

INDEPENDENT CONSUMER ADVOCATE

1022 BOULEVARD

WEST HARTFORD, CT. 06117

QUARTERLY REPORT FOR JANUARY-MARCH 2023

This quarter was dominated by discussions regarding the cost of electricity and particularly the difference between costs incurred by Eversource and the MEU's in this quarter. The MEU's, like Eversource, buy electricity in advance of the periods during which it will be used. So, for example, electricity for delivery in January 2023 might be purchased in November 2022. Eversource's schedule for purchases is highly regulated by PURA whereas CMEEC, purchasing on behalf of the MEUs, has substantially more flexibility in the timing of these forward purchases. As a result, Eversource was required to buy electricity for delivery in the first half of 2023 at a time when such prices were very high. These high prices were the result of disruptions in the natural gas markets. While CMEEC faced the same market forces, its greater flexibility in the timing of its purchases allowed it to mitigate the consequences of these market disruptions. Fortunately, the natural gas markets have returned to more moderate levels and by the end of this quarter, electricity prices had decreased. That decrease is likely to be fully reflected in CMEEC electricity purchases as the year progresses.

A second focus of the Advocate during this quarter was continuing to examine the Rate Stabilizations Funds and the Municipal Competitive Trust maintained by each MEU at CMEEC. In concept these funds serve a useful purpose—allowing the MEU's to maintain rates at more stable levels notwithstanding the disruption in electricity prices discussed above. The issue the Advocate has raised is the appropriate level of such funds. If too little funds are maintained, then rate stabilization will be difficult. If too much cash is maintained in such funds, then rates to customers could be deemed to be excessive. In reviewing both funds, the Advocate has reviewed the audit reports of several of the MEU's, had discussions with some of the MEU's, especially those with a high level of funds, and discussed the funds with CMEEC staff. In addition to providing necessary liquidity to the MEU's and avoiding the need to constantly adjust rates, these funds also provide some benefits to CMEEC (and its customers) which are recognized by the entities which rate the CMEEC bonds. These ratings are important to ensure low interest rates on CMEEC bonds and to insure access to energy markets. The discussion of these funds—their appropriate level and uses—is now under discussion at several Board committees.

The focus at the federal and state level of support for electric vehicles(ev) has not surprisingly brought attention to the level of support for such vehicles to the local level. A customer of one of the MEU's did raise this issue with the Advocate and that customer did receive financial support for installation of an ev charger. Generally, the MEU's do support the installation of such chargers for residential use. The Advocate anticipates further discussion regarding financial and logistical support for additional residential and commercial charging facilities.

During this quarter, CMEEC revised its financial presentations and substantially increased the detail available on a monthly basis using an interactive 'dashboard'. The Advocate supports this additional

transparency to the Board. The Advocate insured that this greater transparency would also be available to it and the general public.

The Advocate attended all Committee and Board meetings during the quarter. As in years past, the focus in this quarter was on the completion of the annual audit which occurred in March. The Budget, Risk and Governance Committees also met during the quarter.

Respectfully Submitted

David Silverstone

Independent Consumer Advocate

April 28, 2023