



A Local Development Corporation

P.O. Box 88
Ithaca, New York 14851

518.306.1996
www.megaenergy.org

MEETING MINUTES

Municipal Electric and Gas Alliance, Inc., Board of Directors November 1, 2019 – Radisson Hotel, Corning NY

Board of Directors: Mark Taylor, Heather Brown, Steve Hoover, Crystal Abers, Robert Wood, Jack Wheeler, Ellen Pratt

Excused: Allen Olsen, Rochelle Stein, Mark Sachetti

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

Via Telephone: David Wiers

Call to Order and Approval of Agenda

Chairman Taylor called the meeting to order at 11:02 p.m.

Announcements

President Feldstein announced that staff will provide their reports later in the month via email. (They are attached to these minutes.)

The Board discussed having a retreat in December to discuss and get a sense of what counties are requesting and better understand the customer base better.

Motion to Enter into Executive Session - Contract Negotiations

It was Moved by Mr. Wheeler, seconded by Ms. Abers and unanimously adopted by voice vote of members present to enter executive session at 11:03 am to discuss contract negotiations.

Motion to Return to Open Session

It was Moved by Ms. Brown, seconded by Mr. Wood and unanimously adopted by voice vote of members present to return to open session at 1:04 p.m.

Adjournment

It was Moved by Mr. Hoover and unanimously seconded by adjourn the meeting at 1:05 pm.

Minutes prepared by Jennifer Luu.

The Power of Partnership

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President's Report – November 2019

Finance and Budget

I'm pleased to report that our fiscal condition has been maintained at a reasonably static level. Economy measures continue to stabilize budget and cash flow. A cool summer contributed to a decline in degree days showing a royalty decrease compared to Q3 last year. There have been no significant add or participant drops this quarter. Two MEGA participants, Schenectady and Rensselaer counties have signed future agreements with a for-profit broker. To aid us in understanding the procurement procedures undertaken by the broker and the counties, E/N has submitted a FOIL requesting relevant documents. This information might point to improvements in our bidding procedures or we might learn of potential violations in their procedures. But we must accept the notion that formidable competition exists today compared to the market that was in place a decade or two ago. We can and we will continue to refine our products and procedures and marketing and retain our foremost aggregator position among municipalities and non-profits.

Q3 royalties declined compared to last year's by nearly 35%. As expected commissions attributed to renewables was approximately \$550 compared to \$84K in Q3 2018. There is but a single Tesla project that will spawn commissions. There are several existing and developing Gravity projects that will generate electrons, tax dollar and carbon savings and MEGA commissions.

The Southern Tier CCA aggregation has produced its initial royalties in Q3. Despite only 2/3 of a fiscal quarter and limited degree days, we are pleased the results exceeded original expectations. The Capitol District aggregation is well underway with many successful administrative agreements signed and several under discussion and near attainment.

Our accounting firm, Sciarabba Walker & Co., LLP has completed the annual audit. I will be presenting the draft to the Audit Committee for its review and submission to the full Board at its meeting in January.

NYSAC Agreement

Much internal discussion has been conducted with regard to the expiring NYSAC agreement. We continue talks with NYSAC personnel and remain committed to an ongoing supportive relationship which include long-term participation in NYSAC events and programs.

Community Choice Aggregation

We all recognized that MEGA's CCA program has, from the outset been tedious, principled, admirable and soon, profitable. Before long, an additional CCA staff member will be appointed to provide much needed support. We are gratified with the persistence and confidence the Board has provided. The demanding, vigorous and expert work that EnergyNext and especially Louise Gava and Katy Vescio have contributed truly distinguishes MEGA as the foremost CCA administrator and authority in NYS.

Procurements

Now that bids have been awarded from the recent procurement, we along with our ESCO partners are in contact with current and perspective MEGA participants.

Upcoming Meetings

The Board frequently meets in January or February at the location of NYSAC's Legislative Seminar. Specific information about this meeting will be forthcoming.

At the annual meeting at the Otesaga meeting we will again conduct a Thursday Board workshop focusing on the planning and other topics. Mark the dates: Thursday, April 23, 2020 - Friday, April 24, 2020.

I understand the Board will be conducting a planning workshop session in December. My expectation is that a report soon after the meeting can be generated and shared with MEGA staff and consultants who will review in early January. I expect to deliver a report and initiate dialogue at our meeting in January. We will renew this discussion prior to the annual meeting in April along with conveying a progress report on our Strategic Plan.

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Customer Relations Manager's Report - November 2019

The canvass of the Phase One participants – the 33 counties plus 44 of our non-county largest volume participants – was completed by late summer. It produced a significant amount of new contact information and, as noted in my last report, we learned from this process that the chief elected official is rarely the individual that deals with the purchasing decision about energy suppliers. In some cases, there is an individual that our suppliers have dealt with over time that is a key contact but not identified in our data base. As we get information from our supplier reps, we need to confirm that our contact information matches.

Phase Two focused on the next tier of participants which includes 30 villages, school districts, housing authorities and other non-county municipal participants. All were contacted by phone or e-mail with similar results as noted above.

My last report noted that Ron and I participated in the NYS Public Housing Directors Conference in May and we were enthused that this event produced several potentially successful leads. Reporting here on the outcome six months later underlines the challenge we face in enrolling new participants to the program. Our experience with the Troy Housing Authority (THA), described in the following paragraphs, is instructive.

After we followed up our conference leads, we were contacted by the THA which resulted in a meeting to describe the MEGA program more fully and determine if it might be useful for the Authority to consider. We had a second meeting in July that included representatives from Constellation and Direct Energy. Both suppliers were asked to provide follow up information which they did. Throughout the summer and fall, we reached out to the THA without response. In September, Constellation was asked to submit a refreshed price proposal which was provided

In October, the THA Director informed me that *while they found the program* enticing, their team decided to stay with the current energy supplier (gas only) until such time as all of their locations could be switched from tenant-paid utilities to Troy Housing Authority paid. The Director further stated that the THA is looking forward to accomplishing that sometime in 2020 and will certainly reach back out to MEGA for a new proposal should we wish to provide one.

We will begin to reach out to the THA in 2020 and I feel certain we will be able to provide them with a proposal that meets their needs and is competitive. THA is a big organization and will be a valuable addition to our program when/if we can prove our value. As I noted in the July report, Housing Authorities, as a group, are going through a reinvention process directed by the Department of Housing and Urban Development that has important implications for their funding. I believe our ability to offer fixed pricing will be a valuable service but it's important to realize that getting to contract execution is often a long process.

Doug and I attended the NYSAC Conference in September which we reported on in some detail at our meeting in Corning. To reiterate for those who were not able to attend that meeting, we both considered it a huge success. Dan Murphy, Constellation CNE, assisted in our booth which allowed us to have a preliminary

discussion with the new Allegany County Administrator. Working through her office, we had been able to set this initial contact up to take place at the conference. Establishing this contact early on will be helpful as CNE works with the County to retain existing contracts and, hopefully add the main County complex to the program.

Followed up on requests from supplier representatives for help with contacting existing and potential customers. As time goes on and the Board discusses how MEGA can be strengthened, it will be very useful to close the loop of information from initial contact through contract execution and renewal so that any issues can be identified early and dealt with promptly. This will be much easier as we obtain detailed information on the status of contracts.

We filled one additional corporate member slot. Albany County appointed Lucas Rogers, Senior Policy Analyst to represent the county; I met with him and our principal contact there, Karen Storm, the Purchasing Agent that we have known and used as a resource on procurement questions as she and Mark Sachetti, our Jefferson County representative, are acknowledged state-wide as experts. Both are active in the State Association of Municipal Purchasing Officials. Louise accompanied me to the meeting and was able to have a good briefing and exchange of information about the Capital District CCA.

One comment about the MEGA Minute that just went out today. Featuring of Constellation CNE in this issue with additional suppliers in future issues will, hopefully, tighten the connection between MEGA and our suppliers. Even though the pricing proposals state that they are coming through the MEGA program, this fact sometimes gets lost over time and needs to be reinforced periodically.

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Business Relations Manager's Report - November 2019

NYSAC Contract Effort

Engaged in a number of meetings, by phone and in person to discuss a future contract with NYSAC. I also reviewed and analyzed data concerning commissions that are attributed to County partners in the basic MEGA program. Engaged in emails and phone calls to NYSAC staff in an effort to convey MEGA's interest in continuing a positive and mutually beneficial relationship with NYSAC.
Community Choice Aggregation (CCA)

There were three communities that expressed an interest in joining the current aggregation. The Town of Orange heard about CCA during a presentation that I did in July on our basic program and requested that should we consider moving forward with allowing new entrants into the current CCA, that I consider them. The Towns of Chenango and Naples had reached out to Louise Gava and expressed the same interest. Louise provided me with the necessary material to approach all three towns. During the month of September, I did CCA presentations in all three towns. To date, the Town of Orange has passed a resolution to sign the Administration Agreement and move forward with CCA. The other two towns have determined that they do not want to pursue CCA at this time. I will now begin the process of working with Orange to complete all the necessary steps to allow them to join our current CCA.

Basic Program Activity

Called on Genesee Community College to explain our basic program. A recent audit has suggested to them that entering into an agreement based on an aggregated bid does not necessarily satisfy the auditor's standard for seeking the lowest price. To date, they have not requested a quote from us for their electric supply.

Conference Activity

Attended the NYSAC Conference in Monticello. Our booth placement was such that we were able to speak with numerous participants about our program. It was a good opportunity to connect with current partners as well as talk to both towns and counties that are not currently in the program. This was a very good conference for us.

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TO: MEGA Board
FROM: Louise Gava, CCA Project Leader
DATE: November 25, 2019
SUBJECT: November CCA Board Report

This report includes updates on MEGA's two active aggregations, the Southern Tier and the Capital Region. A few other important updates. Interviews have been completed for the new "CCA Organizer Position" and we look forward to welcoming a new team member in the coming weeks. Also, a trade organization the "Northeastern Energy Choice Association, Inc." has been formed as a coalition of New York CCA Administrators and stakeholders. This organization's purpose is to work together to address utility and regulatory challenges to easy implementation of CCA.

Southern Tier Aggregation:

MEGA's aggregation in the Southern Tier has completed its first refresh, an opt-out period for all newly eligible customers. As with the first opt-out period, data were reviewed, letters were sent, questions were answered and enrollments were processed. We are maintaining contact with our municipalities, troubleshooting issues, and generally supporting them with CCA and general energy questions. We will repeat this refresh process every three months.

Capital Region Aggregation:

Currently the Capital Region Aggregation is composed of twelve municipalities representing over 40,000 eligible households. These municipalities are in the middle of their first round of education and outreach moving toward public hearings and passage of their local laws. The current timeline for this aggregation includes an early spring RFP and summer enrollment.

Using both our experience in the Southern Tier and our additional human resources we've made changes that we hope will improve the effectiveness of the education and outreach in the Capital Region. We have kept the core strategy, using local press and municipal websites to share CCA information as well as engaging with the public at in-person education sessions. One of the challenging elements of educating on CCA is that it takes more time than the average soundbite to convey the relevant information. With this recognition we're using two new strategies, first develop media that residents are more likely to engage with and second, to try, at a minimum, to make sure residents have heard of CCA and know that their community is participating even if they don't understand how CCA works. We also have geography in our favor with about two-thirds of the municipalities contiguous. This helps amplify our message as efforts in one municipality often benefit the neighboring municipality.

We're trying a few new educational avenues for the Capital Region. We're using radio ads. The goal is two-fold, first to drive traffic to MEGA's CCA website and second, to get more people familiar with the term "CCA." We began the radio ads a week before any other education and were able to see the

effectiveness with around a 30% increase in traffic to our website. We're using large outdoor banners. Municipalities are putting these in key locations with the goal of increasing familiarity with the term "CCA" and driving traffic to our website where folks can learn more.

Perhaps the most effective new tool is a series of CCA Q&A videos we recorded with municipal officials. Using a recording studio at the public library in one of our participating municipalities we've been able to make short videos where we convey the essential concepts of CCA and answer the most common questions. These videos are posted on our [MEGA CCA YouTube Channel](#). We are using these videos both on municipal and MEGA's CCA websites and social media. Some of these videos have only been up for a week and have over 80 views. In addition to getting the word out to residents, the recording process gave the municipal official an opportunity to ask additional questions (not all on camera) and have a venue to legitimize participation in CCA.

MEGA's original deadline for participation in the first round of the Capital Region Aggregation was November 1st. Based on the interest and interviews of the Cities of Albany, Schenectady and Troy MEGA has extended the deadline for execution of the Administration Agreement to January 1st. Participation of two or more of these cities will more than double the aggregation and only delay the process by one month.

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Municipal Electric and Gas Alliance, Inc.

Fiscal Year Begins: 4/1/19

April 2019-March 2020

	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	19-Dec	20-Jan	20-Feb	20-Mar
Cash on Hand (beginning of month)	141,191	211,775	253,808	104,014	134,176	142,165	198,763	134,784	170,702	109,978	135,519	88,610
CASH RECEIPTS												
TOTAL CASH RECEIPTS - Breakdown	92,731	86,044	35,939	50,636	43,165	66,514	47,921	82,306	48,951	53,951	95,051	57,951
Standard Revenue	48,442	86,044	35,939	50,636	36,269	66,514	47,905	62,421	33,500	38,500	78,500	42,500
Renewable Revenue	44,289				6,759						1,000	
CCA Revenue								19,885	15,451	15,451	15,451	15,451
Other Revenue - DR											100	
Other - Credits (Supplies, etc.) - Data Security Reimbursements from EN					136.78		16.19					
Total Cash Available (before cash out)	233,922	297,819	289,747	154,649	177,341	208,679	246,684	217,090	219,653	163,929	230,570	146,561
CASH PAID OUT												
Advertising and Promotion	0	0	496	0	0	458	1,200	850	2,083	2,083	2,083	2,083
Board Meetings	0	1,935		475	1,113	0	191	1,215			2,500	
Annual Meeting	1,130	0	1,635	0	0	0						
Membership	0	0		0	0	0						
Travel	485	2,319	487	385	392	687	80	35	1,000	1,000	1,000	1,000
Depreciation	0	0		0	0	0						
Web Management	180	291	191	191	291	91	307	81	225	225	225	225
D/O Insurance	5,047	0		2,808	0	0			2,500			
Equipment	0	0		0	0	0		1,619				
Telephone	140	280	140	270	280	0	280		280	280	280	280
Storage	175	350	175	175	350	0	350		175	175	175	175
Postage	0	7	36	12	0	0	46	185	25	25	25	25
Supplies	376	60	383	110	273	138	47	74	75	75	75	75
Gross Pay/ Payroll Taxes/Payroll Fees	14,614	22,650	7,201	15,122	23,053	7,507	22,736	7,503	15,122	15,122	15,122	15,122
Comp/Dis./BOP	0	0		0	0	0		990			35	840.41
CCA Project Lead	0	16,119		0	8,499	0	8,303			8,500		8,500
CCA Data Security	0	0	10,845	925	925	1,035	1,063	995		925	463	463
Aggregate Data (includes \$30 wire transfer)	0	0		0		0	5,549					
Accounting	0	0		0		0		8,546				
NYSAC	0	0	43,552			0		24,296	20,108		24,125	
EnergyNext, Inc.	0	0	120,592			0	71,747		68,082		95,852	
TOTAL CASH PAID OUT	22,147	44,011	185,733	20,473	35,176	9,916	111,900	46,389	109,675	28,410	141,960	28,788
Cash Position (end of month)	211,775	253,808	104,014	134,176	142,165	198,763	134,784	170,702	109,978	135,519	88,610	117,773

Actual 3rd Quarter Expenses

Reconciled to Bank Statement

Posted expenses to be split with EN 50/50 - to be billed



To: Ron Feldstein
From: Anna M. Baluyot, David C. Wiers, Katy Vescio, Angela Prasnikar
Date: November 18, 2019
Re: Q3-2019 MEGA Royalty Report

Enclosed are reports and payments for Q3-2019 of the MEGA program. Commissions for the quarter totaled \$142,414. Payments from each supplier were as follows:

- \$121,980 from Constellation Energy
- \$19,178 from Direct Energy
- \$707 from Sprague Energy
- \$549 from Gravity Renewables

Basic Electric and Natural Gas

Commissions for the basic supply electricity and gas program were down 18%, or about \$25,998. This is due to a decrease in usage -- 18% in electricity and 72% in natural gas. These decreases in usage are corroborated by a 25% decrease in both heating and cooling degree days compared to a 30-year degree average number of days, and compared to the same time period in 2018. Compared to Q3-2018, total commissions are down 39% or about \$89,535. This decrease was due to a one-time Tesla payment of \$82,871 and \$1,059 in recurring commissions.

CCA

CCA commissions for the Southern Tier Aggregation amounted to \$19,843. This represents 21 municipalities, 30,827 accounts, and 19,842,699 kWh in usage for July, August, and September 2019.

Commissions Outlook

Based on previous years, Q4 commissions for electricity and natural gas should be flat to slightly up compared to Q3. For Q4-2019, CCA commissions should increase by 2.5 times to approximately \$50,000. This estimate is based on the fact that during the months of July and August 2019, enrollments were ramping up. Therefore, CCA usage for this quarter is understated compared to what we can expect going forward.

Tesla

The Village of Canton is the only project on the books with expected commissions of \$11,320.

Gravity Renewables

Gravity's pipeline currently consists of four operating projects, three of which received recurring quarterly commissions, amounting to \$549: Saratoga Harness, St. Lawrence and Rensselaer Counties. The fourth project in operation is Tompkins County, for which a one-time NPV payment was received by MEGA.

Regarding Sullivan and Chemung Counties, the interconnection agreements are currently being negotiated with NYSEG; utility delays continue to beset these projects.

Gravity has removed two projects from the active list: Herkimer County and Mohawk Valley Water District. However, a project with Ulster County has been initiated. The projected size for the Ulster County project is over 40% larger than both Herkimer and Mohawk Valley combined.

Adds/Drops

We are happy to welcome the following municipalities below to the program; estimated annual revenues amount to \$8212.

- City School District of Albany – natural gas
- Hancock Central School – natural gas

Currently, the total number of “muni” participants, including schools and non-profits, is 284. MEGA is also currently serving 45 private and about 300 non-CCA residential participants.

As always, all new and departing customers for the quarter are shown in the detailed spreadsheet. There is also a tab in the royalty spreadsheet listing all current MEGA muni customers and summarizing them by type and county.

The MEGA program continues to thrive thanks to the continuing efforts of MEGA staff, board members, and the NYSAC relationship. We expect to deliver the NYSAC quarterly accounting in the next few days.

Finally, enclosed is our invoice for services. From the gross commissions due EnergyNext, we have netted out our quarterly contribution to the marketing budget.

As always, thank you for your support of the program. If you have any questions, please do not hesitate to contact us.