

## **CMEEC Board of Director's Regular Meeting**

**January 28, 2016**

### **MINUTES**

A regular meeting of the CMEEC Board of Directors (sometimes referred to herein as the "Board" or "BOD") was held on Thursday, January 28, 2016 at the offices of Norwich Public Utilities, 16 Golden Street, Norwich, CT.

The meeting was legally noticed in compliance with the Connecticut State law and all proceedings and actions hereinafter recorded occurred during the publicly open portions of the meeting.

The Vice Chairman, Kenneth Sullivan, called the meeting to order at 10:01 a.m. and determined a quorum was present.

#### **The following Member Representatives/Directors participated:**

Jewett City – Louis Demicco, Richard Throwe, Kenneth Sullivan  
Groton – Ron Gaudet, David Collard, Edward DeMuzzio  
Norwich – John Bilda (arriving at 10:50 a.m.), Robert Groner, Stephen Sinko  
East Norwalk – James Smith, David Brown  
South Norwalk – Scott Whittier, Mark Harris (by telephone)  
Bozrah Light and Power Company -- Ron Gaudet, David Collard

#### **The following individuals from CMEEC management participated:**

Drew Rankin, CMEEC, Chief Executive Officer  
Edward Pryor, CMEEC, Chief Financial Officer  
Michael Cassella, CMEEC, Director, Customer Programs  
Justin Connell, CMEEC, Director, Portfolio Management  
Brian Forshaw, CMEEC, Chief Regulatory and Risk Officer  
Robin Kipnis, CMEEC Assistant General Counsel  
Michael Rall, CMEEC, Director, Asset Management  
Gabriel Stern, CMEEC, Director Technical Services  
Philip Sussler, CMEEC General Counsel

#### **The following individuals were also in attendance:**

Thomas Ritter, Brown Rudnick LLP (arriving at 10:45 am).  
Paul Afonso, Brown Rudnick LLP (arriving at 10:45 am).  
Timothy Shea, Brown Rudnick LLP (arriving at 10:45 am).

Mr. Sussler recorded.

## **Standard Action Items**

### **(A) Approval of the Minutes of the CMEEC December 17, 2015 regular Board of Director's Meeting.**

**A motion was made by Director DeMuzzio, seconded by Director Demicco, to approve the minutes of the December 17, 2015 regular CMEEC Board of Directors' Meeting.**

**Vote passed unanimously. (16-01-01).**

## **Specific Action Items**

### **(B) Objective Summary Exception Reporting Review**

Mr. Rankin provided an overview of the exceptions to the summary dashboard report provided to the Board in advance of the meeting, reviewing the line items that reflected a deviation from the established target value for the performance month, year to date and 2015 year end. He noted that the report reflected results for the full year 2015; with the exception of certain items which were estimates pending final settlement by ISO-NE which were not completed prior to the time the report was circulated but should be finally determined by the following month.

He noted that CMEEC finished a very successful calendar year 2015, with a positive deviation from benchmark under the Total Member Return ("TMR") and Rate 9 Power Cost Only view, respectively, of 35% and 26% for the full year. He also noted that CMEEC performed very well under the balance of Customer Fulfillment Metrics for 2015. He noted that the "All In" cost metrics finished lower (and, therefore, in positive territory) under both the TMR and Rate 9 views.

Mr. Rankin noted that CMEEC's financial metrics also finished the year in a very strong position.

Mr. Rankin also described a second page of summary results entitled the "December 2015 Regional Competitiveness Reconciliation" denominated in (\$/MWh) and (\$), respectively, and "Asset Performance – Member Share". He called attention to the year to date municipal electric utility aggregate customer savings when compared with the regional benchmark rate in the amount of \$39.9 million, representing the aggregate savings the municipal electric utilities ("MEUs") accrued during 2015 through procurement of power from CMEEC and determined by comparing CMEEC's cost of power with the cost of power if the MEUs were to acquire the power supply at the standard service rates of the neighboring electric distribution company. He noted, in general terms, that this cost advantage can be traced to CMEEC's continued vertical integration, the leveraging of CMEEC's multiple assets to improve its financial position and the continuing efforts of CMEEC to deliver cost effective power to its member MEUs.

Mr. Rankin and Mr. Rall then provided in a hand-out a reconciliation of the budgeted and final outcomes for the Pierce and MicroGen Project "Net Benefits" during 2015. The hand-outs and the explanation described the individual contributors to the negative and positive deviations between budget and outcome for each of the two Projects. Msrs. Rankin and Rall also summarized the lessons learned and the steps to be taken to improve the reporting and asset management for these projects in the future.

General discussion and questions followed.

### **(C) and (D) December (2015) After the Fact Market Analysis and 2015-2016 Winter Market Analysis to Date.**

Mr. Connell noted that energy costs for the month of December, 2015 were below budget by \$4.89/MWh (or by 8.67%). This was in the face of reduced demand from that projected, but coupled with significantly lower costs of natural gas commodity (measured by Henry Hub prices) and delivery (measured by Algonquin Gas Transmission (“AGT”) city-gate prices) into New England. Mr. Connell noted that the natural gas pricing bench-mark continues to be a very significant indicator of the price of electric energy due to the large market share of natural gas as the fuel supply to electric generation in New England and the use of natural gas as the fuel for the last increment of supply in the electric market for significant hours. Mr. Connell summarized and explained the information presented in charts to the Board regarding the daily reported natural gas commodity and New England delivery prices of natural gas during December and noted the reductions and lower volatility experienced when compared with the same period in recent prior years. He noted that these results are due to favorable weather during the period and by substantial changes in the fuel markets. Mr. Connell also described CMEEC’s use of the Pilgrim unit contingent resource, which terminated at the end of 2015. He further discussed the Rhode Island Landfill Gas (“RILG”) project and CMEEC management’s effort to address its possible termination.

### **(E) 2016 Legislative Overview.**

Mr. Rankin introduced Mr. Ritter, Mr. Afonso and Mr. Shea. Mr. Ritter summarized the major issues currently facing the Connecticut legislature for the 2016 session affecting particularly the budget, transportation, the efforts of the Governor and the legislature at criminal justice reform, and casino development. He also commented on the personal property tax for motor vehicles issue.

Mr. Afonso discussed the current political landscape in Massachusetts and Rhode Island impacting energy issues, noting the energy related initiatives of Governor Baker in Massachusetts and Governor Raimondo in Rhode Island. He also discussed the pending consideration by the Massachusetts Department of Public Utilities of long-term contracts for capacity reservation in proposed incremental natural gas pipeline projects delivering natural gas into New England selected by Eversource and National Grid. He also discussed the pending clean energy request for proposals of the three southern New England States and the pending legislation in Massachusetts to authorize expanded procurement of hydro-electric resources.

Mr. Shea discussed the prospects for legislation related to energy in Connecticut during the upcoming 2016 session. He noted that because the session is a “short” session, there is likely to be a reduced volume of energy legislation due to the procedural rule of the legislature applicable to short sessions which only permits individual legislators to introduce budget-related bills; bills affecting other subject matter may only be introduced if sponsored by legislative committees.

### **(F) Executive Session Consideration of CMEEC Advisory Board Candidate Evaluation.**

**A motion was made by Director Bilda, seconded by Director Demicco, to go into executive session to discuss the CMEEC Advisory Board Candidate Evaluation, with the direction to come out of executive session upon completion of the discussion.**

**Vote passed unanimously.**

**(16-01-02).**

The basis for going into executive session was Conn. Gen. Stat. Section 1-200(6) (A) (discussion concerning the appointment, employment, performance, evaluation, health or dismissal of a public official). The meeting went into executive session at 12:29 p.m. Present during the meeting were the Directors and Mr. Rankin.

The meeting came out of executive session at 12:40 p.m.

**A motion was made by Director Gaudet, seconded by Director Bilda, to adjourn the meeting.**

**Vote passed unanimously.**

**(16-01-03).**

There being no further business to come before the Board, the meeting was adjourned at 12:41 p.m.