

## MEETING MINUTES

**Municipal Electric and Gas Alliance, Inc.  
Board of Directors  
March 1, 2019 – 11 a.m.  
Radisson Hotel, Corning NY**

**Present:** Mark Taylor, Steve Hoover, Crystal Abers, Heather Brown, Ellen Pratt, Bob Wood, Rochelle Stein, Jack Wheeler, Mark Sachetti

**Excused:** Allen Olsen, John LaPointe

**Corporate and Ex-Officio Members:** Rick Blythe

**Consultants:** Anna Baluyot, Gordon Boyd, Katy Vescio, Energy Next

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

### Call to Order and Approval of Agenda

Chairman Taylor called the meeting to order at 11:03 a.m. and introductions followed.

### Administration

It was Moved by Ms. Abers, seconded by Ms. Brown and unanimously adopted by voice vote of members present to approve the minutes of July 20, 2018 as submitted.

### President's Report

President Feldstein did not have anything additional to add to his report distributed with the agenda packet.

### Finance and Budget

A year ago, I reported that MEGA's financial position was satisfactory. We are now a notch or two below last year's point. Staff along with our Treasurer and Chair have been monitoring expenses and monthly cash flow reports. Undeniably, our investments in CCA along with the leveling off renewable royalties explain the current condition. Despite a slight decrease in fourth quarter gas and electric, these royalties increased by 10% compared to last fiscal year. We believe remaining Tesla projects would generate approximately \$20,000 in gross commissions. Tesla has cancelled several solar projects for various motives. Their staffs have been cutback as well as their strategies. Our hydro partner, Gravity Renewables continues to grow, and we continue to be delighted with this association. Specific hydro royalty data can be found in the Energy/Next report and the financials.

To address these challenging financial circumstances, I have implemented several temporary restraints. These include reduced travelling; limited participation at conferences; freeze on purchasing and rollback of salaries to pre-2017 levels. We believe these measures will permit us to operate without any problems through the remainder of this fiscal year and into much of the next. We believe expenditure restorations, with enhancements, will occur with the implementation of the CCA aggregation and the increased royalty terms contained in the new ESCO contracts.

With the letting of bids last week, CCA royalties are still several months away. Undoubtedly, delays from regulatory institutions as well as the utilities' foot dragging have contributed to these discomfiting delays. We have met each PSC/CCA requirements in a timely and flawless manner. Dimes were not spared. MEGA's professionalism, competency and resolve will pay dividends as we continue to be the preeminent energy aggregator in NYS which will soon include CCA aggregators. With the achievement and operation of our first CCA aggregation, we look forward to recruitment and marketing for additional aggregations as well as the planning for CCA 2.0. More on CCA is contained in Louise's written and oral CCA reports.

Last year we mentioned that Governor Cuomo had proposed changes in the current sales tax exemptions related to ESCO participation. With the new Democratic majorities, this legislation appears to be on track. Details and implications will be presented at the meeting.

### **Recruitment and Retention**

As I noted last year at this meeting, the good health of MEGA is its ability to recruit and retain participants. MEGA is currently serving over 600 participant units that include municipal, non and for-profit organizations and residential customers. With the initiation of the CCA aggregation this number will erupt.

MEGA continues to attend and present sessions at various conferences including NYSAC, NYS School Business Officials NY Conference of Mayors, NYS Library association, the NYS Public Housing Directors Association, NYS Association of Municipal Purchasing Official and various regional, county and town and village associations. This investment in resources provides vibrant opportunities to network with prospective, current and former MEGA participants. Staff is preparing (along with Constellation Energy) an energy/recruitment seminar in Western New York this Spring.

### **Procurements**

MEGA's Executive committee, acting on behalf of the Board, authorized MEGA's electric and natural gas procurement program. We were quite optimistic that we will receive good ESCO participation in the bidding.

E/N staff and our counsel reviewed local government procurement processes under NYS General Municipal Law and delivered recommendations to the Genesee County Legislature.

The successful ESCO bidders are Direct Energy, East Coast Power and Gas, Sprague Energy Solutions and Constellation NewEnergy.

MEGA is grateful to the fine folks at Genesee County for their professionalism, competence and courtesy in again hosting this procurement.

### **Comptroller Energy Audits**

The Office of the State Comptroller conducted energy audits at several municipalities in the State including four MEGA municipal participants: Broome County, Oneida County, Cortland County and the City of Albany. MEGA assisted these munis with response preparation. MEGA also met with the OSC to once again explain our nature and history A report will be presented at this meeting.

## **Annual Meeting**

MEGA's Annual Meeting and initial Board of Director's meeting will take place on April 26 at the Otesaga Resort in Cooperstown. There will be no formal workshop prior to the morning's Corporation and Board meetings.

## **Customer Relations Manager Report**

Ms. Blanchard did not have anything additional to add to her report distributed with the agenda packet.

## **Outreach and Retention**

Working with Katy and Anna to improve on this important element of the Strategic Plan. Katy has identified a selection of 44 participants representing our biggest users. We are updating the contact information we have on each, establishing a record of contacts with each and attempting to arrange a personal meeting as efficiently as possible to conserve travel resources. The primary contact will be sent a copy of the Corporate Report.

As a result of our recent procurement, new suppliers for both electricity and natural gas will come on board in the Central Hudson utility service commencing on 11/1/2020. To ensure a smooth transition, a notice of this change was sent to all CH participants and was followed up with phone calls to all. This allowed us to update information in the data base and contact 33 participants, many of whom are not on the list of 44 noted above.

Participated in the 2018 round of County-wide Shared Services Planning. Fourteen counties in this group are MEGA participants and they were our first targets. We asked for opportunities to address planning sessions in each county to present basic information about the MEGA program and how it fits into the Shared Services framework. Not all responded to our request but between Doug and me we met with Ontario, Herkimer, Oswego and Cayuga County and are working with Cattaraugus County now on firming up estimated savings calculations for plan implementation.

## **General Customer Relations Activities**

Worked intensely with the Counties of Cortland, Broome and Oneida to respond to issues arising from a critical audit by the Office of the State Comptroller on energy purchasing processes. This will be discussed in depth at the 1 March meeting in Corning.

Participated in the NYS Public Housing Directors Conference in April 2018 and are considering a return engagement in May. We have picked up about 5 housing agencies through this event in addition to 1 Authority that has been with us for many years.

Participated in NYSAC Conferences in September and January. This is always a good time to connect with some of our most important participants and meet new legislators who may not be familiar with MEGA.

I also participated in the Town Clerks Association Conference in April. We felt this was a good opportunity to interact with the staff people who often are the influencers as well as the individuals responsible for purchasing. Plan to participate in the School Business Officials Expo in June.

We continue to get calls and e-mails from individuals in Illinois, Massachusetts, Connecticut and Ohio who are being hassled by MEGA Energy Illinois (MEI) and a similar company in Mass with high pressure sales tactics and slamming. We provide them with a phone number which is greatly appreciated.

Attended board meetings in the Town of Colonie, Village of Lake George and Ulster County BOCES to present the Corporate Report. Doug made the presentation to the City of Hornell and a large contingent of Tompkins County legislators and staff attended the dedication of the Waterloo Hydroelectric project and the

Stuart Stein Powerhouse that was featured prominently in the report.

Continuing to identify and replace several corporate member slots with new county representatives. More work needed there to fill in the blanks of counties that have never appointed a corporate representative.

## **Business Relations Manager Report**

Mr. Barton did not have anything additional to add to his report distributed with the agenda packet.

## **Conferences**

NYSAC Annual Conference was held in Rochester in September. Once again, we had a booth available for our many current members to visit. As always, we speak to as many Supervisor county representatives as possible, to generate interest of the non- participating towns into considering the advantage of the MEGA program.

NYSAC Legislative Conference again was held at the Desmond in January. Our participation is more about continued exposure to current partners in the Basic MEGA program. This year was a little different for us in that the booth was the limit of our financial commitment. We did not support the NYSAC Board dinner, as we have in the past, and we were able to have full booth coverage with no overnight charges. This was done in the interest of financial constraints which are now necessary. I do believe that this does limit our level of exposure and does limit our ability to do important networking. We were approached by a company to discuss partnering with them in their street lighting efforts across the State. The work with muni's to lay out a plan to takeover streetlights and assist in the financial aspects of that process. After several discussions, it was decided that the opportunity for any partnership does not exist at this time.

NYCOM (NY Conference of Mayors) held their Winter conference in February at the Albany Hilton. The late decision to participate in this conference was because we still feel there are many opportunities for participation with this group. This was confirmed with about six (6) municipalities which will be receiving more information from us. I also feel it is important that we continue to support this group should their current energy agreement not produce the results that is anticipated by NYCOM leadership.

## **Other Efforts**

Participated in a meeting with NYSAC leadership and staff. The purpose of this meeting is to refresh each other on current and future priorities for our organizations. Our relationship with NYSAC is an important one and we need to be working in concert as much as possible.

I attended a meeting in Batavia with the opportunity to meet with many municipalities. In some cases, to reaffirm our commitment to them with our basic program, but also to educate muni's not in our program about what we have to offer. Along with the many questions about who we are and what we do, there were several questions concerning CCA.

## **Treasurer's Report**

The cash flow and royalty reports were reviewed by Mr. Hoover. Quarter four estimates are up by ten percent over the same time last year. There have been some recurring royalties from Gravity Renewables and those are expected to continue. There is approximately \$20,000 outstanding from Tesla.

## **Consultant Report as Distributed with Agenda Packet**

### **1. Commodity Procurement**

a. Last fall, the procurement for electricity and natural gas was conducted in collaboration with Genesee County, in particular Jay Gsell who was a pleasure to work with. The procurement was for the following utility territories: National Grid, NYSEG, Central Hudson, Rochester Gas & Electric, National Fuel Gas, and St.

Lawrence. The Program Agreement is for a base term that starts November 1, 2020 and ends on October 31, 2023. The Program Agreement allows for 3, 1-year extensions.

- b. Electricity - Successful Bidder for All Utility Territories:
  - Constellation Energy
- c. Natural Gas – Successful Bidder for All Utility Territories except Central Hudson and St. Lawrence:
  - Direct Energy
- d. Natural Gas – Successful Bidder in Central Hudson
  - East Coast Power & Gas (new supplier)
- e. Natural Gas – Successful Bidder in St. Lawrence
  - Sprague Energy

## **2. Community Choice Aggregation, Case 16-M-0015\***

- a. RFP Issued – 2/19/19
- b. Bidder Question Period – until 3/4/19
- c. Responses Due – 3/11/19
- d. Award(s) - 3/14/19

*\* Please consult Louise Gava's comprehensive report*

## **3. Renewables**

- a. Gravity
  - i. Nine projects in the pipeline; 4 are operating, and two should come on during MEGA's fiscal year.
  - ii. Commissions are based on quarterly ongoing payments based on production; at Gravity's option projects may be paid on a lump payment basis
- b. Tesla
  - i. Only two projects remaining on the books.
  - ii. Commission are based on two payments: 70% at financial close, and 30% after utility interconnection

## **4. Large-Scale Renewables**

Ongoing dialogue and evaluation to investigate how large-scale renewables could fit within CCA, and MEGA's value proposition.

## **5. MEGA Participant -Customer Service Strategy**

One of EnergyNext's top priorities is to modify our approach regarding client information and data management. The aim of this effort, led by Katy Vescio, is to integrate and maintain existing customer data, new customer information, updates from our suppliers, and MEGA staff in one place. EnergyNext plans to upgrade the current CRM within MEGA's upcoming fiscal year.

## **6. Participation Changes**

The total number of "muni" customers, including schools and non-profits is 284. The following customer changes occurred since last quarter:

New participants:

- Town of Canandaigua
- Fishers Fire District
- Town of Victor Departing participants:
- Village of Webster

- Egnor Architectural Association
- Town of Poughkeepsie
- Central Nyack Community Center
- Clarkstown Highway Dept.
- Pascack Community Center
- Albany County Airport

## **CCA Project Lead Report as Distributed with Agenda Packet**

Ms. Gava provided a Powerpoint presentation of the CCA Program as well as the written report distributed with the agenda packet.

We have made it through the regulatory delays and overcome the utility challenges that prevented timely implementation of CCA. We successfully met all the data security requirements, supported the utilities in providing aggregated data and on Tuesday, February 19<sup>th</sup> at 9am we issued a request for proposals for the first CCA Program in New York outside of Westchester.

### **CCA Accomplishments**

MEGA spent over a year working with the Department of Public Service Staff to understand and subsequently implement utility data security requirements. These new data security requirements impact all sectors of New York's energy market including our current ESCO partners. Through participation in many technical conferences, MEGA was proactive in addressing data security requirements ensuring the outcome was a compromise of the utility's initial proposals. MEGA also worked hard to ensure an outcome that insulated our participating municipalities from the same requirements. MEGA can now proudly say that our data security measures place us in the top five percent of most secure organizations nationally. We have new hardware, new software and new policies. We can receive, share and store data securely. As an early adopter of these new requirements, MEGA is poised for the many future opportunities of the evolving New York energy market.

To release our RFP, MEGA required data on energy usage of the prospective CCA customers in our participating municipalities. As the first CCA outside of Westchester's pilot, MEGA was the first to request aggregated data. National Grid and NYSEG each had unique challenges providing such data to MEGA. With support from the Department of Public Service Staff we worked through several issues related to how the data were aggregated. While these challenges delayed the release of data to MEGA, we worked with the utilities on the overall timeline of CCA to ensure we were not further delayed.

With data in our possession we were able to release our Request for Proposal. At the time of this writing the RFP has been public less than a week and we've already received numerous calls and e-mails with questions. Responses are due Monday, March 11<sup>th</sup>.

### **Participation**

The RFP includes 27 municipalities representing about 40,000 households.

Previously, several our municipalities were encouraged not to participate due to potential loss in local gross receipts tax (GRT). MEGA was able to work with the State to develop a solution allowing 9 GRT collecting municipalities to participate. All agreed to be included in the RFP. Three of those municipalities even passed local laws authorizing CCA in a very short time period to ensure their inclusion.

## **CCA Next Steps**

Upon receipt of RFP responses, we will analyze the proposals, make a recommendation on price, term and supplier and execute the Energy Supply Agreement (ESA) on behalf of the CCA. The ESA should be signed on Thursday, March 14<sup>th</sup>. After execution of the ESA MEGA must spend additional time with each municipality educating residents and small businesses on the opportunity and impact of CCA. This will take around eight weeks. After the eight weeks of education the 30-day opt-out period will begin. Enrollment for CCA customers is planned for July.

## **Program Development**

The market continues to evolve and along with it, customer expectations. Many municipalities who we hope to incorporate into our second aggregation now expect renewable electricity at a competitive price. Our next significant step in our CCA Program will be the continued research and development of the process for incorporation of new or existing renewable resources.

After many months of delays and challenges at almost every stage of the process MEGA can proudly say that we have made CCA possible for our municipalities now and in the future.

## **NYSAC Report**

Mr. Cummings provided a snapshot of the state budget. He stated the State continues to press for increased efficiencies within counties. This is good news for MEGA. He stated there is a 4-billion-dollar hole in the budget. It is proposed that the ESCO tax credit be removed. NYSAC supports this, but it isn't clear if it will pass since the assembly views it as a new expense for consumers. AIM funding has been cut to towns and villages initially. NYSAC objected to this and there is now a 30-day amendment to give the funds back through sales tax.

## **Old Business**

None

## **New Business**

President Feldstein noted the annual meeting in April will be the final meeting with Mr. Boyd.

## **Announcements**

None

## **Adjournment**

The meeting adjourned at 1:47 p.m. The next meeting is scheduled for April 26, 2019 at the Otesaga Resort Hotel in Cooperstown.

Minutes prepared by Jennifer Luu.