

DELAWARE MUNICIPAL ELECTRIC CORPORATION  
**REGULAR MEETING**  
DEMEC ADMINISTRATIVE BUILDING  
SMYRNA, DELAWARE  
**March 15, 2022**

A meeting of the Board of Directors of the Delaware Municipal Electric Corporation was held Tuesday, the 15<sup>th</sup> day of March, 2022 at DEMEC's Administrative Building, Smyrna, Delaware.

The meeting was called to order at 10:07 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  
Austin Calaman, Director  
Representing Lewes BPW  
Kim Bellere, Alternate  
Representing Lewes BPW  
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  
Charles Anderson, Director  
Representing Seaford  
June Merritt, Alternate  
Representing Seaford  
Kimberly Schlichting, President  
Representing DEMEC

DEMEC Staff Attending: Heather Contant, Director of Government & Community Relations; Jennifer Coulbourne, IT System Administrator; Stephanie Dove, Chief Financial Officer & Interim COO; 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: Max Walton, Attorney, Connolly Gallagher

## **APPROVAL OF MINUTES**

The minutes of the following meeting were presented for approval:

1. Minutes of February 15, 2022

Upon motion made by Newark, to approve the minutes of the meeting of February 15, 2022, seconded by Seaford, the motion passed unanimously.

## **TREASURER'S REPORT**

### Monthly Financial Report – January 2022 –

Ms. Stephanie Dove, Chief Financial Officer and Interim COO reviewed the January 2022 Monthly Financial Report. Demand was 6.7% higher than January of 2021. This was due to snow events and colder weather.

A new graph for Unrestricted Cash on Hand was reviewed. Mr. Tom Coleman, Director representing Newark, asked for a new line item to be added to the graph. Ms. Dove will add this item to the next report.

The Rate Stabilization Reserve (RSR) is 126% higher than January 2021. Ms. Dove noted that RSR charges are typical during the beginning of the year, and credits are predicted to start in the summer. The Gross Profit is on budget through January. Mr. Coleman asked for further clarification on numbers associated with the RSR. Ms. Dove explained how the RSR charges and credits appear on the financial statements and that there are other revenue streams that are not included as part of the RSR calculation. Further discussion ensued.

Income was up 75.5% over January 2021 due to demand and other increases, such as higher LMPs. Ms. Dove reviewed how output from Fremont and Beasley generation sources affected this number. She also noted that Fremont is producing at its highest level since 2012, the previous highest output was November 2021. Mr. Coleman asked about the theoretical maximum output of Fremont. A brief discussion followed regarding the performance of Fremont.

The Winter Forecast reflected a decrease in demand during February 2022. This trend is expected to continue through April due to milder temperatures being projected.

Ms. Dove also updated members on the Annual Audit as well as Member Financing Pipeline Projects. She encouraged members to share information on upcoming projects.

A discussion regarding unrestricted cash, timing of the cash target ensued. Mr. Coleman asked whether Efficiency Smart should also focus on winter peaks as the financials are less profitable in the winter months. Ms. Schlichting explained how we are summer peaking and how we should focus on that peak. Ms. Dove noted that engaging Efficiency Smart to reduce the summer peaks is valuable as this is how DEMEC is billed for Capacity and Transmission costs.

Upon motion made by Seaford, to approve the Monthly Financial Report for January 2022, seconded by New Castle, the motion passed unanimously.

### **APPOINTMENTS/ELECTIONS**

None.

### **PRESENTATIONS**

None.

### **RESOLUTIONS**

None.

### **COMMITTEE REPORTS**

#### Executive Committee –

Mr. Morris Deputy, Director representing Middletown and Board Chair, shared that the Executive Committee meeting discussion will be covered in Executive Session. Posting for an IT Network Technician was approved.

#### Finance Committee –

Mr. Charles Anderson, Director representing Seaford and Board Treasurer, addressed the financial advisory services proposal memo from PFM Financial Advisors, LLC. He reviewed the proposal and shared why it was requested. The Finance Committee recommends DEMEC enter a 2-year contract with PFM. Ms. Schlichting noted that PFM works with several Joint Action Agencies and has a good reputation. Mr. Deputy asked if funding is available in the budget for this service, Ms. Dove confirmed.

Upon motion made by New Castle to enter a 2-year contract for financial advisory services with PFM Financial Advisors, LLC, seconded by Newark, the motion passed unanimously.

### **PRESIDENT'S REPORTS TO BOARD**

#### Legislative Update –

Ms. Schlichting presented the update. Staff continues to work on net metering legislation with various energy stakeholders. Language was presented to utilities for consideration. The next stakeholder meeting is scheduled for March 18<sup>th</sup>.

DEMEC staff also attended the APPA Legislative Rally. During the rally, the annual meeting of the APPA Legislative and Resolutions Committee takes place. This meeting is necessary to provide APPA staff guidance to advocate for its members. Topics discussed will be brought to the Annual APPA Business meeting in June, where they will be reviewed and adopted. Ms. Schlichting also discussed changes in the resolution process and the twelve resulting resolutions. She highlighted two of interest: Resolution 22-08, in support of municipal bond modernization

and Resolution 22-01 in support of federal clean energy standards that reduce greenhouse gas emissions to address climate change while keeping electricity affordable and reliable, both of which were adopted. She shared the process and discussions undertaken to bring members into agreement on Resolution 22-01. Ms. Schlichting recommended drafting a resolution outlining DEMEC's clean energy goal. A discussion took place about Resolution 22-01. It was decided by the board that staff will draft a DEMEC clean energy resolution.

Due to numerous factors, DEMEC was unable to meet with Delaware's Federal Legislators in D.C. during the rally. Since the rally, staff has met with Senator Coon's staff via zoom, will soon meet with Congresswoman Blunt Rochester, and has organized a meeting with Senator Carper at the DEMEC Administrative Offices in late April.

#### Rate Study –

Staff met with Utility Financial Solutions last week. They are currently working on the 2019 data and needed clarification. It is expected that this data will be ready for review after the annual audit is complete. The next meeting with UFS is planned for April 5<sup>th</sup>.

#### Joint Training Yard –

The application is currently under review by the Town of Smyrna Board of Adjustments. All requested modifications have been made. An updated proposal for work was presented by the contractor, with a 30-day expiration date. More information will be provided in executive session.

Ms. Schlichting and Mr. Max Walton, Attorney with Connolly Gallagher attended the February Board of Adjustments meeting in Smyrna to ask for reconsideration of a sidewalk and curbing waiver along Walton Way. Smyrna Board of Adjustment approved a conditional waiver.

An email has been sent to the Joint Lineworker Training Yard Steering Committee and board members sharing when TVPPA will be in Delaware for initial assessment of each community's lineworkers. DEMEC is working with TVPPA to create a list of needed items to begin Apprentice Level 1 training. DEMEC is asking for a donation of items that members are able to share. Items that are not donated will have to be purchased.

#### NERC – Document 4010 - Designation of CIP Senior Manager –

As a registered NERC facility, DEMEC is required to update certain policies on an annual basis or when any substantive changes take place. The Designation of CIP Senior Manager policy was presented and approved in October 2021 after Ms. Schlichting was appointed as President & CEO. The current document is up for annual review and requires board approval.

Upon motion by Newark to re-confirm the appointment of Ms. Schlichting as CIP Senior Manager, seconded by Lewes, the motion passed unanimously.

#### Significant Events 2021 –

To be covered in Executive Session.

## **COMMUNICATIONS & OUTREACH**

### Communications Update –

Ms. Heather Contant, Director of Government and Community Relations, reminded members of funds available through the Charitable Donations and Sponsorship Fund. With spring and summer coming, more events are beginning to take place.

Ms. Contant highlighted the new “Members” section of DEMEC’s website. This section hosts information on federal grant funding, an electric vehicle planning toolkit, and more.

She then reviewed social media reach and engagement for February 2022 highlighting LinkedIn growth and popular posts.

During Leadership Central Delaware’s Government and Politics Day, Ms. Contant connected with Sen. McBride and Reps. Spiegelman and Short on various legislative issues. A meeting with Congresswoman Lisa Blunt-Rochester’s Energy Advisor took place during APPA’s Legislative Rally.

DEMEC Day will take place at Legislative Hall on Wednesday, April 13<sup>th</sup>. Members are invited to join staff in greeting legislators between 1:00 p.m. and 3:30 p.m. This is a good time to meet with members’ state representation. Ms. Contant offered to help organize meetings for interested members. Governor Carney will not be available for the traditional DEMEC Day Proclamation signing. This will be scheduled for a later date.

Senators Hansen and Bush, Chairs of the Senate and House Energy Committees, respectively, have approved a resolution celebrating DEMEC Day and community-owned electric utilities. This resolution will be introduced for approval from the entire General Assembly on April 13<sup>th</sup>.

Staff attended a Policy Makers event with Senator Coons via Zoom hosted by the New Castle County Chamber of Commerce. Some topics of interest included the exportation of liquified natural gas and repurposing natural gas lines for use in hydrogen energy. Ms. Contant served as a judge at a DECA competition for future leaders and participated in a tour of the DAFB Super Port as an Honorary Commander.

The City of Milford was recognized for the expansion of its Efficiency Smart Program. Ms. Contant contributed to an article on career advancements for women in the utility communications industry, on which a webcast is coming in May.

Ms. Contant ended her report with examples of social media posts from February 2022.

## **TRAINING & EDUCATION ACTIVITIES**

### Training & Events Report –

Ms. Kendra Friel, Training & Events Coordinator, reported on recent & upcoming trainings. She announced that AMP Safety Series webinars hosted under the “On-Demand Webinars” section of the website have been identified as items that count towards RP<sub>3</sub> Designation. New additions to the training portal were noted, as well as open and upcoming surveys.

## **SUSTAINABILITY & DEVELOPMENT**

### Meeting Updates–

Mr. Scott Lynch, VP Asset Development, presented the Sustainability and Development monthly update. At the most recent Renewable Energy Taskforce meeting, Delmarva Power shared they are working on SREC procurement. The auction is set to take place sometime in September. A wind REC RFP has been submitted as required.

The SEU is looking for project ideas for available RGGI funding. They are also developing an “All Things Solar” webpage under Energize Delaware.

The Energy Efficiency Advisory Council was rescheduled. This pushed back the submission date for a 3-year plan. Staff will present this plan at the April board meeting.

### Program Updates –

Mr. Lynch reviewed the Efficiency Smart Dashboard highlighting MWh saved and total lifetime savings. He also reviewed Energy Efficiency Program Updates focusing on gross lifetime energy savings, customer savings, and LEDs sold. Voting for Energy for Good took place in March. Milford Senior Center is in the running for a \$5,000 grant, and both Code Purple Seaford and Newark Empowerment Center were selected to receive \$100. Ms. Schlichting asked Mr. Lynch to determine where presentations will take place so local officials can attend.

DEMEC received an Efficiency Smart rebate for a newly installed HVAC system and additional money was granted through the state, that is forthcoming. Mr. David Del Grande, Alternate representing Newark, shared that the City of Newark will also be receiving a rebate through Efficiency Smart. Mr. Lynch encouraged each municipality to participate in the program. Participation will familiarize participants with the program and can help improve the process. The April promotion of 99 cent LEDs at local retailers is set to begin. Mr. Lynch reviewed the status of member Efficiency Smart contracts.

Customers must register with PJM for Demand Response by mid-May. This is a good time to sign up any interested members, key accounts, or other customers who would benefit from the program. CPower has also opened the program to customers who cannot shed as much load as previously required, which is possible through aggregation.

The RP<sub>3</sub> timeline and process was reviewed. Mr. Lynch reminded members of training on the DEMEC portal that supports RP<sub>3</sub> designation. The application process starts in May and ends in September. Mr. Coleman shared that Newark won 1<sup>st</sup> place in the safety category. He will send information to DEMEC staff.

Questions were discussed regarding the Delmarva auction.

### Development Updates –

Mr. Lynch reviewed the status of member AMI projects. A Lewes battery storage project was also discussed. The Middletown substation project continues, and phase one completion is expected April 2022.

DNREC is working on a program to promote the installation of fast chargers. Vendors can submit proposals until April 15, 2022. DNREC is looking to place chargers where EV fast charging infrastructure is limited. He explained fast charging and recommended several considerations to be explored in advance of being contacted for participation. This program is different from the rebates issued for Level 2 chargers. Austin Calaman, Director representing Lewes, shared that DNREC has confirmed they intend to expand the existing Level 2 charger program. Scott Blomquist, Director representing New Castle, stated that he reached out to DNREC about the fast charger program, and was told that the community cannot apply for the program because they were in the RFP process. A discussion ensued.

### **IT UPDATE**

None.

### **BUSINESS FROM THE FLOOR**

Ms. Schlichting took a moment to congratulate Heather Contant on her 5-year work anniversary.

Mr. Coleman shared that Newark has finished expansion of a solar park at McKees Solar Park. Three of the four additional solar facilities are now complete, totaling 1.3 MW of new solar generation.

### **EXECUTIVE SESSION**

The Board went into executive session at 11:26 a.m. upon motion by Newark, seconded by Lewes, to discuss the following:

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

The Board ended executive session and returned to regular session at 12:37 p.m.

### **RETURN TO REGULAR SESSION**

No action was taken.

### **SET NEXT MEETING DATES**

The following meeting dates were set:

1. Tuesday, April 19, 2022 – 10:00 a.m.
2. Tuesday, May 17, 2022 – 10:00 a.m.
3. Tuesday, June 21, 2022 – 10:00 a.m.

### **ADJOURNMENT**

Upon motion by Seaford, seconded by Newark, the Board Meeting adjourned at 12:38 p.m.