

Board of Director's Meeting
Friday, July 24, 2020 @ 1 PM via Zoom

Present: M. Taylor, R. Stein, A. Crisman, B. Wood, S. Hoover, C. Abers, J. Wheeler, A. Olsen

Ex-Officio: R. Blythe

Excused: M. Sachetti, Ellen Pratt

Consultants: A. Baluyot, K. Vescio, D. Wiers, N. Correia,

Staff: R. Feldstein, J. Luu, J. Wood

Call to Order

Chairman Taylor called the meeting to order at 1:14 p.m.

President's Report

President Feldstein reported the 2nd quarter royalties are not in fully yet, but projections are looking good. CCA also did well last quarter and we expect something similar for the 2nd quarter in part due to COVID, but 2nd quarter standard royalties are expected to be down for the same reasons. He stated that there have been initial discussions about applying for a Small Business Administration loan, but this will need further consideration.

A lot of work is being done with Constellation and Direct and their follow-up with participants. They are working on contract renewals that expire October 31st. There has been some difficulty connecting with people because they have been reached previously at conferences, which are on hold at this time. Currently the School Business Officials conference is the only one still on the calendar.

Considering the national crisis and with 350+ program participants, assistance is requested from the Board in formulating a strategy to reach those folks. Mr. Taylor indicated he is willing to help and asked that a script be prepared for board members to use. Ms. Stein indicated she would be happy to deliver the message at the western NY group that she meets with, as well as the towns and villages she meets with in Genesee County.

Ms. Vescio reported that she and Ms. Blanchard previously worked on this twice annually. Ms. Blanchard called all each of the counties and the largest customers to update contact information and touch base about contracts and upcoming renewals. There are some materials that are being used that will be in the consultant's report.

Resolution No. By-law Amendment – Change Fiscal Year to Calendar Year – Lay on the Table

It was Moved by Mr. Hoover, seconded by Ms. Stein and unanimously adopted by voice vote of members present to lay on the table the By-Law Amendment – Change Fiscal Year to Calendar Year resolution. The resolution will be presented at the next Board meeting for approval.

New Member Onboarding Policy

The new member onboarding policy was distributed with the agenda packet and will be added to the policy manual.

Mr. Taylor stated the policy looks to be comprehensive and the buddy system will be a real asset. Mr. Wiers stated that a lot of the activities are already occurring informally and making this a formal policy allows each board member to have a similar onboarding experience and a more fulfilling experience as a board member.

Mr. Wood stated he will put together a check list of trainings such as the mandated annual sexual harassment training to be included in the onboarding policy. The policy will be brought to a future meeting for formal approval.

Treasurer's Report

Cash Flow Report

Mr. Hoover stated the Board approved the 2019 audit at the last meeting. At the half-way mark for this year, if you annualize at the old rate on the same course, the organization would have gone through \$56,000 in 2020. The Board took a proactive approach and changed its trajectory and with staff reductions, the organization has nearly "righted the ship". When we go through our audit report next time, he is guessing the organization will be close to breaking even. He stated the cash balance is being maintained right now we are living within our means. Unknowns exist with the financial crisis and the pandemic. Will schools be heated and cooled at the same rate or will there be a 10-14 percent decrease as projected? He also noted that there is no Capital Region CCA revenue included in the 2020 budget and once that program comes online more will be known.

Consultant's Report

CCA Update

Ms. Baluyot reported that the work is well underway in the Capital Region CCA which includes 90,000 households and 13 municipalities. The Request for Proposals was issued in May and several options were received from one supplier, Constellation. She reported discussions are occurring with them to come up with something that is unique and worthwhile. The situation in the Southern Tier is now such that the fixed rate contract is higher than the current utility rate, as well as the historic rate to compare. Presentations are scheduled for municipalities in early August to discuss pricing structures along with accompanying steps with a start date in December 2020. Municipalities have indicated they want to move forward, but they have been tentative in their decision making. How they react will give us a better understanding of how to move forward. Due to the national crisis, DPS has given the go ahead to move forward with outreach virtually.

The Southern Tier CCA includes 35,000 households and is doing well. We expect to see an increase in usage due to the pandemic and more individuals being home. The refresh of the program has been deferred due to low utility rates.

Mr. Taylor asked if with the multiple bid options is a variable rate option being considered. Ms. Baluyot stated blended options are being considered with both fixed and floated rates. Depending on how this goes this could also be offered to the Southern Tier as well.

Mr. B. Wood asked if a variable rate is allowable. Ms. Baluyot stated she believes the state does allow this with CCA, it would fix the rate for a certain timeframe and then go to a variable rate. This will be double checked with the State prior to rolling out this option.

Ms. Vescio stated that the PSC did not put a fixed price in the order prior to it being finalized by the State. This product has the potential to offer options other than fixed pricing and could be a good selling point.

Quarterly Royalty Analysis and Highlights

Mr. Wiers stated that royalties for 2020 up to this point have been less than 2019. The KWh usage was down by approximately 17 percent in Q1 2020 versus Q1 2019. This is due in part by the number of heating degree days being fewer in Q1 2020. Highlights includes the addition of Livingston County to the electricity program and Oswego County, who had been month-to-month on their gas contract has extended their term through November 2022.

Quarter two data is available through May 2020. Initial data since COVID-19 has been mixed. When preparing the 2020 budget, a 12.5 percent reduction was budgeted knowing there could be some impact with the pandemic. Therm usage in April and May was down 23 percent which was higher than anticipated. However, in May electricity usage went up. Overall, royalties increased by 2 percent for the period. Year to date royalties are down 8.7 percent over the same period in 2019.

Ms. Stein stated that she would find it interesting to consider the number of people working from home versus in an office situation. Mr. Wiers stated that the CCA data in August or September would be a good indicator due to the way meter reads occur.

Opportunities Update

Targeted Marketing Campaign

Mr. Wiers stated that 775 individual prospects were identified across 5 NYS agencies: Youth Bureaus, Fire Coordinators, Jail Administrators, Municipal Water Treatment, and Manufacturing Executives in the Capital Region. Energy Next worked with Constellation to develop content and verbiage in terms of sending out mailers, electronic mail, or phone calls. Constellation has invested in an outside marketing data management firm to analyze the data we have provided to determine if CNE already serves any of the prospects, whether to assign to Constellation, and to determine the outreach method to be used.

Win Back Campaign” with former MEGA Participants

Mr. Wiers reported 75 electricity and 24 natural gas “leads” were identified that had left the program over the past 5-years. These participants were provided to supplier partners and ways were strategized on how best to re-engage them with MEGA. Progress tracking occurs on regular intervals. Leads are being assigned within each supplier and assigned to designated supplier salespeople for outreach. Another opportunity exists through the creation of a presentation template. Standardized formatting will allow for timely assembly of pertinent information in reaching out to clients/prospects.

Electricity Commission Audit

Energy Next has reviewed each customer account where a payment was received in Q1 2020. Comparative analyses were run against previous years data and a renewal list was developed in conjunction with Constellation. During that process, 12 clients were identified that MEGA had not receive payment for Q1 2020 but had received payment previously. Some had outstanding balances, one account had dropped, and 7 clients were not properly tagged to MEGA. Constellation has made the appropriate corrections and the payments for those 7 participants will be reflected on the Q2 2020 Royalty Report.

Ms. Abers asked how much difference this will make with revenue. Mr. Wiers stated that he will know more once the quarterly report is finalized but believes that is might be upwards of \$8,000.

Mr. Hoover asked if there are municipalities that Energy Next receives commissions on that MEGA does not. Mr. Wiers indicated he is not aware of any, but he will double check.

MEGA Peak Day Notification

The Peak Day Notification service began a couple of years ago and provides participants with a notice that a NYSIO system event will occur at a certain time of day. This gives the participant time to plan to reduce their usage and provides some savings to participants if they choose to reduce their load at that time. If Board members are interested in receiving these notices please reach out to Mr. Wiers or Ms. Luu to be added to the distribution list.

Constellation Energy Projects: Efficiency Made Easy (EME)

Energy Next has regular contact with suppliers about what is going on in the field as well as discussing ways to help grow the program. Constellation's Efficiency Made Easy Program provides an opportunity for customers to implement energy efficiency projects without out of pocket capital. If they join the program they pay for the project through their monthly electric bill. This helps to curb their budgets and put those funds toward other priorities. The charge occurs as a separate line item on their bill and is paid for over time. It is an award-winning program that has saved over \$150 million in energy efficiency projects for more than 500 customers.

Mr. Wiers stated that Energy Next has done five EME projects with clients; four lighting retrofit projects and one cooling tower for an office building. Clients were able to work with their own vendor, Constellation paid for the work and charged it back to the customer over a five-year period. Constellation's rate of return on these programs is approximately 6.7% but it may be lower for higher credit clients.

Mr. Taylor asked if Constellation provides project management. Mr. Wiers stated they do not manage the project but do make recommendations of approved vendors.

East Coast Power & Gas Default: Re-bid Central Hudson Natural Gas

Ms. Baluyot stated a bid was issued for the Central Hudson Gas territory and it was awarded to East Coast Power. A couple of months ago East Coast notified us that they were leaving New York State and would not be able to serve NYS customers. At that time, they were not serving any customers, so no participants were affected. Energy Next evaluated solutions such as having it

assigned to another supplier, but ultimately the decision was made to go back out to bid for the Central Hudson territory. Ms. Stein and the Genesee County team have been wonderful in helping with the process to get the program rebid. Bids were issued yesterday. It is hoped that this can be awarded and the program agreement in place by August 28th so the contract can begin for any participants that have contracts expiring by November 1st.

Mr. Feldstein noted he was in contact with Mr. J. Wood about potential recourse against East Coast Power, but any action would be cost prohibitive and damages would be speculative and hard to prove in this situation.

Mr. Hoover asked why Genesee County is passing the procurement resolution rather than using a county in the utility territory. This could be educational. Mr. Feldstein stated that this has been the case in the past, but in this situation, it was the most efficient to have Genesee County do the procurement because they do it so well.

Corporate Counsel Report

Outside Counsel Report – NYSAC Contract

Mr. Feldstein stated the report from outside counsel has been received and will be distributed to the Board shortly. Mr. Wiers provided a presentation on the history of the agreement with NYSAC and various options.

Mr. Wood stated that an interpretation of the contract was solicited from outside counsel. Hancock & Estabrook from Syracuse was retained to provide a second opinion. Mr. Wood provided background on what information was provided to the law firm. A very comprehensive analysis was received. He noted that in terms of Board planning, they have ample opportunity to discuss and determine what action they wish to take.

Ms. Stein asked if all MEGA's customers are also NYSAC customers. Mr. J. Wood stated that MEGA customers prior to 2008 are not NYSAC customers and NYSAC does not receive commissions for those customers.

Old Business

Ms. Stein asked if Sullivan County has notified us that Ms. Brown's seat has been vacated. Ms. Luu stated Ms. Brown has resigned from her seat but Ms. Brown indicated that she wanted to give thought to who should replace her before making a recommendation to Sullivan County.

New Business

Mr. Hoover stated that he would like to see the breakdown in CCA investment since its inception. There was consensus among other members that this would be a good way to get perspective on the CCA program.

Mr. Taylor thanked Energy Next for the excellent work they provided on ideas for customer engagement and keeping us connected. He also stated that seeking the outside counsel report was a good decision to help move the NYSAC discussion along.

Next Meeting

The next meeting will be scheduled for late September or early October.

Announcements

None

Adjournment

It was Moved by Mr. Hoover, seconded by Mr. B. Wood and unanimously adopted by voice vote to adjourn the meeting at 3:21 p.m.