

CAPE & VINEYARD ELECTRIC COOPERATIVE BOARD OF DIRECTORS

EXECUTIVE SESSION MEETING MINUTES THURSDAY, APRIL 21, 2011

The Board of Directors of Cape & Vineyard Electric Cooperative, Inc. met in Executive Session on Thursday, April 21, 2011 at 10:40 a.m. in Conference Room 11/12 at the Barnstable Superior Courthouse, 3195 Main Street, Barnstable, Mass.

Present were: Charles McLaughlin, President; Barnstable
Zielinski, Treasurer;
Margaret Downey, Clerk;
Paul O'Keefe, Bourne
John Scott, Chatham;
David Gardner, Provincetown
Barry Worth, Harwich;
John Cunningham, Brewster;
Martin McDonald, Eastham
Steve Gavin, Yarmouth
Bill Straw, Tisbury

Absent were: George Dunham, Sandwich Mark
Tim Twombly, W. Tisbury
Richard White, Dennis
Heather Harper, Falmouth;
Peter Cabana; Tisbury
Late: S. Kitt Johnson, Edgartown

Staff present: Ron Collins, Project Manager
Liz Argo, Consultant
Karen Loura, Admin Assistant

Counsel Present: Jeff Bernstein, Esq., BCK Law

2. PROPOSED EXECUTIVE SESSION PURSUANT TO MGL CHAPTER 30A, SECTIONS 21(A) 3 & 10

M. Zielinski moved the Cooperative vote to enter into Executive Session pursuant to MGLA Chapter 30A, Section 21 (a) & 3 & Section 10, seconded by C. McLaughlin. Members then voted by roll call vote unanimously in favor of the motion. General Public vacated the room. Ron Collins, Project Manager; Karen Loura, Administrative Assistant; Jeff Bernstein, Esq., BCK Law; Liz Argo, CVEC Consultant; Patrick Johnson, BCK Law Intern were permitted to remain for the duration of the Executive Session.

C. McLaughlin said CVEC may want to consider pro's & con's of providing a "Public Comment" opportunity at their meetings.

3 (A) GROUND MOUNTED PV RFP – CONTRACT NEGOTIATIONS

M. Downey distributed copies of the multi-town PV Project Press Materials and aerial maps and town maps for site specific local display.

Legal Descriptions are being prepared. Assessors are working together with Audrey Eidelman, BCK Law to determine how to tax the PV developed parcels.

M. Zielinski updated the Board of negotiations with the Developer resulting in agreement in the PPA price and the inclusion of a 7; 10; 12 & 15-year buy-out schedule. .

Towns are not eligible for the buy-out except at the end of the 20-year lease if CVEC does not.

M. Downey said there were 2 remaining contract issues: 1) Allocation method of output, and 2) Lock Box.

The Board then reviewed **Rights and Obligations of Membership in the Cape & Vineyard Electric Cooperative, Inc.** There was discussion to resolve how the Coop will address members such as Edgartown, Tisbury, Eastham and Harwich sites which will each generate excess power. Does the Coop want to waive the conditions within the Municipal Agreements to allow those towns to keep 100 % of the benefit or use allocation method? If the allocation method is used, the Coop will have to bring in other towns. M. Zielinski will prepare financials for the Towns.

B. Worth said Harwich will produce 4 MW and will get 4 MW. The Harwich Administrator wants the other 800,000 kWh for the Schools.

M. McDonald said he needs to pin down the numbers. With the greenfields Site – they are giving up 10 acres +/- and doing the same thing as Barnstable, Harwich, Brewster & Chatham who will get 100 % of the benefit. Eastham is only getting 1/3 of the benefit. The financial structure of solar is different than wind upon which this allocation schedule was developed. CVEC borrows for wind but not for PV.

B. Straw asked which decision will encourage more participation and perhaps make the decision based on philosophy for green.

C. McLaughlin said he is inclined to give the full benefit to the town. Barnstable will consume all energy on site.

P. O’Keefe said it was originally set up to be a county-wide benefit and he questions what is in it for the towns who contribute.

Atty. Bernstein reviewed Nstar’s method of accounting for generation with net metering calculations. National Grid allocates but Nstar is not computer capable of doing this.

B. Worth spoke about how Harwich’s project generates 6 M kWh for a load of 5 M kWh and the difference of needs is changing because of the school load not being under the Board of Selectmen.

Atty. Bernstein said with the build and fulfill plan there were going to be lease payments. The benefit is low priced electricity that can be net metered.

P. O’Keefe said CVEC funds come from Cape Light Compact / Ratepayers and the income will go back to Cape Light Compact; CVEC voted to ask Cape Light Compact for financing. They will benefit 10% from all of these projects which gives them an opportunity to not collect its “mil adder”. Discussion followed.

B. Worth said Harwich 5MW produced with 4 MW net-metering credit. The school has 1MW @ .17 compared to the Town @ .07.

M. Zielinski explained buying power and getting a net metering credit. Atty. Bernstein said the Town would get 100% of needs met and 80% of excess power generated – the remaining generation would go to CVEC. He said he expects the value of net metering credits to increase over time.

There was discussion concerning cash flow and use of a lock box. M. Zielinski said there is a working capital issue. ACE will bill CVEC after 31 days and CVEC will have 21 days to pay it.

K. Johnson said the Board will have to accept the idea that we are paying twice the amount for electricity for the first 5 months but after 13 months it will be a self-rolling system. If Edgartown puts up two times the amount it

can consume, they will have to pay a lot before they see benefits. He is urging the Town to develop all three sites because Nstar has said they are not set up to have more than a couple of MW due to the poor condition of the system. They may have to let some systems die in process. Discussion followed.

M. Downey announced Round II and asked the membership if they have available property.

Provincetown, Bourne, Yarmouth said they are looking into potential land and may have possible sites. Barnstable said there is private property available. M. Downey said CVEC can provide assistance with site evaluation to Towns.

D. Gardner said Provincetown Board of Selectmen and Renewable Energy Committee are genuinely in support.

P. Cabana said there is interest in solar panels at the Airport for Dukes County.

C. McLaughlin moved that 100% of 90% excess output benefit the host community, seconded by B. Worth. Discussion followed. The Board then voted by roll call unanimously in favor.

Atty. Bernstein said there will be no Power Purchase Agreements for non-host towns, non-host towns do not have to sign.

LOCK BOX ISSUE

There was discussion concerning ACE invoicing and CVEC's payments due within 21 days. M. Zielinski said he will put financial information together. A lock box assures ACE has access to Nstar net metering credit and allows CVEC to pay ACE directly within 21 days. 60 days later a check comes in from Nstar. There was a recommendation that CVEC send checks to towns with a reconciliation statement. Towns need an appropriation for their electric bill and for CVEC for Power Purchase Agreement. The proposed lock box is for the net metering check from Nstar. There is no sense in to have a lock box for the checks from the towns.

The lock-box will be needed for 20 years.

K. Johnson suggested CVEC recommend enterprise accounts be set up in the Towns to handle this type of money flow. M. Zielinski said the County process has to go through the Assembly of Delegates and if host communities only receive reconciliation and no invoice, they do not need an enterprise account because they will only be receiving a revenue check.

Atty. Bernstein said whichever method CVEC chooses, (Net out or invoice) it needs to be included in the PPA and needs to go to ACE.

C. McLaughlin moved that CVEC will calculate the net as between the Net metering Credit and Purchase Price and send a check to the host monthly with a reconciliation statement, seconded by J. Cunningham. The Board then voted unanimously in favor.

3(B) UPDATE ON PENDING LITIGATION STRATEGY ON BREWSTER WIND PROJECT

It was noted that Brewster has decided not to sign the contract before Town Meeting. They will leave it to the townspeople to decide on Article 5 to exempt 1.8 MW turbines at Town meeting.

C. McLaughlin said he is happy to go back to Brewster for further discussion if there is consensus from CVEC and a presentation is offered to the Towns. There was discussion how best to communicate to the Towns. C. McLaughlin then excused himself from the meeting at 12:12 pm.

M. Downey said Towns have the ability to impose conditions and Brewster may want CVEC to require:
1) additional sound study. She discussed the option of 1) asking the state to pay for it because if CVEC pays, it will increase the price and 2) the issue of 'flicker' and ways to look for mitigation for the Woodlands and Judds' property. CVEC needs to consider adding language into the lease if a favorable Town Meeting Vote occurs. There was discussion as to possibly doing the sound and flicker studies as part of the DPU and asking the State to contribute if there is a favorable Brewster Town Meeting Vote.

M. Zielinski updated the CVEC about the Assembly and passage of the Regional Policy Plan and Wind Turbine Regulations. Clarification is needed. He believes the Commissioners will vote 2 to 1 to approve. The exemption for municipal wind did not pass. The Executive Director assured that the Brewster Project would not be impacted by it. He will send a letter to Paul Niedzwiecki, Executive Director, Cape Cod Commission asking for clarification and extent of exemption.

There was discussion concerning the pathways for project referral to the Cape Cod Commission and the DRI Review process and timing. M. Downey said a favorable vote of Article 5 would further exempt the project from the Cape Cod Commission.

K. Johnson moved to amend the Power Purchase Agreement regarding the invoicing between CVEC and the Towns for power purchase payments, such that the CVEC will keep the net metering credits in a lockbox, calculate the power purchase price and other payments due to CVEC from each Town, and send the Towns a check in the amount of the difference between the total credit and the total payment due, seconded by J. Cunningham. Discussion followed. M. Zielinski moved to amend the motion to include "with a reconciliation statement on a monthly basis as permitted by the lockbox," seconded by M. MacDonald and voted unanimously in favor with David Gardner abstaining. M. Zielinski then moved to vote in favor of the motion as amended, seconded by M. MacDonald and voted unanimously in favor with David Gardner abstaining.

At 12:39 p.m. K. Johnson moved to exit from Executive Session and return to Open Session, seconded by M. Downey and voted unanimously in favor.

Respectfully submitted,

Karen E. Loura
Administrative Assistant