



**TOWN OF DURHAM**  
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**DURHAM ENERGY COMMITTEE**  
**MONDAY, SEPTEMBER 20, 2010**  
**— NOTE: SPECIAL MEETING —**  
**7:30PM TO 8:30PM AT THE OLD COURTHOUSE**  
**8:30PM AT TOWN COUNCIL CHAMBERS, DURHAM TOWN HALL**

**— MINUTES —**

Members present: Kevin Gardner, Chair; Robin Mower, Town Councilor; David Cedarholm, Town Engineer; Filson Glanz; Mike Hoffman; Peter Ejarque; and Charles Forcey

Guests present: Peter Ingraham, Constellation NewEnergy

The meeting was called to order at 7:32pm and the agenda approved unanimously.

Peter Ingraham, Constellation NewEnergy (“CNE”; headquartered in Baltimore, Maryland, with a regional office in Portland, Maine) presented options for the Town of Durham to work with CNE to purchase wholesale electrical power. He noted that CNE serves 30+ markets with retail gas and electricity across the country, including about 2/3 of the Fortune 100.

He discussed purchasing strategy options, which range from conservative to aggressive. Fixed pricing is not the lowest risk strategy because of market timing. Alternatively, index pricing, whereby one buys indirectly from independent operator, does create exposure to hour-by-hour volatility.

CNE offers a blocking index, a hybrid which helps manage the volatility. It also offers an umbrella of services, including a successful demand-response program. The company serves many municipalities in Maine, and 95% of those buy fixed-price products.

According to Peter Ingraham, pure index has worked well over last 12-18 months, but does not recommend it due to spikes in the price of electricity.

The DEC discussed whether the Town can take advantage of time-shifting to get non-peak pricing, e.g., wastewater peak flows in 9 months of UNH attendance.

Ingraham stated that increased pressure on electricity prices is likely, once the economy turns around. Under the current economy, load reductions are down by 8-10 percent.

Natural gas sets the price for electricity in New England 65-70 percent of the time: electricity tracks closely to natural gas. Far more upside risk than downside in terms of buying fixed today.

It was noted that Durham has 7 eligible accounts of which the water district accounts for roughly half of the electricity usage.

Transmission and distribution charge would continue to come from PSNH. The only part that Constellation would provide is supply.

Typical length of fixed contract is 12-36 months, and it could be tied into the Town's budget cycle. Seasonally, September-October is a good time to buy electricity (when you're moving away from air conditioned days, but not yet into the heating season; similar advantage in the spring).

A demand-response approach has an operational element (which commits the Town to having a generator working).

Ingraham suggested that the Business Manager and Town Engineer should work together to determine which contract would be appropriate for Durham. With the demand response program in place during peak times, savings can be significant. Peak in one year determines capacity cost going forward into the next year.

Kevin asked whether, because of the importance of that peak demand, there is information that CNE can provide to help us manage usage during peak.

Ingraham stated that CNE sends emails providing a heads-up.

Mike Hoffman commented that Durham is well poised for a demand-response approach, and with half the population leaving during the summer, perhaps we could not use generators or Lamprey River pump during those 4-5 days of peak demand.

Dave Cedarholm stated that we have a 500kw generator.

Ingraham recommended a fixed price option. The Town places a lot of value on price certainty, on budgets, and the way the market is trading today (window of opportunity). Demand response decision does not have to be made at the same time. It's really a risk question for the Town.

Process: CNE has the data and can share regular updates to establish a benchmark.

How much cheaper is CNE from PSNH? Ingraham walked the DEC through a spreadsheet he provided. The cost in part depends on load profile more than on volume.

Ingraham noted that CNE also has a paid consulting services group that provides incentives re natural gas, changing over boilers, for example, or designing green buildings. He also explained that CNE is better than its competitors in the following ways: 1) given the market position today, the portfolio provides flexibility; 2) it's a big company, has a lot of expertise; 3) it provides a local resource in himself, who has 20+ years in the industry (some other sales people just used to sell photocopiers)

Ingraham will send Durham a contract to review, so there are no surprises when we decide to move and in the meantime can send us daily pricing updates to establish the baseline. Suggests we get the supply piece done, then think about the demand response.

The significance in making a move to demand response management is a lower peak, when we're talking about 15-20 percent of total cost, but we are not talking significant cost savings. The right thing to do in terms of environment, however.

Cedarholm: There were changes to operations 3-4 years ago that helps us manage the usage better.

Kevin will send a memo to the Town Administrator and both he and Robin will meet with the Town Administrator to discuss next steps.

### **Brief discussions**

*Button Up, NH workshop: joint hosting with Madbury.*

We will send out notices via the Friday Updates, the PACE-interested list, etc. The Workshop will teach attendees how to button up their houses. Tobias Marquette presented in Dover. (Laurel Cox will have details.)

*Durham Day*

Peter Ejarque and Fil Glanz noted that people were interested in their displays.

*PACE update*

Kevin Gardner and Robin Mower confirmed that Robin would write a Council Communication and Kevin would present an overview to the Town Council on October 4.

The next meeting of the Committee will be arranged by email and noticed appropriately.

The Committee joined the Economic Development Committee (in progress) at approximately 8:50pm. See minutes from the EDC for the remainder of the DEC meeting.

Minutes taker: Robin Mower