

INDEPENDENT CONSUMER ADVOCATE

1022 BOULEVARD

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QUARTERLY REPORT

APRIL-JUNE 2023

During this quarter, there was a substantial settling of energy costs throughout New England. The Advocate spent a considerable amount of time examining CMEEC's hedging strategies. Over the years these strategies have been responsible for energy savings for CMEEC customers as compared to what they would have paid if such strategies had not been employed. However, during periods when forward energy costs are declining, these strategies can result in customers paying more than they would have paid in the absence of such efforts. The challenge then, is to strike a balance between certainty of cost via hedging strategies and the lowest cost of energy which might be available during price declines.

The Advocate is comfortable that CMEEC has struck the appropriate balance. The 'best evidence' of the appropriateness of the balance is the prices CMEEC has actually paid (taking both hedged and market prices into account) as compared to other energy purchasers. It does appear, based on actual data publicly available, that CMEEC has paid substantially less for energy.

CMEEC did present to PURA, at PURA's request, how it goes about purchasing energy. Its approach is much more flexible than the approach of other purchasers in Connecticut who are constrained in their hedging activities by various PURA regulations and guidelines. It is important that this flexibility be maintained going forward. While it creates some risk, especially if energy prices quickly rise, it does balance the certainty of price and optimum prices appropriately.

The Advocate also spent time on the issue of EV chargers and their availability in the service territories of the MEUs. Because of the up-front costs involved and the uncertainty of the demand for such chargers, this will be an ongoing issue, at least until the size of the EV market can be more clearly determined.

Time has also been devoted to following the various litigation arising from the 'Derby' matters. Criminal convictions against three of the defendants have been obtained but the amount of restitution has not been determined by the presiding judge. In addition, the insurance litigation continues. Importantly, CMEEC has notified the convicted defendants that they must reimburse CMEEC for costs of defense as per the defendants' undertakings at the commencement of these matters. It has also informed the defendants that it would not pay for the costs of the appeals nor the second trial for two of the defendants on additional charges brought by the U.S. government. The Advocate supports these positions.

As in past quarters, the Advocate has attended all committee and Board meetings during the quarter.

Respectfully Submitted

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By David Silverstone

July 17, 2023