

Cape & Vineyard Electric Cooperative, Inc.
Executive Committee and Finance Committee
Remote Conferencing Meeting Minutes – Tuesday, April 21st, 2020

The Cape & Vineyard Electric Cooperative, Inc. Executive Committee and Finance Committee met via remote conferencing on Tuesday, April 21, 2020 at 9:30 a.m. from home-based locations.

PRESENT WERE:

1. Steve Gavin, Finance Committee Member/Director, Yarmouth
2. Jennifer Rand, V. President/Executive Committee Member/Director, West Tisbury
3. Robert Wirtshafter, Treasurer/ Finance Committee Member/Director, Chatham
4. Charles McLaughlin, Executive and Finance Committee Member/Director, Barnstable
5. Charles Hanson, Finance Committee Member/Clerk/Director, Brewster
6. Austin Brandt, Executive Committee Member/Director, Cape Light Compact (CLC)

ABSENT WERE:

1. Leo Cakounes, President, Finance and Executive Committee Member/Director, Harwich
2. Ron Beaty, Executive Committee Member/Director, Barnstable County

STAFF PRESENT:

Liz Argo, Executive Director
Tatsiana Nickinello, Administrative Services Manager
John Clark, CVEC consultant

PUBLIC PRESENT

None

1. CALL TO ORDER

Vice Pres. Rand called the meeting to order at 9:30 a.m. and announced the Meeting Notice/Agenda was duly posted on the CVEC, Inc. website in accordance with the Open Meeting Law on April 17, 2020 at 7:35 a.m. Vice Pres. Rand verified the presence of a quorum of the Finance Committee with Executive Committee member on its way.

2. PUBLIC COMMENT

There were no public comments.

3. REVIEW AND APPROVAL OF FEBRUARY 13, 2020 AND MARCH 12, 2020 EXECUTIVE COMMITTEE AND FINANCE COMMITTEE MEETING MINUTES

The Finance Committee reviewed the February 13, 2020 Executive Committee and Finance Committee Meeting Minutes.

S. Gavin moved the Finance Committee to approve the February 13, 2020 Executive Committee and Finance Committee Meeting Minutes as presented, seconded by C. Hanson, and voted as follows:

- | | |
|-----------------------------------|------------|
| <i>1. R. Wirtshafter, Chatham</i> | <i>Yes</i> |
| <i>2. S. Gavin, Yarmouth</i> | <i>Yes</i> |

3. C. Hanson, Brewster Yes
Motion carried in the affirmative (3-0-0).

The Finance Committee reviewed the March 12, 2020 Executive Committee and Finance Committee Meeting Minutes.

C. Hanson moved the Finance Committee to approve the March 12, 2020 Executive Committee and Finance Committee Meeting Minutes as presented, seconded by R. Wirtshafter, and voted as follows:

1. R. Wirtshafter, Chatham Yes
2. S. Gavin, Yarmouth Yes
3. C. Hanson, Brewster Yes

Motion carried in the affirmative (3-0-0).

4. TREASURE'S REPORT

R. Wirtshafter delivered the Treasurer's report. He informed the members that CVEC has a healthy cash balance of \$740, 000. The payments are in line where they should be, no major expenditures were made, and the receipts are coming as expected. L. Argo added that receivables are clearing up due to town meetings tax reimbursements special rulings. She continued saying that "on peak hours resources" continue to be a good investment on CVEC's part bringing \$14, 000 over budgeted \$18, 000. Forward Capacity Market (FCM) came in overbudget, bringing \$123, 000 instead of the estimated \$80,000. The members were invited to review the CLEARResult spreadsheet. L. Argo mentioned that in FY23 FCM payments start to decline and CVEC needs to look into entering more projects that are currently under construction. She noted that CLEARResult retains 25% for managing, and CVEC needs to take it under consideration when hiring a new person. C. Hanson inquired why the payout numbers go up and down. L. Argo answered that this is the question for experts in the market. The handout, she noted, was an estimation. L. Argo added that possible shortage condition payout also possible to happen.

C. McLaughlin joined at 9:40 a.m. Vice Pres. Rand verified the presence of the Executive Committee.

L. Argo added that in addition to FCM, CVEC is looking into potentially two more markets. She noted that CVEC will be looking into agreement with CLEARResult for FY25 action. J. Rand inquired about rate differences. A. Brandt answered that variances are likely due to different clearing prices. The members discussed CLEARResult t payment schedule. L. Argo informed the members that CLEARResult keeps 25% and sends one yearly payment, unless a shortage event happened, for which CVEC gets an extra benefit.

Vice Pres. Rand asked if there were any objections to taking Agenda items out of order due to quorum issues. There were no objections.

3. REVIEW AND APPROVAL OF FEBRUARY 13, 2020 AND MARCH 12, 2020 EXECUTIVE COMMITTEE AND FINANCE COMMITTEE MEETING MINUTES

The Executive Committee reviewed the February 13, 2020 Executive Committee and Finance Committee Meeting Minutes.

A. Brandt moved the Executive Committee to approve the February 13, 2020 Executive Committee and Finance Committee Meeting Minutes as presented, seconded by C. McLaughlin, and voted as follows:

1. C. McLaughlin, Barnstable Yes
2. A. Brandt, CLC Yes
3. J. Rand, West Tisbury Yes

Motion carried in the affirmative (3-0-0).

The Executive Committee reviewed the March 12, 2020 Executive Committee and Finance Committee Meeting Minutes.

C. McLaughlin moved the Executive Committee to approve the March 12, 2020 Executive Committee and Finance Committee Meeting Minutes as presented, seconded by A. Brandt, and voted as follows:

1. C. McLaughlin, Barnstable Yes
2. A. Brandt, CLC Yes
3. J. Rand, West Tisbury Yes

Motion carried in the affirmative (3-0-0).

5. UPDATE, DISCUSSION AND POSSIBLE VOTE ON MARINA CLAIMS FOR FULL TAX REIMBURSEMENT RELATIVE TO BARNSTABLE FIRE DISTRICT

C. McLaughlin informed the Members that he will try his best to solve the problem. He added that he has a meeting planned with Barnstable town administrator.

6.UPDATE ON REVIEW OF POTENTIAL POLLUTANTS FROM INVERTERS AND BATTERIES AND NEED TO INCLUDE POLLUTION INSURANCE REQUIREMENT TO CONTRACTS

L. Argo reported that after inquiring if whether CVEC should carry pollution insurance, BCK concluded that it is reasonable to have it. The requirement was given to the developers' legal counsel for review. The insurance proved to be very costly. After several conversations, developers send back everything they had on specifications of the inverters/transformers and battery components. They provided everything they could uncover. It was reported some of the inverters do not contain any liquids at all. L. Argo said that, although it is still work in progress, it appears that there is no significant need to have the insurance. C. McLaughlin noted that he appreciates the effort and would like to see all the materials reported. He added that he might have a few engineers come in for a consult. C. McLaughlin added that if there is an exposure, the goal is to deploy containment measures to prevent fluid escape scenario. He noted that better and affordable designs are available, easily retro fitting in the existing models. In addition, he mentioned that consulting engineers are available to design containments if needed. C. McLaughlin noted he would still like to have more information on existing inverters for Round 1 and Round 2.

7.UPDATE AND VOTE ON CONTRACTING WITH CLEARRESULT FOR SUBMISSION FOR ROUND 4 AND ROUND 5 PROJECTS INTO FORWARD CAPACITY AUCTION

L. Argo invited the members to examine Round 4 and 5 for Forward Capacity Market (FCM) handout. She added that Round 4 already has several interconnection agreements in place with two projects registered in SMART and awaiting approval. She continued saying that now it was time to

reach to CPower and CLEAResult and talk about entering Behind-the meter (BTM) and Standalone projects in the FCM. L. Argo reported that the process gets more complicated due to the storage creating passive and active commodity in terms of response demand. She said that CLEAResult and Cpower will be in competition for CVEC's projects. L. Argo presented color coded handout outlining possible benefits/costs of either contracting with CPower or CLEAResult. She noted that CVEC would have to purchase capacity in some cases. R. Wirtshafter suggested thinking of a longer term, for up to 7 years, for investment pay-off due to the current situation. C. McLaughlin was concerned about future markets in the light of coronavirus pandemic. A. Brandt said that he believes that the current situation will have minimal impact on capacity prices. He explained that the electricity prices are generally steadier than the types of swings one sees with other fuel markets. C. McLaughlin inquired when the action is needed. L. Argo responded that CPower is not contracting right now. CLEAResult, however, recommends signing the contract during the process of qualification, but commit to the qualification initiation by Friday. She added that CVEC can withdraw projects at any time during the qualification process. The only exposure is CLEAResult's compensation on the time that they spent to prepare for qualification process, which would amount to approximately \$20,000 total. J. Rand was concerned about high cost to "back out" of the contract. The members continued conversation about different markets that both CLEAResult and CPower participate. L. Argo explained that CLEAResult deals with active demand response while Cpower works with "passive" response. C. Hanson clarified that after paying for qualification process, CVEC will have to pay "buy-out" amount of about \$250,000. The members agreed that there is more work to be done on the calculations and cost-benefit analysis before any decision is made. The members discussed that either CVEC contracts with CLEAResult or CPower, there is a situation of possible revenue loss in one option and gain in another, as some markets that both companies participate may be mutually exclusive. The members discussed some financing options for buying out capacity rights from Eversource, in case CVEC decides to pursue that scenario. L. Argo clarified that Round 3 projects would not require capacity buy-out. R. Wirtshafter suggested setting up a meeting, if possible, with CLEAResult to discuss cost-benefit analysis for projects that would require capacity buy-out. C. McLaughlin expressed his interest to participate in the meeting. The members reached an agreement to take no action at this time. Staff was instructed to put together more information and possibly set up a meeting.

8.UPDATE ON CVEC INTERVIEW FOR FULL TIME STAFF

L. Argo reported that Pres. Cakounes and L. Argo are interviewing candidates remotely. She continued saying that two candidates emerged as top "runners". L. Argo added that the call-in interviews for these candidates are to take place on Wednesday, April 22 and Friday, April 24. She invited members of the Executive and Finance Committees to attend. Resumes are to be sent for Wednesday and Friday interviews. L. Argo noted, that considering the direction CVEC is going as an organization, new person should be able to handle complex energy dealings and be well versed in energy industry.

9.UPDATE FROM AUSTIN BRANDT ON CAPE LIGHT COMPACT'S TARGETED DEMAND RESPONSE PROGRAM UNDER "CONNECTED SOLUTIONS"

A. Brandt presented a brief overview of the programs in the power point presentation format. The highlights of the presentation were the closer look at demand response, targeted dispatch, and daily dispatch programs. The goal of some of the programs is to reduce high and lesser peaks, so overtime

less capacity will be needed to be purchased. He also explained that the way active demand is different from old traditional programs is that it is targeting events/peaks, rather than year-round savings. During peak hours participants are asked to reduce their usage, those reductions are then measured against the base line. A. Brandt clarified that for CVEC, in particular, storage rates are especially important. He added that currently CLC was approved for targeted dispatch and waiting for ruling on the daily dispatch program participation. A. Brandt said that CVEC potentially may be able to participate in both targeted and daily dispatch programs. Daily dispatch will likely not be available till next summer. L. Argo inquired if the projects entered in FCM would still be compatible to participate in the daily or targeted dispatch markets. A. Brandt answered that he believes the projects will be able to participate in both markets. A. Brandt added that CPower is already integrated with demand response program and has the ability to easily participate right away. He added that daily dispatch may be potentially mutually exclusive with targeted dispatch and FCM combo. A. Brandt noted that municipal participants need to understand and appropriately plan the resilience by setting up the ratio that works best for each individual project.

10. PRESENTATION BY CVEC CONSULTANT, JOHN CLARK, ON CVEC'S UPGRADE BY USING ACCESS WITH EXCEL FOR USAGE AND ALLOCATION DATABASE

J. Clark delivered a presentation of a new database that will allow to standardize data input and validation with central source for analysis and reporting. He noted some target areas of the database while recognizing that it is important to have remote access, collaborate and avoid extra costs associated with licensed products, etc. J. Clark described current workflow of usage and allocation database: project, participant, allocation, account. He added that a single account can be listed twice for different allocation. A. Brandt inquired how the new database will interact with Peregrine. J. Clark answered that CVEC will be more equipped to ingest their data. L. Argo added that with the exception of the Town of Yarmouth, CVEC uses MEI data. She noted that the new database is designed to serve CVEC better for internal purposes. For instance, CVEC is better equipped to identify stranded accounts and determine better allocations. L. Argo also noted that CVEC identified accounts that are heavily used, but not registered with MEI. C. Hanson shared his realization that the town is more responsible for entering the data in MEI system, rather than the state or Eversource. L. Argo added that Peregrine uses MEI. She mentioned that by working with towns, CVEC was able to identify several "dead" accounts listed in MEI. J. Rand encouraged the members to reach out to L. Argo for more information on the topic. The members were pleased and excited about the new database.

11. UPDATE ON EXPANDED SERVICE AGREEMENT WITH TOWN OF YARMOUTH

L. Argo reported that the Town of Yarmouth and CVEC mutually agreed not to expand the existing Service Agreement.

12. UPDATES ON:

A) Battery Energy Storage System at DY

L. Argo reported that at a state level the contract is almost "out of the door". She added that Cooperative Finance Corporation is not interested in providing a loan due to lack of collateral. L. Argo informed the members that she will be reaching out to Cape Cod 5.

B) PV/Storage Initiative Round 4

L. Argo reported that Round 4 is going forward. She added that SMART revisions are going to include better Adder as well as some changes regarding battery components associated with the size of the project. L. Argo reported that projects that are over 500kw size wise are required to have a battery. She noted that there is a potential conflict with Greenskies, as they want CVEC to use their aggregator. L. Argo reported that CVEC is determined to continue the working relationship with currently contracted aggregator.

C) PV/Storage Initiative Round 5

L. Argo reported that Round 5 projects are moving forward.

D) Provincetown VMCC PV and existing structural issues

L. Argo reported that there are no updates on Provincetown VMCC structural issues repair at this time.

The Executive and Finance Committees unanimously voted to adjourn at 11:55 a.m.

LIST OF DOCUMENTS & EXHIBITS

- February 13 and March 12, 2020 Executive Committee and Finance Committee Meeting Minutes
- CVEC Financials as of March 31, 2020
- A. Brandt presentation on Cape Light Compact's Targeted Demand Response program
- Presentation by CVEC consultant J. Clark
- CLEAResult and CPower benefit projections handout