

Cape & Vineyard Electric Cooperative, Inc.
Executive Committee
Open Session Meeting Minutes
Thursday, June 5, 2014

The Cape & Vineyard Electric Cooperative, Inc. Executive Committee met in Open Session on Thursday, June 5, 2014 @ 10:30 a.m. in Conference Room 11/12, Superior Court House, 3195 Main Street, Barnstable MA 02630

PRESENT WERE:

1. John C. Checklick, President/Executive Committee Member/Director, Falmouth
2. Charles McLaughlin, V. President/Executive Committee Member/Director, Barnstable @ 10:47 am
3. P. Cabana, Member at Large/Executive Committee Member/Director, Dukes County
4. Stephan Wollenburg, Executive Committee Member/Director/Cape Light Compact
Larry Cole, Director, Harwich
R. Collins, Director, Orleans
Steve Gavin, Director, Yarmouth

LEGAL COUNSEL

Audrey Eidelman, Esq. BCK Law, by phone

ABSENT WERE:

5. E. Mark Zielinski, Treasurer/Executive Committee Member/Director, Barnstable County

STAFF PRESENT:

Liz Argo, Special Projects Coordinator

Karen Loura, Assistant Clerk

OTHERS:

Richard Wolf, Brewster Energy Committee attending for Chuck Hanson, Clerk/Director, Brewster

Zachary Bloom, Competitive Energy Services

Paul Gromer, Peregrine Energy Group

CALL TO ORDER

With a quorum of the Executive Committee present, Pres. Checklick called the meeting to order at 10:32 a.m.

NO PUBLIC COMMENT

No public present.

CONSIDERATION OF MEETING MINUTES

The Executive Committee then considered the April 4, 2014 Meeting Minutes. *S. Wollenburg moved the Committee accept the minutes as presented, seconded by J. Checklick and voted unanimously in favor with P. Cabana abstaining (2-0-1).* The Executive Committee tabled consideration of the May 22, 2014 Executive Committee Open Session Minutes since there were not a majority of members present at that meeting present to vote.

EXCESS GENERATION DISTRIBUTION

#5, 6 & 7 - TOWN OF FALMOUTH, MONOMOY SCHOOL & DEADLINE FOR PARTICIPATION

L. Argo provided an update on Falmouth's interest in excess generation. She reported several presentations have been made and a discussion this morning with M. Ward, Falmouth Business Manager confirmed Falmouth can participate in an allocation/cash-out scenario. She has requested Falmouth provide a Letter of Interest (LOI). M. Ward is leaving the employment of the Falmouth School District as of 6/30/14. The School District total load is approximately 4.5 million kWh. . There was discussion as to the amount of anticipated kWh available. Pres. Checklick reported Falmouth has a competing proposal from Freetown and Borrego Solar (Installer). He has responded that CVEC would not be opposed to Falmouth signing a LOI with Borrego for the amount of kWh they have to offer which would not impact the amount CVEC would be able to offer to the school district..

There was discussion about offering as much as is available to Falmouth to take or not. There was discussion about Monomoy Schools taking available power and an LOI would lock in the amounts. Monomoy Schools is not a member. However Oak Bluffs and now Chilmark (which applied for membership over a year ago) have indicated their desire to participate. L. Argo was asked to provide a spreadsheet of a simple table showing total excess kWh available.

C. McLaughlin arrived to the meeting at 10:47 a.m.

L. Argo distributed a handout entitled Net Metering Credit UPDATE 5/30/14 (Attachment A) and reviewed it with the Committee. There was discussion about priority being given to non-host members interested in participation as off-takers. P. Cabana said he would like a vote taken on priority status of members and that Chilmark should be included as a CVEC member.

L. Cole expressed concern that during meetings with Monomoy, it was not indicated that the energy would not be available. He said with 2.5 MW surplus from the Harwich project, it will be a tough sell.

L. Argo reported with all in, there is approximately 20% less than expected. A. Eidelman said CVEC is not guaranteeing amounts to off-takers. Atty. Eidelman said off-takers receive the same benefit as host towns in the agreements.

PEREGRINE ENERGY GROUP - NET METERING CREDITING POLICY FOR SCHEDULE Z'S

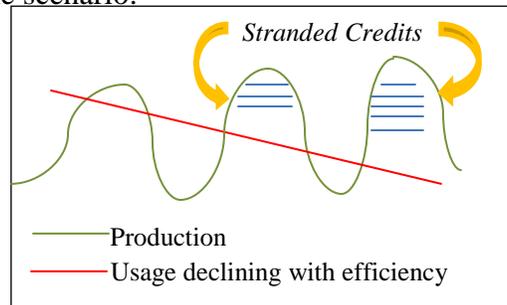
L. Argo sought clarification relative to the kWh value compared to the Net Metering Credit value. She said the tariff speaks to kWh and that there is more room for NM credits because the costs are higher than the NM kWh value. However, ultimately the policy has never been to eliminate electric costs and the price was always 14¢. Atty. Eidelman clarified the policy was kWh of municipal electric load with kWh of expected generation. She said it is not a legal issue but rather a policy issue. All the documents were drafted based on that policy. She said CVEC could change the policy to compare the cost of electricity to the value of a net metering credit. Pres. Checklick said CVEC has relied on the Metered Load and the Metered system output. Atty. Eidelman said the Contracts incorporated the kWh annual usage designated by the town and that is fixed in time. The impact of this on electric bills has never been a part of CVEC policy. CVEC is a Cooperative entity acting on a Cooperative basis. C. McLaughlin said NM credits have to be monetized and CVEC has always referred to the kWh. It is an internal accounting matter not involving CVEC. The NM Credit value is the kWh generated multiplied by the NM Rate. Charges associated w/kWh load not covered by NM Credit value is the responsibility of the owner of the meter to pay. Some hosts will be in a cash-out scenario.

R. Wolf asked if cash-out host is able to take usage and convert to cash and zero out the bill in dollars. He said there was speculation that if a host took more kWh than municipal load and then converted to cash (zeroing out

their bill) then they will have exceeded usage permitted by statute which speaks to kWh value vs NM credit value. Pres. Checklick said we are guided by Energy Management Agreements. He said he is satisfied to address on a Town by Town basis or treat the generation/distribution as a portfolio relative to excess being distributed from a pool.

There was discussion relative to determining how to treat production to host towns. Atty. Eidelman said if CVEC changes the policy it will require contract and document amendments. S. Wollenburg urged the Committee not to *change* the policy at this time in light of the logistics to guarantee supply and the nightmare to try to zero out and danger of ending up with stranded credits. P. Cabana agreed.

There was discussion about trying to differentiate the NM value and NSTAR retail rate resulting in banking NM credits in summer which would be gone in during periods of less generation during decline in usage. He drew the following graphic to describe the scenario:



Discussion followed. C. McLaughlin said perhaps the topic can be re-visited with new projects developed to provide additional production. P. Cabana moved to re-affirm the current policy, seconded by S. Wollenburg. C. McLaughlin asked if Peregrine were present seeking guidance or to suggest a different policy. P. Gromer said Peregrine is comfortable to operate under any policy CVEC adopts. There was discussion about potential off-takers increasing their request and overstating kWh reservation. The Committee then voted unanimously in favor by roll call vote as follows:

J. Checklick, Falmouth	Yes
C. McLaughlin, Barnstable	Yes
S. Wollenburg, Cape Light Compact	Yes
P. Cabana, Dukes County	Yes

L. Argo said the Towns are trying to decide kWh to reserve. C. McLaughlin said off-takers should be asked to consider adding 10%.

Atty. Eidelman said Phase I systems are receiving different output than contracted and are working to get numbers confirmed. Once as-built drawings are completed, actual systems will be closer to the estimated annual output. The amount of excess needs to be determined and then a percentage should be distributed equally among each off-taker. There was discussion about Brewster's request for 1 million kWh. Brewster was a seller until 6 months ago. Atty. Eidelman stated the contracts refer to the host's municipal load. Those numbers are not papered. S. Wollenburg said there needs to be justification to substantiate the request. CVEC needs to know realistic output. The problem is the 10% which is above the estimated annual output (EAO). C. McLaughlin moved to direct correspondence to towns providing 30 days to designate the maximum amount of requested kWh for net metering credits, that shall not exceed the estimated annual usage currently demonstrated and for the board to allow R. Wolf and L. Argo to make reasonable arrangements with Brewster.

There was discussion about the arrangement with the Town of Yarmouth. S. Gavin said Yarmouth does not want generation diluted. He said 85% of usage is conservative. There was discussion about initial EAO

numbers compared to actual EAO for Phase I systems. C. McLaughlin said the off-taker participants can be offered a percentage of what is now available and informed that CVEC is actively exploring other opportunities. C. McLaughlin moved the Committee direct L. Argo to prepare a draft letter for Committee review to go to all towns on the list and Monomoy School indicating they have 30 days to respond as part of the process of establishing Letters of Intent for purchase of excess net metering credits that CVEC is offering. This requires final figures be provided relative to the amount of kWh that can be satisfied in participation. S. Gavin offered to include a request that they quantify demand and in addition ask for rationale and support for the request. To towns who have not yet signed an LOI, prepare a letter to them requesting realistic kWh need/capacity to meet unfilled consumption (gross consumption less expected production equals net available usage) and noting that they will receive a Power Sales Agreement based upon kWh data provided.

L. Argo to draft a letter to all potential off-takers requesting that they provide CVEC with their net kWh consumption less any net production within 30 days followed by a Letter of Intent, seconded by S. Wollenburg and voted unanimously in favor (4-0-0). There was discussion about a second letter to signees providing a 20-day window between executing a LOI and PSA.

YARMOUTH PSA

Currently the IGA with Yarmouth is 25 years duration. They would like a 15-year agreement but are requesting 20 years vs 25 years with a mutual option to increase to 25 years. Atty. Eidelman explained some agreements affect excess and some affect the commercial operation date. The maximum allowed duration is 25 years. The Power Sales Agreement will cover underlying 20-year agreement. The Committee reviewed buy-out options. Some towns have 1st right. S. Wollenburg moved to agree to change the term from 25 years to 20 years with 5-year extension with mutual agreement of the parties, seconded by P. Cabana and voted unanimously in favor (4-0-0).

EASTHAM DPW PV SYSTEM IMPROVEMENT

L. Argo reported on repair needed at the Eastham DPW PV system which was making noise. The inverter was replaced and a sound dampening blanket was installed. Con Edison put a screen around it and a sound baffle at a cost of \$5,000. The blanket prevented air flow and there is a need for a long-term solution. Atty. Eidelman agreed to check to determine who is responsible for this maintenance.

L. Argo reported on a planned ribbon cutting ceremony being hosted by Clean Focus for all Phase I projects in June. They have chosen their site in Dennis which is not a CVEC project. Pres. Checklick said he will contact Bill Pelts at Clean Focus to request the ceremony take place at a CVEC site with the Governor.

STATUS OF NET METERING ASSURANCE FOR PHASE I

The DPU provided an exception and will grant an extension for Phase I ACE projects not meeting the 6/13/14 deadline. Construction is complete and NSTAR has been paid and have yet to energize the systems (except Harwich and Eastham). In Chatham, the utility (Verizon) pierced the landfill cap during pole relocation which caused the problem and was deemed a utility delay. Harwich is on a different timeline.

L. Cole left at 1:43 p.m.

OPEN SESSION VOTE ON ENTRY INTO EXECUTIVE SESSION

At 1:43 p.m. C. McLaughlin moved the Committee vote to enter into Executive Session, seconded by S. Wollenburg. Pres. Checklick declared the reasons for moving into Executive Session as listed on the Agenda as follows:

- a) Consideration of and Vote to Approve Executive Session Meeting Minutes pursuant to MGL Ch. 30A § 21 (a) (10).

- b) Discussion and possible vote on termination of EMS Agreement pursuant to M.G.L. c. 30A, §21(a)(3) (Potential litigation and strategy discussion) and M.G.L. c. 30A, §21(a)(10) (confidential and competitively sensitive information)
- c) M.G.L. c. 30A, Section 21 (a) (10): Discussion and potential voting regarding Renewable Energy Procurement Options and the allocation of excess energy. (confidential and competitively sensitive information).
- d) Discussion and potential vote regarding additional security under EMS Agreements for Round II pursuant to M.G.L. c. 30A, § 21 (a) (10) (confidential and competitively sensitive information).

and stated an open meeting may have a detrimental effect on CVEC's ability to conduct business in relation to other entities making, selling or distributing electric power and energy and that the consideration of the purchase, exchange, lease or value of real property will have a detrimental effect on CVEC's negotiating position as a public body and a detrimental effect on the bargaining or litigating position of the public body. He said the Committee would return to Open Session at the conclusion of Executive Session. *The Committee then voted unanimously (4-0-0) in favor by roll call vote as follows:*

<i>J. Checklick, Falmouth</i>	<i>Yes</i>
<i>C. McLaughlin, Barnstable</i>	<i>Yes</i>
<i>S. Wollenburg, Cape Light Compact</i>	<i>Yes</i>
<i>P. Cabana, Dukes County</i>	<i>Yes</i>

Counsel & Staff were permitted to remain.

Respectfully submitted,

Karen E. Loura
Assistant Clerk

List of documents and exhibits:

- Agenda
- Draft 5/22/14 Executive Committee Open Session Meeting Minutes
- Net Metering informational sheet prepared by L. Argo
- Net Metering Credit Update dated 5/30/14 by L. Argo