



A Local Development Corporation

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Minutes of the Board of Directors - April 26, 2019

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

Corporate Members in Attendance: Tyler West, Kasey Chewning-Kulick, Chuck Miller, Katie Borgella, David Hartman, Jamie Kowalczyk

Emeritus Members: Mary Pat Hancock, Rick Blythe

Excused: Allen Olsen

Guests: Eric Mulvihill, Cortland County; Gordon Boyd, Anna Baluyot, David Wiers, Katy Vescio, Energy Next; Patrick Cummings, Mark LaVigne, NYSAC; Omay Elphik, Gravity Renewables

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

Call to Order, Approval of Agenda, and Announcements

Chairman Taylor called the meeting to order at 11:56 a.m.

Administration

Approval of Minutes

It was Moved by Mr. Wheeler, seconded by Mr. Hoover and unanimously adopted by voice vote of members present to approve the minutes of March 1, 2019 as submitted.

Resolution 19–2 Authorization to Amend Existing Agreement for Renewables Electricity from Micro-Hydroelectric Facilities

It was Moved by Mr. Hoover, seconded by Ms. Stein and unanimously adopted by voice vote of members present to approve the resolution to amend the existing agreement for renewables electricity from micro-hydroelectric facilities.

WHEREAS, on August 6, 2013, the Tompkins County Legislature approved Resolution No. 4303, to issue a Request for Proposals on behalf of the Municipal Electric and Gas Alliance for the development of Renewable Energy Systems pursuant to regulations of the New York State Public Service Commission allowing for remote net metering, 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, a Program Agreement with Gravity Renewables, Inc., of Boulder, Colorado, was executed on January 22, 2014 pursuant to the outcome of the procurement process, and such Agreement provided for the payment of Royalty Fees to MEGA in consideration of MEGA's effort to organize and administer MEGA's procurement, and

WHEREAS, MEGA and Gravity have agreed to an amendment to the terms for Royalty Fees to be paid by Gravity to MEGA pursuant to remote net metering credits delivered to Tompkins County for electricity generated by the Waterloo Hydroelectric Station, now therefore be it

RESOLVED, MEGA agrees to accept a one-time, Net Present Value, Royalty Fee of Forty-Two Thousand Ninety-Five Dollars and 00/100 cents (\$42,095.00) within five (5) business days of execution of the amendment from Gravity in connection with the County/Waterloo Project; and be it

FURTHER RESOLVED, that Gravity will pay on or before June 1, 2019, any royalty fees that accrue associated with the County/Waterloo Project through the end of March 2019 (together with the royalties in the preceding paragraph the "Royalty Payment"), after which time Gravity's Royalty Fee obligations for the County/Waterloo Project will cease, and be it

FURTHER RESOLVED, that after Gravity pays the Royalty Payment, the Provider will have no further obligation for royalties whatsoever for the County/Waterloo Project."

Resolution No. 19-6 - Contract for Energy Consulting Services with EnergyNext, Inc.

It was Moved by Ms. Brown, seconded by Mr. Wood and unanimously adopted by voice vote of members present to approve the contract for energy consulting services with EnergyNext, Inc.

WHEREAS, MEGA and EnergyNext, Inc. have entered into a Contract for Energy Consulting Services dated April 1, 2011, and amended said contract February 5, 2015, and April 22, 2016, and

WHEREAS, MEGA is satisfied with the performance of EnergyNext, Inc. in carrying out its obligations pursuant to such Contract, and

WHEREAS, MEGA desires to provide for the continuation and growth of these consulting services for a commercially reasonable time period, as well as providing both MEGA and EnergyNext, Inc. with an equitable basis for strategically planning the future of both organizations, now therefore be it

RESOLVED, That the MEGA's President is hereby authorized to execute the contract with EnergyNext, Inc. for a term to commence May 1, 2019 and expiring October 23, 2023.

Resolution No. 19-1 - Extension of MOU With Energy Next for Community Choice Aggregation Program Through 3/31/20

It was Moved by Mr. Wheeler, seconded by Mr. Hoover and unanimously adopted by voice vote of members present to approve the resolution extending the MOU with EnergyNext, Inc., for community choice aggregation program through March 31, 2020.

WHEREAS, MEGA and EnergyNext, Inc. have entered a Memorandum of Understanding for the MEGA's Community Choice Aggregation Program, and

WHEREAS, MEGA is satisfied with the performance of EnergyNext, Inc. in carrying out its obligations pursuant to such Contract, and

WHEREAS, MEGA desires to provide for the continuation and growth of this program, now therefore be it

RESOLVED, That the MEGA's President is hereby authorized to execute the Memorandum of Understanding for a term to commence April 1, 2019 and expiring March 31, 2020.

President's Report

President Feldstein didn't have anything additional to add to his report that was distributed with the agenda packet.

Budget, Finance and Participation

As our Treasurer will report, 2018-2019 continued to experience a marked decline in our fiscal health. Despite some expansion in participant entities, we are extremely vigilant regarding expenditures and revenue. We have reduced spending. Staff salaries have been temporarily decreased. Travel and participation at conferences has also been diminished and a Board of Director's meeting was postponed.

However, cash revenue from royalties increased last year by over 10%. We estimate revenues for '19-'20 to remain relatively flat (at last year's level). Royalties from CCA should nearly replace shrinking renewable commissions.

We have managed to continue vital services which included attendance at *important* conferences, maintaining communication with municipal and not-for-profit participants and especially moving forward with our Community Choice Aggregation initiative.

Like many corporations, especially in the non-profit sector, sizeable increases in insurance premiums and accountant's fees impacted expenditures. Commitment to CCA this year included a significant expenditure for cyber services related to our achieving the PSC's data security requirements.

There is light at the tunnel's end (the tunnel being CCA). Board members will be apprised of the current status of CCA participating munis, the delivery of royalties and the development of future aggregations.

Comptroller's Energy Audits

Considerable effort was dealt to three MEGA participating munis in assisting with their preparations in response to the OSC's audits. Additional, MEGA and Energy/Next staff met with OSC officials to discuss matters related to these audits. These munis expressed considerable gratitude to MEGA for its assistance. Additionally, some minor steps will be taken to assisting all MEGA participants to be proactive considering future possible OSC audits.

New Procurements

On September 7th bids were opened for natural gas and electric supply under the aegis of Genesee County. The results included the following utility areas and ESCOs:

To **Constellation NewEnergy, Inc.** for all electricity supply program in the National Grid, New York State Electric & Gas, Central Hudson Gas & Electric, Rochester Gas & Electric utility territories through October 31, 2023.

To **Direct Energy Business Marketing, LLC** for natural gas supply programs in the National Grid, New York State Electric & Gas, Rochester Gas & Electric, National Fuel Gas utility territories through October 31, 2023.

To **Sprague Energy Solutions, Inc.**, for natural gas supply program in the St. Lawrence Gas utility territory through December 31, 2020.

To **East Coast Power & Gas, LLC.**, for natural gas supply program in the Central Hudson Gas & Electric utility territory through October 31, 2023.

MEGA and all participants share our gratitude to Genesee County for again hosting the procurement and a professional and gracious manner.

We are currently addressing some issues in the transfer of business between suppliers.

Expiring Agreements

We currently have several agreements that are either expiring or require extensions. These include:

Expiration of CCA Project Leader's consultant agreement. The parties of this agreement (the Project Leader and EnergyNext) have reached agreement on terms. Under the proposed '19-'20 MEGA budget, all expenses related to the Project Leader will be evenly divided with E/N.

Successor agreement with EnergyNext. We have completed discussions with E/N for a successor agreement that will expire in 2023. The subcommittee of the Board will review and with authorize agreement.

NYSAC agreement. The current agreement expires at this year's end. A subcommittee will be appointed to discuss any successor agreement and bring recommendations to the next meeting of the Board.

Retirement of Gordon Boyd

Words cannot express the gratitude, admiration and honor it has been to be associated with Gordon for more than three decades. MEGA owes most of its success to its association with Gordon and his partner Gene Salerni. I know I speak for all current and past persons and organizations associated with MEGA and EnergyNext in wishing Gordon and Sharon all the best as they continue their journey.

2019-20 Board of Directors

We welcome incumbent and new members and officers. This year will see the retirement of several long-standing members. We wish all good health and happiness.

Mr. Wheeler asked what the process will be for negotiating the NYSAC agreement. Chairman Taylor state he will be appointing a committee to begin the discussions.

Customer Relations Manager's Report

Ms. Blanchard didn't have anything additional to add to his report that was distributed with the agenda packet.

Continuing to work with Katy and Anna to improve our data base on participants focusing on ensuring that contact information and status of contracts is current. We are also 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 if they were not on the original mailing list for the report.

This data base enhancement is a time consuming but very necessary activity. Katy and I meet at least As reported in February, 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.

The Ulster BOCES member districts are a major component in the Central Hudson utility area, and all are MEGA participants. Ron and I met with the group on 5 April. Representatives from Constellation and East Coast Power and Gas, the new suppliers, will be invited to meet with them in the coming months.

Will participate in the NYS Public Housing Directors Conference in May and will be attending the Association of School Business Officers 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. Recently learned that Eversource, a Massachusetts utility company, refers complaints to the MEGA number. Calls average about 6 – 8 a week.

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's Report

Mr. Barton didn't have anything additional to add to his report that was distributed with the agenda packet.

CCA

My focus since our last Board meeting has been on assisting in moving the CCA program forward. I attended two municipal meetings to reaffirm our commitment and trust in CCA. I answered questions and was able to secure the necessary paperwork for them to be added to the aggregation. These two communities were the Village of Montour Falls and the Village of Spencer.

Following the webinars which explained the bidding process, next steps and the required commitment from the communities participating in the aggregation, I prepared to assist Louise Gava with the required education sessions. I attended the first two education session which Ms. Gava held in the Town of Dickinson and the Town of Union. I felt it was important to observe these sessions so that the same message and information was being presented to all participating muni's. This also was guaranteed due to a well prepared and clear power point that Ms. Gava provided for these sessions. The communities that I have had the pleasure to offer these presentations are;

- Village of Montour Falls
- Village of Spencer
- Village of Oriskany Falls
- Town of Augusta

Other Efforts

Attended a meeting with Ron Feldstein, Steve Hoover and Mark Taylor to discuss the results of the MEGA 2018-2019 budget. We then reviewed the proposed 2019-2020 budget.

Treasurer's Report

Mr. Hoover reviewed the Q4 2018 royalty report. He noted that there were fewer cooling days in Q4 2018 vs Q4 2017 resulting in less usage in both the electric and natural gas programs.

Consultant's Report - EnergyNext, Inc.

Community Choice Aggregation, Case 16-M-0015*

- Awarded to Constellation on 3/15/19 for 21 municipalities totaling 35,000 households
- Customer education ongoing
- Flow starting in July 2019

** Please consult Louise Gava's comprehensive report*

Commodity Procurement

- New Program Agreements starting November 1, 2020 for three years; with 3 1-year extensions.
- Electricity - Successful Bidder for all Utility Territories is Constellation Energy
- Natural Gas – Successful Bidder for all Utility Territories except Central Hudson and St. Lawrence is Direct Energy
- Natural Gas – Successful Bidder in Central Hudson is East Coast Power & Gas
- Natural Gas – Successful Bidder in St. Lawrence is Sprague Energy

Renewables

Gravity

- Nine projects in the pipeline; 4 are operating, 2 expected during FY 18-19
- Negotiation of lump sum payment with Gravity Renewables

Tesla

- Only two projects remaining on the books.

Large-Scale Renewables

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

Marketing and Customer Service

- Implementation of "Welcome Communication" process to new and renewing participants including access to their contracts as well as procurement bid documents.
- Assistance to OSC-audited MEGA participants in preparing responses to OSC.

CCA Project Lead Report

Upon signing the Energy Supply Agreements (CCA Contracts) MEGA officially operates the first CCA Program in New York outside of Westchester.

CCA Accomplishments

MEGA's CCA Request for Proposal (RFP) was shared with over 70 suppliers. This cohort included ESCOs as well as renewable energy asset owners such as developers of community solar projects and operators of hydroelectric facilities. During the 3-week response period we answered over 50 questions and

shared data with 4 suppliers. Ultimately 2 compliant proposals were received on March 11th. MEGA's five-person review team assessed the general qualifications of the responses including insurance, State approvals and data security requirements. CCA specific elements under review included customer service practices, opt-out options and the lack of a termination fee. After the team assessed the bids for compliance and used a scoring rubric to rank the compliant bids, pricing was analyzed. As stated in the RFP, a compliant proposal that included municipalities collecting and remitting gross receipts tax (GRT) would be preferred.

MEGA held five webinars over a two-day period with the goal of sharing the review process and explaining how the recommended price, term and supplier met the value proposition of CCA. Municipalities submitted "CCA Approval Sheets" to indicate their desire to continue participation in CCA and accept MEGA's recommendation. Upon receipt of the "CCA Approval Sheets" MEGA was able to act as the agent of the municipalities and execute contracts on their behalf.

Constellation was selected as the supplier for all municipalities participating in MEGA's first CCA. Constellation has 13-years of experience serving CCAs, including Sustainable Westchester in New York. The value of this experience was obvious in the robust customer service and opt-out opportunities as well as the pricing offer. MEGA recommended CCA municipalities served by NYSEG select a 24 month fully fixed price of \$0.05092/kWh. This price was below MEGA's "Price to Beat" and also below NYSEG's average supply price for the previous year and previous five years. Access to 100% renewable electricity from hydroelectric facilities in New York was offered to municipalities at \$0.0542/kWh. The one National Grid municipality selected a 36 month fully fixed price of \$0.05435/kWh for 100% renewable electricity. All CCA participants will be billed through NYSEG and can leave the CCA at any time without a fee. In addition, the CCA is compatible with budget billing, community solar and rooftop solar.

Participation

MEGA's CCA includes 21 municipalities (20 NYSEG and 1 National Grid) and around 30,000 households. Of these municipalities, 6 elected 100% renewable electricity as the default offer. This represents about 36% of the total aggregation.

Some municipalities decided not to participate in the CCA Program. These decisions were not related to the value proposition of CCA, but instead issues of process and timeline for deciding on participation. The unexpectedly long implementation timeline and significant turn-over in municipal officials in January were the main reasons for the loss of municipalities. While our engagement and education efforts of these newly elected officials in early 2019 were enough to gain their acceptance to participate in the RFP process it was not enough to make all of them comfortable continuing with CCA.

Awarding a proposal that included service to municipalities collecting and remitting GRT is a great success. A PILOT-type payment remitted annually to each of the GRT municipalities will replace GRT revenue that NYSEG would have paid on delivery. GRT on supply will be collected directly from the CCA participants and remitted to the municipality quarterly.

CCA Next Steps

MEGA is required to hold at least one additional meeting for each municipality educating residents and small businesses on the opportunity and impact of CCA. We are half-way through this process. After this process is complete, we will be able to begin the 30-day opt-out period. The opt-out letters will be mailed in mid-May an enrollment for CCA customers will begin in July.

This education period goes beyond one meeting. MEGA is working with each municipality to use press, community and municipal channels to spread the word about CCA. As we did previously, we're using on-line and print news, radio, community calendars, municipal websites and newsletters, MEGA's CCA website, social media and posters. In addition, we've produced a "cheat sheet" that we're providing all clerks, municipal officials

and attorney's that includes all the critical information about their CCA including where to send their constituents for help.

We continue to work with Constellation to customize our call center and website in preparation for the opt-out period.

Two additional steps that must occur before the opt-out period are approval of the opt-out letter and review of customer contact information. MEGA is working with each municipality to put the final opt-out letter on municipal letterhead, have it signed by the chief elected and produce an envelope that includes a municipal logo. These letters must be approved by DPS before they can be mailed. Constellation will do all printing and mailing. To ensure that the customers who receive opt-out letters reside within a municipality participating in CCA MEGA and the municipality must review the addresses in advance of mailing.

Program Development

While MEGA is working hard to implement our first CCA Program we must simultaneously develop our subsequent aggregations. Many municipalities who we hope to incorporate into our second aggregation now expect renewable electricity at a competitive price. Individual and group meetings continue with municipalities in the Capital Region where we are focusing our efforts for our next aggregation. Conversations surrounding research and development of a process for incorporation of renewable resources into our CCA also continue.

Almost exactly three years ago, the CCA Order was issued by the Public Service Commission. MEGA's role in creating a new market in New York is significant and ongoing. Our efforts and success in building a solid foundation for CCA have been publicly recognized by NYSEDA, DPS and the two other New York CCA Administrators. Three years of delays and challenges at almost every stage of the process and now MEGA can proudly say that we have made CCA possible for all municipalities now and in the future.

Chairman Taylor asked if once CCA begins in July if there is a way to measure the pricing with and without participation in the program. Ms. Gava stated there is an it needs to be provided as part of the DPS order.

Corporate Counsel Report

Mr. Wood reported there is no pending litigation.

NYSAC Report

Mr. Lavigne stated NYSAC is in partnership with MEGA because it is part of their portfolio that they offer counties and local governments to save money. NYSAC is proud of its partnership with MEGA and they hope to have it continue if it is mutually beneficial to both parties.

Old Business

None

New Business

None

Adjournment

It was Moved by Mr. Hoover, seconded by Ms. Stein and unanimously adopted by voice vote of members present to adjourn the meeting at 12:50 p.m.

Minutes prepared by Jennifer Luu.