.

Upon motion made by Clayton to approve the Records Retention Policy, seconded by Milford, the motion passed unanimously.

Rate Study –

Staff continues to work with Utility Financial Solutions. A working group has been scheduled for January 25th to walk through scenarios. Members were asked to let staff know if they have not received an invitation.

Joint Training Yard –

Ms. Schlichting shared that site application drawings have been modified to address both the Town of Smyrna and their engineer's comments and will be submitted to the Town of Smyrna after a

final review. Once approved, construction contracts can be executed. Groundbreaking will take place when the weather turns warmer. She and Mr. Max Walton, Attorney with Connolly Gallagher, will be presenting at the February Board of Adjustment meeting in Smyrna where they will revisit the waiver request.

COMMUNICATIONS & OUTREACH

Ms. Contant reviewed social media reach and engagement for December. She reviewed reporting changes and noted that the figures presented are in line with previous months.

Holiday Energy Savings Outreach ran through December 31st. Ms. Contant provided links to recordings associated with the campaign. This campaign revolved around holiday savings, in the coming months winter savings will be highlighted.

Ms. Contant also attended a NCCCC Policy Makers Breakfast in December. Congresswoman Lisa Blunt Rochester spoke at this event. Topics discussed included the infrastructure bill, Build Back Better initiatives, environmental protection, and low-income assistance. Ms. Contant shared that DEMEC is working with AMP and APPA to better understand the grants and other aspects of the infrastructure bill. A member portal is being created on the DEMEC website to host information gathered and will be accessible to the DEMEC membership. AMP is working with The Ferguson Group on the grant process.

Ms. Contant then provided examples of social media posts during the month of December.

Discussion ensued about branching out to other forms of social media. Mr. Andrew Haines, Director representing Smyrna, mentioned tools such as an app that members could share with customers might help increase reach and engagement. Ms. Contant assured the members that other options are being explored.

TRAINING & EDUCATION ACTIVITIES

Training & Events Report –

Ms. Kendra Friel, Training & Events Coordinator, reported on recent events. She noted that due to rising Covid infections the scheduled Best Practices in Public Power Governance and CPR/AED training sessions will be postponed. She reviewed new additions to the training portal and shared upcoming items with the members.

GREEN ENERGY & ENERGY EFFICIENCY PROGRAMS STATUS REPORT

MRPS Scenarios Update and Recommendation–

Mr. Scott Lynch, VP of Asset Development, reported on Municipal Renewable Portfolio Standard (MRPS) planning. He shared staff's recommendation for the coming 5 compliance years that were reviewed by Mr. Tom Coleman, Director representing Newark. He outlined changes to the state code and solar carveout, reminding members this is a new statute adopted in February 2021. Cost caps were allowed previously, but not any longer. They were replaced with product availability caps. DEMEC and the Delaware Electric Coop are still exempt by comparison but do need to submit a new plan for 2022. He reviewed the planning summary. Upon approval, the new plan will be drafted and presented for the board's consideration at the February meeting. It will then be sent to required recipients by the end of first quarter 2022. He explained where DEMEC stands

if they follow state percentages. Mr. Lynch further explained staff's recommendation and noted that even though this a 5-year plan, it will be revisited annually.

Upon motion made by Milford to accept staff recommendation to match the states REC and SREC percentages for the next five compliance years, pending annual review of changing market conditions and legislation, seconded by Smyrna, the motion passed unanimously.

Renewable Energy Taskforce Update –

A meeting was held this month. A strawman proposal has been created for the next PJM auction. DPL, DNREC, & SEU are working on processes to initiate the auction. He explained changes to DPL's green energy fund and noted that residential and commercial customers of DEMEC members will still be able to bid into the auction.

It was asked if DEMEC should consider adopting DPL's changes to their green energy fund. Mr. Lynch stated that DEMEC could adopt this process, but it would involve extensive contracting and consulting. A discussion ensued.

Energy Efficiency Program Update –

Mr. Lynch reviewed program highlights. Staff is currently working with members whose Energy Efficiency contracts are nearing expiration. Newark's Conservation Advisory Commission has voted to continue with the program.

Efficiency Smart is working on ways to recognize and reward non-profits who serve vulnerable populations. They are currently working with members' teams to get this messaging out. Mr. Lynch stated that he or the Efficiency Smart team are available to help any member customers interested in savings through the program.

Energy Efficiency Advisory Council Update -

The council met on January 12th, 2022. The Delaware Electric Coop presented a snapshot report of their energy efficiency program. DEMEC presented on its energy efficiency program last October. Susan Love from DNREC presented on the Delaware Climate Action Plan. DEMEC's energy efficiency plan is meeting the goals set forth in this plan. Ms. Love noted that the climate plan goals are not part of any current mandate.

The 3-year program cycle is ending. Staff will be putting together a report for the next 3 years to be submitted at a future date.

Delaware Utilities Coordination Council Meeting Update –

This meeting took place on January 10th, 2022. This council looks for ways to increase efficiency between utilities and DelDOT, relating to the movement of utilities or roads which may come in contact with utilities. It began as a working group but is now a standing permanent council. Mr. Lynch was designated DEMEC's representative. When this was a working group, a DEMEC board member served as representative. Mark Whitfield, Director representing Milford, was the last to serve. Mr. Lynch noted that since the discussion revolves around individual utilities, it may be more beneficial for a board member to resume the position.

DelDOT Secretary, Nicole Majeski, is now Chair of the council. The group is asking that issues and recommendations be brought to them for discussion. Two sub-committees will be created,

DEMEC will be placed on one or both. The Secretary also brought up what financial resources she may be able to bring to help utilities with relocations. Federal money will soon be available and allocated to DeIDOT efforts. A project manager may be put in place to help all utilities.

IT UPDATE

Ms. Jennifer Coulbourne, IT System Administrator, noted her report will be offered in executive session.

BUSINESS FROM THE FLOOR

None.

EXECUTIVE SESSION

The Board went into executive session at 10:52 a.m. upon motion by Milford, seconded by Smyrna, to discuss the following:

1. To discuss personnel actions, strategic business and commercial generation operations, dispatch, negotiations, and planning.
2. Capacity Hosting Analyses

The Board ended executive session and returned to regular session at 11:53 a.m.

POTENTIAL ACTION TAKEN AFTER EXECUTIVE SESSION

Upon motion made by Newark to approve the direction as discussed in executive session regarding municipal distribution system studies, seconded by Smyrna, the motion passed unanimously.

SET NEXT MEETING DATES

The following meeting dates were set:

1. Tuesday, February 15, 2022 – 10:00 a.m.
2. Tuesday, March 15, 2022 – 10:00 a.m.
3. Tuesday, April 19, 2022 – 10:00 a.m.

ADJOURNMENT

Upon motion by Milford, seconded by Newark, the Board Meeting adjourned at 11:56 a.m.