



Minutes of the Board of Directors of the Municipal Electric and Gas Alliance
– October 2, 2015

Present: Michael Stamm, Mary Pat Hancock, Heather Brown, Steve Hoover, Bob Edwards, Mark Taylor, Jack Wheeler

Corporate Members Attending: John Flynn, Broome County

Excused: Crystal Abers, Karen Sullivan

Guests: Gordon Boyd, EnergyNext; Anna Baluyot, Satori Energy

Staff: Ron Feldstein, President & CEO; Barbara Blanchard, Customer Relations Manager; Doug Barton, Business Relations Manager; Jennifer Luu, Office Manager

Call to Order and Approval of Agenda

Chairman Stamm called the meeting to order at 11:07 a.m. Introductions followed.

Approval of Minutes

It was Moved by Ms. Hancock, seconded by Mr. Taylor, and unanimously adopted by voice vote of members present to minutes of July 10, 2015 as presented.

Administration

Appointment of Governance Committee

Mr. Stamm appointed Ms. Hancock and Mr. Wheeler as the Governance Committee along with appropriate staff.

Appointment of Audit Committee

Mr. Stamm appointed Mr. Hoover and Mr. Taylor as the Audit Committee along with appropriate staff.

By-Law Amendment – Lay on Table

It was Moved by Mr. Edwards, seconded by Mr. Wheeler and unanimously adopted by voice vote of members present to lay on the table the amendment to the by-laws with the following changes:

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

Customer Relations Manager's Report - Included in Agenda Packet

Assisted Tim Challender with contract extension for Tompkins County and with breaking through the Cortland County bureaucracy. Tompkins signed in mid-August; Cortland contracts executed. Also working with Tim to get Broome Sewage Treatment Plan contract re-signed. These are the types of activities Board members can help with. Also working with Broome Community College.

Met with EnergyNext staff to discuss approach to defining job descriptions given our new enterprises as well as general staffing needs. Met with Louise Gava to learn more about her interest in MEGA and the type of work she has been doing in the North Country.

Met with City of Albany on various energy issues. Participated in a presentation on CCA program delivered by Satori reps. Initial reaction was positive; we requested a letter expressing interest in learning more.

Spent quite a bit of time over the summer developing a better understanding of the myriad of programs rolling out of the PSC. Just keeping track of proceedings, comments, trying to keep up with rapidly developing program guidelines, and so forth.

Worked with our team, including legal counsel, on a potential approach to our involvement in the CCA program. Laura Bomyea and Robert Panasci (Young/Sommer Attorneys) have excellent connections into the PSC and suggested a dual approach that includes (1) preparing the background data and evidence of support from communities and utilities in the event we decide to apply for a pilot project and (2) getting the data and support materials ready in anticipation of the PSC releasing a Guidance Document later on this Fall. In the latter case, we would just follow the rules and submit a proposal rather than taking the Pilot route. Either way, my particular responsibilities are related to compiling the data for MEGA customers and working with staff and Board members to identify likely municipalities and clusters of communities that are most likely to run with the CCA ball.

Attended the NYSAC Fall Seminar in Lake Placid with Doug and Gordon. This conference serves a good purpose for contact with existing customers; many of them are interested in the renewable programs. Solar City was right next to our exhibit and they got quite a bit of interest; Gravity shared space with MEGA and was able to connect with several potential customers.

Next event will be the NYSSBO conference in November in Albany. Gordon and I will cover that one.

On October 15, 2015 the Town of Queensbury is hosting a solar round table and I will be providing a lead off about MEGA and then turn the meeting over to Solar City folks.

Business Relations Manager's Report

Since the last Board meeting, things in our industry have not slowed down. The importance that the Governor has placed on energy and the activities of the PSC have made it necessary to be vigilant with all parties involved in this industry. I am sure that Gordon will speak specifically to this.

Ron, Gordon, Barbara and I met with Steve Acquario and his staff to go over current events and how they impact our relationship with each other.

Much time has been spent editing documents which we are involved with. These include the curtailment service procurement, Community Choice Aggregation (CCA) fact sheet, outreach documents and proposal. I was able to spend time with the Satori folks, and their experience in this area is going to prove to be invaluable.

Attended a Constellation event. Their presentation included an in depth market update, forecasts and an overview of their programs.

Attended a Town of Binghamton Board meeting where Ron did a presentation and we answered questions concerning their potential involvement with MEGA. They have signed up for gas.

I have established my relationship with NYS Association of School Business Officials (NYSASBO). At Ron's direction, I will be the main contact with this organization.

I attended the recent NYSAC fall conference in Lake Placid. They had a good turnout of county officials. Our presence at this conference is an opportunity to solidify our relationship with many of our current partners as well as sharing with them all of the opportunities that are now or soon could be available to them.

Participated in the NY Conference of Mayors (NYCOM) conference in Lake Placid. This was a good conference and we were able to speak to a lot of villages about our program as well as CCA. It was well worth the time spent.

President's Report

Recruitment and Retention

MEGA continues to flourish due to its ability to recruit new participants as well as retaining existing members. Staff, consultants, contractors and participants commit extensive time to this effort. Successful recruitment and retention is primarily a function of MEGA's commitment to economically sound energy commodity and service offerings. But in a market that is far more competitive than our founders experienced, it is truly MEGA's, EnergyNext's and our statewide suppliers and renewable partners' strong and positive reputation that propels business and confidence in our direction. Our long-term partnership with NYSAC and recent partnership with NYCOM and sponsorship with NYSASBO certainly have and will contribute to MEGA's growth and positive reputation.

Participation

We remain very strong with 270 participating organizations in our programs. Thus far for the 3rd quarter we have added the City of Elmira, Somers Central School District, the Town of Thurman, and the Village of Constableville. There have been no drops. We expect to soon add the City of Albany.

Broken down by category:

- College/University - 5
- Municipalities- 200
- Non-Profits - 27
- School Districts-40
- **Total – 272**

Fiscal

Our Treasurer will completely review financial statements. However, MEGA's FY15-16 budget includes \$806K of gross royalty income of which \$606K is from Electric and natural gas sales and \$200K from renewable sales.

The renewable sales income is uncertain due to the connectivity issues that I will discuss later in this report and at the meeting. Even though, with a 5% projected increase in electric and gas royalties, MEGA's FY budget will still finish in the black.

Affiliations

A partnership agreement was finalized with the **New York State Conference of Mayors**. NYCOM's responsibilities under the memorandum of understanding include:

1. NYCOM announced the availability of and NYCOM's endorsement of the MEGA program to its membership through newsletters, electronic announcements, webinars, conference events and other means arrived at in consultation with MEGA. Such support activities are conducted at NYCOM's expense, recognizing MEGA's commitment of sponsorship support to NYCOM. Nothing in this agreement will preclude NYCOM from accepting conference or exhibit participation from other energy consulting organizations, but program endorsement will be exclusive to MEGA.

2. Participant information. NYCOM will facilitate and support any efforts by MEGA to obtain energy utility account and contact information for participants represented by NYCOM members. Such information is necessary in order to develop proposals to the participants.

3. Education. NYCOM will make available appropriate seminar opportunities for MEGA to educate NYCOM's membership about energy markets, regulatory conditions, and procurement opportunities. MEGA will be invited to take part in such seminars, based on its expertise and the appropriateness of subject matter. *MEGA has already completed a seminar on Community Choice Aggregation at NYCOM's meeting in Saratoga on September 30th.*

MEGA's obligation is to support a NYCOM sponsorship includes a payment of \$15,000 per year for the term of the agreement, which goes through May 2018. Additionally, we have agreed that within the first year of the term of this MOU, MEGA will consider amending its bylaws to include NYCOM participation in MEGA's governance. Throughout the term of this agreement, NYCOM representatives will be welcome to attend and participate in MEGA Board and Corporation meetings. I will discuss the Bylaw changes later.

Certainly our goal in the partnership is to advance energy savings among NYCOM members. Additionally, NYS cities and villages represent a very desirable cohort for future marketing and development of MEGA's Community Choice Aggregation and Community Solar initiatives.

We remain quite active with the **New York State Association of School Business Officials (NYSASBO)** by attending several of their meetings as well as establishing identity in their communications.

Our relationship with **NYSAC** continues to prosper. Enhancing our visibility and marketing among NYSAC members, especially those coming from supervisory counties helps to offset our disconnection with the Towns' association.

Additionally, NYSAC's links, liaisons and advocacy among state and federal official are very instrumental in moving forward our goals and programs.

Connectivity Concerns

We will be discussing at length the issues related to our renewable programs and the existing problems with the state's utilities.

In a nutshell interconnection delays are preventing renewable projects from being brought online and generating savings for our participants and income and us for our partners.

- *Utilities have claimed that a lack of resources and/or uncertainty about the grid's ability to handle solar interconnections has been the reasons for the ongoing delays.*
- *NYSERDA and federal support and credits are not being awarded and the Governor's NY Sun program is at a standstill.*

Conversations, meetings and activism among many in the State's renewable industry and affiliated organizations are progressing.

Community Choice Aggregation

We are in the process of project development and marketing MEGA's CCA program. EnergyNext and Satori have retained counsel to guide us through the bureaucratic roadmaps of the State and the PSC.

We have initiated communications with MEGA and NYCOM participants as a means of defining CCA and soliciting support for future MEGA involvement in the program.

We will be contracting the services of a specialist to assist with MEGA's CCA program and initiative. This contract will run for six months. This will give us the opportunity to observe and evaluate the progress of CCA and its value to MEGA. After the contractual period we will determine future staffing needs. In addition to CCA further assignments might include MEGA's involvement with the PSC's Community Solar initiative.

At present the emphases for this contract include:

- *Development of CCA educational materials for web use, press releases, direct mailing etc.*
- *Phone, e-mail and in-person outreach to existing members to generate initial interest in CCA*
- *Phone, e-mail and in-person education and support for members desiring to move forward with CCA*

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.

These amendments will be laid on table and voted upon at our winter meeting. If approved, new members will be nominated, as is always the case at our annual meeting.

Procurements

In August and September the St. Lawrence County Legislature approved and posted an RFP on behalf of MEGA for provisions of **curtailment services**, more commonly known as "demand response." These programs are designed to maintain the reliability of the grid and reduce the need for rolling blackouts. Participating customers who are able to temporarily reduce electric usage when requested by the utility and receive cash back for "load relief." The RFP seeks to award the contract to a CSP. Curtailment Service Provider (CSP) is a company that serves as an intermediary between utilities and customers, pooling together groups of customers who participate in demand response programs to reduce energy usage during periods of peak demand. MEGA will share commissions with the CSP.

Also under review is a possible procurement for solar water heating. Solar water heating involves taking the sun's heat and absorbing it through a solar heat collector and running it through a heat transfer system to heat water for immediate use or for storage for later use. Many county facilities including jails and healthcare facilities continue to use fossil fuels to heat water. Like Solar PV that generates clean electric and provides dollar savings, solar hot water can also be of significance to MEGA participants

In addition to Mr. Feldstein's report, he noted that the interconnections issues are hampering new solar and hydro projects. Applications are in, but the utilities are stymieing efforts. The Public Service Commission is reviewing all generic requirements. Efforts are underway to get a conference call with the Governor's office; it has been delayed several times.

He stated this situation is a credibility issue for MEGA and the State, etc. because there are projects signed on and nothing is moving forward. He stated there was a conference call with the Office of Public Service and they will look at this. Solar City and Gravity have been

asked to put together comments on their experiences to date. The projects that have applications represent 900 MW which is equal to the size of two medium nuclear power plants.

Mr. Feldstein reported that Community Choice Aggregation is a way for municipalities to procure electric for their residents. It is a structured program that protects them from predatory practices and provides lower rates. He stated he has had conversations with Louise Gava from St. Lawrence University to do field work for the program for six months at \$23 per hour along with expenses (maximum of \$2200 per month). Ms. Gava will do the initial customer engagement and then MEGA staff and EnergyNext will work with the procurement and municipality to move the process forward. Mr. Taylor requested a project plan so progress can be tracked.

It was Moved by Mr. Hoover, seconded by Mr. Taylor and unanimously adopted by voice vote of members present to approve the recommendation to hire Louise Gava as an independent contract under the terms outlined by Mr. Feldstein above.

Lastly, Mr. Feldstein reported on the Demand Response bid opening on October 9, 2015 in St. Lawrence County, noting Mr. Gordon will be in attendance at that meeting.

Treasurer's Report

Mr. Hoover reviewed the audit for the period ending March 31, 2014. He stated that the organization continues to grow and exceed expectations. He noted that should additional person(s) be needed on staff and if royalties do not continue to rise, the organization can still sustain itself.

It was Moved by Ms. Hancock, seconded by Mr. Edwards and unanimously adopted by voice vote of members present to approve the 2014 audit prepared by Sciarabba Walker & Co., LLP.

Mr. Hoover inquired if there are any competitors that the organization should be concerned about with the CCA initiative. Mr. Boyd indicated there is a group out of Westchester County doing similar activities, but they are not competing for supply arrangements.

Consultant's Report

The consultant's report was distributed with the agenda packet.

1. Bids and procurements
 - a. Curtailment services. St. Lawrence County coordinating. RFP opening October 9.
 - b. Companies expressing interest, ECS, Johnson Controls
 - c. Program Agreement approval by MEGA scheduled for October 22 (MEGA Executive Committee), county action to follow.
2. Remote Net Metering.
 - a. Interconnection backlog affecting 50 MW of MEGA projects, 900 MW overall.
 - b. NYSAC setting meeting with Governor's office
 - c. Some reassurance from PSC counsel

3. Community Choice Aggregation
 - a. Retained attorneys at Young Somer, preparation for early start
 - b. Outreach to MEGA participants, NYCOM members, email and other
 - c. Solicit letters of support for PSC application, ID early adopters
4. Community Net Metering
 - a. Both SolarCity and Gravity see potential
 - b. New procurement possible
5. Marketing and Customer acquisition
 - a. NYSAC conference in Lake Placid Sept. 20-22
 - b. NYCOM conference in Lake Placid Sept. 28-30
 - c. NYSASBO conference in Saratoga November 4-6
 - d. CNG Program status.
 - e. Notable customer engagement: City of Albany, multiple meetings;

NYSAC Report

Ms. Luther was welcomed. She is replacing Ms. Vescio, who is leaving NYSAC. Ms Luther reported that the upcoming Fall Seminar will be held February 1-3, 2015 at the Desmond. Last year there were over 500 attendees.

Old Business

None

New Business

None

Announcements

The next Board meeting will be held during the NYSAC Conference February 1-3 at the Desmond Hotel, Albany NY.

Adjournment

It was Moved by Ms. Hancock, seconded by Ms. Brown and unanimously adopted by voice vote to adjourn the meeting at 1:17 p.m.