

The Power of Partnership

MEGA
MUNICIPAL ELECTRIC & GAS ALLIANCE

A Local Development Corporation

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MEETING MINUTES

Municipal Electric and Gas Alliance, Inc., Board of Directors February 3, 2016 – Desmond Hotel, Albany NY

Present: Michael Stamm, Bob Edwards, Heather Brown, Karen Sullivan, Steve Hoover, Crystal Abers, Mary Pat Hancock, Jack Wheeler

Corporate Member Present: Alan Grattidge

Excused: Mark Taylor

Guests: Gordon Boyd, Gene Salerni, Anna Baluyot, David Wiers, Energy Next; Jill Luther, NYSAC; Omay Elphik, Gravity Renewables

Staff: Ronald Feldstein, Douglas Barton, Barbara Blanchard, Jennifer Luu, Louise Gava

Call to Order and Approval of Agenda

Chairman Stamm called the meeting to order at 9:03 a.m. and introductions followed.

Approval of October 2, 2015 Meeting Minutes

It was Moved by Mr. Edwards, seconded by Ms. Hancock and unanimously adopted by voice vote of members present to approve the minutes of October 2, 2015 as submitted.

Administration

Resolution – Adoption of Bylaw Amendments

It was Moved by Mr. Edwards, seconded by Ms. Brown and unanimously adopted by voice vote of members present to approve the amendment to the bylaws.

RESOLVED, That the by-laws are hereby amended as follows:

Section 2. Number and Composition of Directors is changed to read: The Board of Directors shall have 11 members duly elected by the Corporation at the Annual Meeting. Nine of the members shall be derived from the Corporate membership and two shall be elected at-large from MEGA's participating entities

Confirmation of Executive Committee Actions

It was Moved by Mr. Wheeler, seconded by Mr. Hoover and unanimously adopted by voice vote of members present to confirm the actions taken by the Executive Committee at a special meeting convened on October 20, 2015.

Resolution – Authorization to Recommend Award and Authorize Execution of Agreement for the Provision of Curtailment Services

WHEREAS, on September 14 2015, the St. Lawrence County Legislature approved Resolution No. 242-2015, "Authorizing a Request for Proposals for Energy Curtailment Services and Authorizing the Chair to Sign a Program Agreement resulting from RFP Award," on behalf of the Municipal Electric and Gas Alliance for the provision of curtailment services for municipal and other customers located in National Grid (upstate and NY Metro/Long Island), New York State Electric & Gas, Rochester Gas and Electric, Central Hudson Gas & Electric, Orange & Rockland Utilities, Consolidated Edison, and Long Island Power Authority utility territories, and

WHEREAS, All political subdivisions and districts within the State of New York were authorized by the same resolution to participate in the contracts awarded as a result of this procurement, and

WHEREAS, Responses to the Request for Proposals were received and opened at the offices of the St. Lawrence County Department of Governmental Services, 48 Court Street, Canton, New York 13617-1169 up to and including 3:00 p.m. on Friday, October 9,2015, and subsequently evaluated by MEGA staff and consultants for determination of best value to MEGA participants in the designated utility service areas, with the recommended best value proposal identified as follows:

Johnson Controls - For the provision of curtailment services for municipal and other customers located in National Grid (upstate and NY Metro/Long Island), New York State Electric & Gas, Rochester Gas and Electric, Central Hudson Gas & Electric, Orange & Rockland Utilities, Consolidated Edison, and Long Island Power Authority utility territories, and

WHEREAS, Program Agreements have been negotiated and prepared to be executed by St. Lawrence County, MEGA and the aforementioned Johnson Controls, such Agreements embodying the terms and conditions envisioned in the Request for Proposals, now therefore be it

RESOLVED, that the President and CEO of MEGA is hereby authorized to execute the Program Agreements with Johnson Controls and St. Lawrence County as envisioned in the Request for Proposals, and

RESOLVED further, the MEGA Board of Directors requests and recommends the Chairman of St. Lawrence Legislature execute the Program Agreements with MEGA and Johnson Controls as appropriate to implement the above described program.

At a Meeting of the Executive Committee acting on behalf of the Board of Directors of the Municipal Electric and Gas Alliance, convened on October 20,2015, I hereby certify that the foregoing resolution was duly adopted with the following members present and voting:

It was Moved by Mr. Hoover, seconded by Ms. Hancock and unanimously adopted by voice vote of members present to confirm the actions taken by the Executive Committee at a special meeting convened on December 1, 2015.

Resolution - Directing EnergyNext And Counsel To Petition The New York State Public Service Commission

WHEREAS, Community Choice Aggregations programs represent a means to provide an opportunity for local governing bodies to choose a strategy for procuring energy supplies for residential customers, providing savings and stability through an open transparent and competitive procurement, and

WHEREAS, the New York State Public Service Commission is actively developing standards and criteria whereby local governments can implement such programs, and

WHEREAS, MEGA sees CCA programs as an additional means by which MEGA can assist municipal participants, and

WHEREAS, on July 10, 2015 the Municipal Electric and Gas Alliance Board of Directors approved a resolution authorizing EnergyNext, Inc. to engage counsel and develop plans and procedures to petition and approach the New York State Public Service Commission with MEGA's qualifications, capabilities and expertise to conduct a pilot Community Choice Aggregation program, and

WHEREAS, MEGA has engaged with municipalities throughout the state and received more than two dozen letters of interest and support for Community Choice Aggregation, now therefore be it

RESOLVED, the MEGA Board of Directors hereby authorizes EnergyNext, Inc., and its counsel, Young, Sommer, Ward et al, to prepare a petition to the New York State Public Service Commission requesting authorization for MEGA to initiate and implement a demonstration Community Choice Aggregation program among interested municipalities.

Executive Session

It was Moved by Mr. Edwards, seconded by Ms. Abers and unanimously adopted by voice vote of members present to enter into Executive Session at 9:29 a.m. for the purpose of discussion litigation.

It was Moved by Mr. Hoover, seconded by Ms. Hancock and unanimously adopted by voice vote of members present to return to open session at 10:54 a.m. No actions were taken in Executive Session.

Staff Reports

Staff reports were included in the agenda packet as follows:

President's Report - February 2016

Finance and Budget

MEGA's financial position continues healthy. Income growth is as usual attributed to the addition of several participating entities. Despite the warmer temperatures in the fall and the

early winter continue to see growth over 9.5% compared to Q4 last year. Total commissions for 2016 will be about \$641,000, up 7.7% from last year's \$595,000. Commissions attributed to the Solar City and Gravity renewal projects have not yet arrived as expected, however recent news indicates these will be arriving soon. Our consultants are still estimating an influx of approximately \$400,000.00 in SCTY commissions that will be divided among our partners (Energy Next and NYSAC).

We will review the preliminary 2016-17 budget.

Recruitment and Retention

As I noted last year at this meeting, the good health of MEGA is its ability to recruit new participants as well as retaining existing members.

MEGA continues to attend and present sessions at various conferences including NYSAC, NYS School Business Officials NY Conference of Mayors and various regional, county and town and village associations. This investment in time and money provides vibrant opportunities to network with prospective, current and former MEGA participants.

MEGA continues to grow in participants and participant accounts.

Municipalities and non-profits added to our commission report include:

- Clinton County Community College (electric)
- The City of Albany (electric & gas)
- The Town of Binghamton (electric & gas)
- The Town of Niskayuna (gas)
- The Village of Delhi (electric)
- The Oswego United Methodist Church (gas)

Several customers dropped out of MEGA:

- Fort Ann Central School (electric, switched suppliers)
- Town of Brutus (electric, switched suppliers)
- Town of Spencer (elect, switched suppliers)

Finally, last quarter we reported the loss of Ulster County from the electric program. This was due to another broker muscling in on the Direct Energy account executive without him ever knowing until it was too late. We discussed this matter with senior officials at Direct Energy. It was primarily due to several DE data systems not talking to each other. The data system problem has since been corrected, Ulster will be available to MEGA again in early 2017, and Direct Energy will send makeup payment for the lost commissions to MEGA, about \$15,000.

Procurement

As I noted in my December update, we now have a new program, Curtailment Services available to participants. The Executive Committee awarded the contract and you will be asked to confirm this action.

By-Law Amendments

MEGA is legally and historically defined as an organization derived and constituted by and from the NYS Counties. Recently, to accomplish our goals and program activities we have

partnered and established sponsorships with several representative, umbrella organizations. They represent and advocate for members from political sub-divisions qualifying and in need of MEGA's programs and procurements. It can only further our relationships and communication with existing and future MEGA participants by expanding the membership of the Board of Directors by creating two at-large seats that may be occupied by representatives of these groups. We will be voting on this amendment and adding the seats at the annual meeting in April.

Community Choice Aggregation

In October the Board established the contracted position of Community Choice Aggregation Project Leader. Louise Gava agreed to the terms that included a six-month term from November to April 2016. Attached to this report is a copy of Ms. Gava's work plan. The extension of this agreement will depend upon the future of CCA and MEGA's involvement.

It is no secret that the majority of staff and consultant time this quarter has been expended on CCA. Louise along with my staff and E/N and Satori have worked tirelessly towards the goal of establishing a MEGA CCA program in New York State.

As CCA will occupy much of this meeting's time, I will defer all comments and explanations to Ms. Gava and our consultants.

Customer Relations Manager's Report - February 2016

Attended a Solar Power Round Table sponsored by the Town of Queensbury in October. Panelists included Jennifer Jaychem from Solar City plus a Community College VP who laid out the climate change challenge to kick off the evening, a NYSERDA rep on various program opportunities, and three private sector companies involved in various solar activities such as the Solarize Movement, small home installations, and community arrays of various sizes. My role was to describe the process MEGA went thru to identify a recommended solar provider for municipalities. I was able to slip in some info on Gravity as well. Attendance was good at about 30 people, mostly residents interested in advice on home systems. Not a great forum for MEGA but Queensbury is a customer and the Supervisor made a special point of inviting me and Jennifer. He also submitted a letter of support for the CCA initiative.

Worked with the MEGA Team to i.d. communities that might be most interested in Community Choice. As others have noted, response to our request for letters of interest produced a response that certainly exceeded my expectations. As of the end of October, we had received letters from seven counties, nine towns and four villages; by mid-November the total had reached 24 and has reached 31 by this writing. All this was leading up to the decision to request approval for a pilot CCA project. Meetings with Young-Sommer, the firm that developed the CCA petition for submission to the PSC, was very useful in learning more about the inner working of the PSC.

Attended a meeting in Sylvan Beach in October to address a group of several towns and villages in that part of Oneida County. All very small and all still with National Grid full service! It was a fair distance for a limited audience but, of the dozen or so people who attended, they were the decision makers – mayors, town councilmen and they asked good questions. To date, one of the larger towns, Vienna, has submitted the participation form and is considering an offer from Constellation at the unheard of price of 4.5/KWH (in November). I am following up with the other communities in attendance at that meeting. As of now, it looks as if Vienna will eventually sign. Delay related to a change in Supervisors.

Much of my time, as with all the team has been focused on the CCA program development. Attended a marathon set of meetings in Tompkins County including a presentation to the Energy and Environment Task Force created by the County to develop a detailed plan acceptable to a very diverse group of participants. Good luck with that. Followed with a meeting that included representatives of several towns and villages that are part of the Council of Governments. Extreme interest in CCA. Louise did a great job bonding with these folks and we got many questions that will inform our discussions with other groups. Our last meeting was with a good business customer, Integrated Properties, where we learned of energy needs in the Cornell Business Park.

Was contacted by the director of a group of approximately 175 churches – Faithful Citizen – to determine how/if MEGA could be of value to its membership. Anticipate positive follow up but it's likely to be very small customers.

Working with Rensselaer County Executive Kathy Jimino on two presentations to municipalities in the county. She would like to see more join the MEGA program and is hosting afternoon and evening presentations on February 8th to which she is inviting municipal leaders in towns and villages in the county. Even with all the focus on CCA we need to continue to expand our customer base and events such as this are helpful in pursuit of that goal.

Business Relations Manager's Report - February 2016

Community Choice Aggregation (CCA) Efforts

Participated in two meetings in Tompkins County to discuss the potential of this program. The first meeting was with the Tompkins Energy & Economic Development Task Force. This is a group of local officials and business people that are studying the future relationships between energy and its relationship and impact on the economic environment. The second meeting was with a number of municipal officials who were interested in learning about the concept and status of CCA. This led into a more detailed discussion than we are currently able to address. These included the ability to address desires for clean energy and providing for the lower income members of a community. This meeting highlighted how complex this program could get and it seems obvious at this point that the PSC may not be in a position to address all of the potential iterations.

I also did presentations to the Town Board of the Town of Owego (Tioga County) and also the Tioga County Council of Governments, which included representatives from over ten (10) towns and villages in Tioga County. The following week, I was asked and did a presentation to the Tioga County Legislature.

Marketing Efforts

I worked with Miles Ahead (a marketing firm) on two separate projects. The first was an upgrade to our tri-fold brochure which we use to present all of our services to current and potential customers. The change had to do with the addition of our "Demand Response" program and our "Compressed Natural Gas" opportunity. The remainder of the brochure remains the same.

The second project had to do with creating a computer touch screen to be used at presentations and conferences. This will offer us an easy way to demonstrate the broad coverage we represent across the state as well as allowing potential customers to see who we are partnering with in their area. The touch screen will also allow us to have a streaming power point to attract and inform conference participants at our booth.

Affiliated Relationships

Continued to represent MEGA and coordinate efforts with our two affiliate partners, New York Conference of Mayors (NYCOM) and New York State Association of School Business Officials (NYSASBO).

Community Choice Aggregation Program Lead Report - February 2016

Aggregation of electric supply through Community Choice Aggregation (CCA) programs will offer lower and/or stable utility prices for residents. MEGA and our consulting team are particularly qualified to support CCA especially given Satori Energy, the parent company of EnergyNext, Inc.'s extensive experience developing and administering successful CCA programs in 40 Illinois communities.

MEGA's request for interest and support of CCA returned 31 letters from 9 counties as well as cities, towns and villages representing approximately 380,000 households throughout the state. These municipalities are from four utilities (Central Hudson, National Grid, NYSEG, and RG&E), and in multiple NYISO load zones (zones A, B, C, E, F and G).

Department of Public Service Staff have hosted two technical conferences to address issues of aggregate and consumer data provisions and privacy, all of relevance to CCA. MEGA attended and submitted comments on the first conference and presented at the second conference. The opinion of MEGA, expressed in both our comments and presentation is that while many of the questions of the technical conferences will need to be answered to support broad Reforming the Energy Vision (REV) initiatives, a simple supply focused CCA can begin without working through the many details.

To that end MEGA has engaged EnergyNext, Inc. and counsel Young, Sommer, Ward Et al to prepare a petition to the NYSPSC requesting authorization to initiate and implement a demonstration CCA program among interested municipalities. Our petition to the Commission was filed on January 11th and given Case # 16-M-0015. Our petition outlines the interest of MEGA participants in developing CCA programs as well as MEGA and our consulting partners' qualifications to support these efforts. Our main point is that the aggregate utility data exist now, for free, to support the development of CCA programs. We explain in detail the process for securing supply and include specifics on program oversight, community education, ESCO selection and relationship, customer eligibility, data access and privacy protections.

We expect to hear from the Commission in the coming weeks on the status of our petition. While we await a response from the State we continue to meet with potential partners and interested suppliers. We are also keeping close tabs on the first CCA pilot project in New York, other proposed CCA models and the evolution of CCA in other states, particularly California.

While this is all movement in the direction of CCA becoming a reality, we aren't there yet. We could be a few weeks or many months away from authorization of MEGA's proposed demonstration CCA and/or the final ruling for CCA statewide. While our timeline is unknown our continued efforts put us in a position to act quickly if and when CCA does become a reality.

Treasurer's Report

Review of Financials

The budget was reviewed for 9 months of the year. To date, royalties are under budget due to the expected payments for the renewable projects being delayed. The budget includes \$200,000 for those projects and only one payment of \$4,000 has been received.

The fourth quarter royalties are up ten percent over last year due to the increase in electric customers; however, heating days for the quarter are down 22 percent, netting a 13 percent overall for the year.

Mr. Salerni stated it is possible that the 4th quarter royalties, when received, could exceed \$200,000 for electric and it is also possible that \$50,000 could be received with renewable projects coming on line.

Review of 2016-2017 Draft Budget

The Board began review of the 2016-2017 budget and it will be brought to the Corporate meeting in April for adoption.

Consultant Report - Gordon Boyd and EnergyNext team – February 3, 2016

1. Bids and procurements
 - a. Curtailment services. Johnson Controls, Inc. selected. Program Agreement executed with MEGA, St. Lawrence County coordinating. Marketing under way and meeting with success. Chemung, Oneida, Saratoga Counties, City of Saratoga Springs, Albany City School District, others.
2. Remote Net Metering.
 - a. Interconnection backlog update. Ron and Steve intervention achieved good results. Commissions have started to flow.
 - b. Gravity and SolarCity requesting extensions of existing agreements for one year to pursue additional prospects under existing Program Agreement.
3. Community Choice Aggregation
 - a. Retained attorneys at Young Sommer, worked with Louise Gava to prepare petition, filed January 12, 2015. Case #16-M-0015.
 - b. Outreach to MEGA participants, NYCOM members, successful. Thirty-one letters of interest and support.
 - c. Aggregate data discovery fruitful, should facilitate bidding process if and when PSC approves.
4. Community Net Metering
 - a. Both SolarCity and Gravity see potential
 - b. New procurement possible
5. Marketing and Customer acquisition
 - a. CNG Program status.
 - b. Notable customer engagement: City of Albany, multiple meetings. Started electricity and natural gas supply service November 2015.

NYSAC Report

Ms. Luther reported that she is getting up to speed with MEGA activities. She stated she met with representative from Solar City and they have created a target list of projects for 2016. She, along with MEGA folks will be participating on a bi-weekly conference call with Solar City going forward.

Ms. Luther stated the MEGA session at the NYSAC Conference was very well attended and standing room only.

Old Business

None

New Business

There was consensus among the board members to have Satori/EnergyNext take the lead on social media initiatives (Facebook and Twitter).

Announcements

The annual meeting date will be April 22, 2016 at the Otesaga Resort Hotel in Cooperstown, New York.

Adjournment

It was Moved by Mr. Hoover, seconded by Ms. Hancock and unanimously adopted by voice vote of members present to adjourn the meeting at 11:08 a.m.

Minutes prepared by Jennifer Luu.