

For Immediate Release

Norwich, CT. December 6, 2023 – The Connecticut Municipal Electric Energy Cooperative (“CMEEC”) is pleased to announce that its Board of Directors recently approved a “Decarbonization Policy” in order to provide guidance to leadership and staff as the organization seeks to procure an increasingly “greener” wholesale energy portfolio while still maintaining reasonable costs for its six municipal electric utility (MEU) members.

The action, taken at CMEEC’s annual meeting held on November 16, 2023, followed discussions at several meetings of CMEECs Board of Directors and Risk Management Committee, as well as working sessions with the governing bodies of CMEEC’s MEU members.

According to Kevin Barber, the Chair of the CMEEC Board of Directors and General Manager of the Third Taxing District of Norwalk Electric Department (one of CMEEC’s members), “The desire for a formal, written Decarbonization Policy was identified during our organization-wide strategic planning sessions that were held in 2020, as memorialized in the Strategic Plan our Board adopted in October 2020. We felt it was necessary at that time to establish some reasonable parameters around our approach to decarbonization, and this policy reflects the culmination of those efforts.”

Ron Gaudet, Chair of CMEEC’s Risk Management Committee and General Manager of Groton Utilities (another CMEEC member), added that “Consistent with our foundational principles of local governance and control, this policy reflects where we believe our communities are currently at, collectively, in terms of balancing the costs and benefits of achieving incremental gains with respect to environmental stewardship while acknowledging existing regulatory, infrastructure and technological realities.”

Dave Meisinger, the CEO of CMEEC, concluded that “We will continue to seek reasonable and prudent ways to reduce our carbon footprint as we forge a path toward a more decarbonized electric sector. We have already been following the basic ‘all of the above’ tenets of this policy for some time, yet it remains a ‘living document’ that will evolve as a clearer picture of the path toward a more carbon-free electric sector continues to emerge.”

A full copy of the Decarbonization Policy is attached.

About the Connecticut Municipal Electric Energy Cooperative

CMEEC is a political subdivision of the State of Connecticut created in 1976 pursuant to Chapter 101a of the Connecticut General Statutes. It is a non-profit municipal joint-action electric supply agency that provides the wholesale power supply requirements of six municipal electric utilities with retail service territories in Connecticut, as well as for other customers who purchase power at wholesale. Its municipal electric utility members are Bozrah Light & Power, Jewett City Department of Public Utilities, Groton Utilities, Norwich Public Utilities, South Norwalk Electric and Water, and The Third Taxing District of Norwalk Electric Department. CMEEC also supplies the wholesale power requirements of the Mohegan Tribal Utility Authority. For further information about CMEEC, please see <https://cmeeec.com/>

CMEEC DECARBONIZATION POLICY

CMEEC is a unique participant in the wholesale energy markets. To date, we have advanced effective carbon reduction strategies within our footprint that appropriately reflect our size, scale and ownership structure as well as the home rule regulatory regime -- and concepts of local governance, control and accountability -- that are foundational to our origin and history. This has allowed us to meet the needs of our member-owner municipal electric utilities (MEUs) and their communities in a reliable, low-cost manner since our inception.

Decarbonization Goals and a Regional Grid

Executive Order No. 3, issued by Governor Lamont in 2019, established the goal of creating pathways and strategies for “achieving a 100% zero carbon target for the electric sector by 2040.” This was codified in 2022 by the state legislature in C.G.S. §22a-200a(a)(3).

CMEEC, for its part, seeks to implement a realistic and achievable roadmap to carbon reduction, one which accounts for the complex and evolving web of competing concerns that are before us. Our challenge is heightened by various external factors, including that while most New England states have directionally consistent decarbonization policy objectives, their actual plans, strategies and timelines differ significantly -- even as the ISO-NE attempts to provide an updated market platform which adequately and cost-effectively supports a variety of decarbonization initiatives and approaches.

Our Approach to the Challenge

Our approach to decarbonization of the electric sector is driven by the parallel goals of grid reliability, environmental stewardship and financial responsibility to our members/customers. Because climate change is an economy-wide challenge, any solution will require a portfolio of integrated and optimized strategies for all sectors of the broader economy as it moves toward decarbonization.

In order for decarbonization efforts to have a reasonable likelihood of success in the electric sector, we believe the ISO-NE regional wholesale market design -- whose existing rules are ambiguous and in flux, and which contain implicit, deeply-imbedded preferences for traditional carbon-based generation resources -- requires substantial reform in order to remove artificial barriers and create sufficient certainty such that the procurement of new resources (and strategic retention of existing resources) will reflect consumer preferences (and legal requirements) regarding decarbonization.

Carefully considered, wholesale market reform need not come at the cost of thwarting the achievement of state and local objectives in areas such as fuel and technology diversity, local area resiliency and price stability. At the same time, our regional grid must meet mandatory reliability standards. As our grid and underlying resource mix transition toward additional low- or no-carbon generation, it is important to quantify and address the probable incremental impacts and costs of meeting these reliability standards.

The guiding principle for a comprehensive revision of the current wholesale market design, therefore, is to accommodate and reflect consumer energy and environmental policy objectives, thereby placing decarbonization goals on equal footing with “reliability,” “resource adequacy” and “market efficiency” objectives. This is a necessary pre-condition to allow load-serving entities to establish reasonably achievable decarbonization goals and effective strategies for meeting those goals. Such wholesale

electric market reform should occur in tandem with, and reasonably reflect, reforms in other economic sectors and how such reforms affect our sector (e.g., by impacting load growth).

Given the underlying uncertainty of the current market, legal, economic, regulatory and political climates, and as part of a “no regrets” approach intended to keep open as many viable paths to decarbonization as possible, we will carefully consider the extent to which any measures we take now might reasonably be expected to (1) prevent us from taking advantage of emerging technological improvements, cost reductions or other opportunities that may develop in the foreseeable future, (2) be devalued due to evolving market rules, (3) fail to satisfy new standards that may be imposed, (4) jeopardize our Regional Competitiveness (i.e., our overall wholesale costs as compared to comparable charges imposed by in-state investor-owned electric distribution companies (EDCs)), (5) require certain retail customer classes or sectors of our communities to disproportionately or inequitably bear the costs or other impacts of our decarbonization efforts, and/or (6) otherwise impose more risk on our MEUs or their communities than is prudent or justifiable.

Given our scale, we cannot solve the region’s decarbonization puzzle by ourselves. But we can, and will, continue to make measured strides and continued advancements on the path toward a more carbon-free electric sector in Connecticut. We fully recognize and embrace the need to “do our part” with respect to decarbonization, not only as we approach 2040, but as we approach all significant decisions regarding our wholesale power portfolio as well as the various programs offered to the more than 50,000 ultimate end users that our MEUs collectively serve.

What We Will Do:

1. Continue to Advocate for ISO-NE Market Reform

Actively participate in the relevant legislative, regulatory, legal and overall market reform processes, advocating for removal of obstacles to the siting and development of an appropriate mix of carbon-free generation resources (and related interconnection, transmission and storage infrastructure).

2. Prudent Evolution of our Power Supply Portfolio

Seek out cost-effective wholesale portfolio opportunities which allow for gradual, incremental progress toward decarbonization at the lowest reasonable cost while minimizing risks and disruptions associated with legal compliance, transformational regulatory changes and market evolution, load growth, stranded costs and maintaining cost competitiveness. We will therefore strive to do the following:

- a. From a transactional/cost perspective, we will use reasonable efforts to limit incremental costs such that the overall impact of any single “project” or combination of projects is not reasonably expected to result in a material increase in our total wholesale energy costs.
- b. From a Regional Competitiveness perspective, we will use reasonable efforts to ensure that as we commit to one or more relevant new projects, our total wholesale energy costs will remain materially lower than the comparable wholesale charges imposed by the EDCs.
- c. From an emissions perspective, we will monitor and use reasonable efforts to improve the extent to which the carbon intensity of our wholesale portfolio compares to the average carbon emissions rate of the ISO-NE resource mix.

3. Robust Retail Customer-Facing Programs and Solutions Supporting Decarbonization

Advise and collaborate with our MEUs to create and refine utility-scale load conservation, load management and storage programs which target carbon reduction while retaining focus on the fuel and technology diversity, local area resiliency and price stability needs of our ultimate end users.

- a. Refocus programs on reducing load during high emissions hours and/or shifting loads to lower emissions hours.
- b. Allow retail customers to voluntarily subsidize low- or zero-carbon energy.
- c. Continue to explore and support incentives and opportunities for development of carbon-free generation owned by retail customers.

4. Promote Beneficial Electrification

Continue to evaluate, pursue and support retail customer-facing programs and solutions that appropriately and responsibly promote beneficial electrification and which (along with energy efficiency enhancements designed to control associated load growth) are likely to support the achievement of affordable carbon reduction in the transportation and/or heating sectors. Approaches may include programs supporting expansion of:

- a. Electric Vehicles (EVs) and associated charging infrastructure.
- b. Electric home heating infrastructure.
- c. E-School Buses and associated charging infrastructure.
- d. Educational outreach to our MEU communities and retail customers.

5. Prudent Infrastructure Investment and Deployment

Consider prudent investment in modernized transmission, distribution, interconnection and/or storage infrastructure to support a safe regional transition away from carbon-emitting resources and toward a predominance of carbon-free generation resources, and to enable integration of such new generation resources into the grid in a manner which mitigates impacts on reliability, environment, stable grid operations and overall affordability in light of the new and unique operational characteristics of such new generation resources (as well as related impacts, including on load growth, from the increase in home heating and EV charging that may result from regional efforts toward beneficial electrification).

Evaluate prudent deployment of energy storage technologies as behind-the-meter assets and/or as centralized, dispatchable demand response resources participating in appropriate ISO-NE market(s).

6. Consider Alternative Methods of Supporting Decarbonization

Possible approaches may include:

- a. Smaller-scale carbon offset efforts, e.g., financial support for local / small business efforts or activities that contribute to the reduction of carbon emissions.
- b. Consideration of relevant third party decarbonization efforts when selecting potential vendors or contractual counterparties, e.g., reviewing ESG Scores when appropriate.

7. Strive to Maintain our Local Authority, Control and Protections

Exercise and protect our authority to effectively serve our loads in a way that revitalizes and therefore makes the most sense for our communities, and thus to strategically and cost-effectively pursue flexible alternatives that can be fashioned to meet local preferences and/or provide local community benefits such as jobs, tax revenues and localized emission reductions while also considering relevant impacts on environmental justice.

Employ reasonable, specifically-tailored approaches for cost-effectively achieving decarbonization goals that are supported through local community buy-in, and which are incorporated into our relevant strategies around portfolio, asset and risk management.

8. Regular Measurement and Reporting of our Progress

Following consideration of market reforms that actually occur, establish KPI, goals and milestone targets to create a reasonable and appropriate path toward a wholesale portfolio with a low or net-zero carbon footprint.

Track and manage our progress in reducing emissions, ensuring that key stakeholders are kept adequately and timely informed of our activities and that we, to the extent practicable and appropriate, continue to align our efforts with the comprehensive state/regional approach toward decarbonization.

9. Ongoing Reevaluation of our Approach

Regularly revisit and review our evolving approach to decarbonization, considering potential revisions to this policy on at least an annual basis.