

MINUTES OF THE AUBURN MUNICIPAL POWER AGENCY
MONDAY, DECEMBER 12, 2011
AT 4:00 PM

Members Present: Denny Zack, Chairperson, Jim Wride, John Montone, Mike Luksa, Nancy Hussey, Bill Graney and Luke Rybarczyk

Members Absent: Vijay Mital, Krste Biljanoski,

Staff Present: Vicky Murphy, Christina Selvek, Bill Lupien, Andy Fusco, Doug Selby

Staff Absent: Anthony DeCaro, Trish Ottley, Mike Quill

Chairperson Denny Zach called the meeting to order on Monday, December 12, 2011 at 4:00 pm.

Approval of meeting minutes – November 14, 2011

Motion to approve the minutes of November 14, 2011 by John Montone, seconded by Luke Rybarczyk. Carried.

HYDRO PROJECT UPDATES:

- a. Mill Street hydro funding options and progress report. Christina Selvek reported that the last correspondence we received from NYSERDA was on November 21st advising that they received our full bid package and they're submitting it to their technical evaluation panel and they say approximately four weeks. At this point we're waiting to see if we're in the queue. If that happens there are a series of events that we have to look at such as FERC requirements. One of the requirements is that the project has to be finished by December 2012. Denny's understanding that the equipment was a year out of order but Christina clarified that saying that it depended on how we did the project. There is the option to do a rebuild if there is an off-the-shelf type of turbine. She advised that we could get something within six months if needed so it's not an impossible timeline. Christina further advised that it would not be a rebuild of what we have since there's no point in keeping it. A brand new turbine is what is needed. John Montone asked if we were going to do an RFP on this or use the old one or just contact the other people to give us a price. Christina said that at this point the City is doing the project so we would get all the benefits of doing the project. John Montone asked if we were contracting out to build this and Christina affirmed that and advised that that would be done by our Engineering Department for procurement purposes. Timelines were discussed and Christina advised that we would need to talk to FERC and let them know what our changes to our licensing is going to be. Vicky Murphy said we would have to wait until we had the funding before proceeding. There was some discussion regarding using the

same RFP that we had out but Christina advised that we shouldn't do that. John Montone thought we should get the RFP on the components, the materials, the turbine and whatever is going to be done to the gates. Christina thought it would be very straightforward; supply of materials and design/build all together. There was some discussion regarding the design parameters for the turbine. There was discussion on whether the hydro was eligible for net metering from this project. Christina advised that we have to sell the hydro from this project into the market but we're only eligible for the increase of generation, very similar to how the carbon credits are going to work for the landfill gas facility. The remaining electricity that we're putting into the grid we could potentially net meter to City Hall. We could probably work that out with NYSERDA as well as part of our agreement. Technically we're only selling them the upgrade component.

- b. North Division Street Hydro Legal Options on Contract. Nancy had looked into the legal options on the contract at North Division which runs out December 2012. John Rossi had taken some notes on it last month. John Montone provided Doug Selby with a copy of the contract. The Board was asked what it recommended regarding North Division. The consensus was that the Board needed to know what our legal options are and whether we have to sit down and negotiate with NYSEG. There is concern about having discussions in the process. It was discussed that the contract would be null and void if no hydro could be produced.

Vicky advised that the equipment is very old, it's starting to cost us money and parts are becoming difficult to replace. John Montone advised that it might be a good idea to start looking at refurbishing it and also looking into net metering for the City facilities. Andy advised that our counsel from Albany told us that we would not qualify. Andy is to ask counsel about remote net metering. Doug advised that he had talked to the Public Service Commission last month and they said micro-hydro is eligible. John Montone stated that we are a qualified facility.

There was some discussion about selling these assets. Andy thought that we might consider the sale of Mill Street and North Division and talk to City Council about since no company has come forward to partner with us. There was discussion on the outcome of previous RFPs. Denny spoke about needing more knowledge regarding the options. John Montone suggested that we request a meeting with Chant. Denny is to contact Chant and request that he attend the next meeting or in the alternative, find out what their position is and where they are at in regards to the project and see if he has any suggestions. Christina spoke to the matter of the City going back to seeing if it wants to have a green energy portfolio or not. If not, we stick to what we did in our sustainable energy master plan and we start moving forward with these projects. Andy advised that the Board needs to present a single recommendation to Council. Terry Masterson spoke to the issue and advised that businesses are struggling to hang on due to the high cost of electricity. His concern is that if we turn our assets over to a private entity, they will walk away and do nothing or they will do very, very well and make us feel

like knuckleheads for turning over a productive resource for the taxpayers and business community. It does not bode well for attracting new business to the community if our assets are sold into private hands. Denny advised that one member of Council would like to have a work session between the Agency and the Council and will try to set something up for January but only if we have options to discuss.

LANDFILL PROJECT UPDATE:

- Production Report Gas and Electric. Denny passed out electricity production records. Vicky Murphy reported that one is weekly and one is monthly. It was up in October but in November it was back down although it is still higher than September. John Montone questioned how it is following the line of the methane. Vicky stated that we're still under the 50%. Our instruments are reading higher than theirs. John Montone requested a graph from Vicky in regards to the dekatherm/methane production. Denny asked if the wells were being balanced every day and Vicky advised that they weren't. She said they probably go out a couple of times a week. Vicky says she can't have people out every day. Denny advised that Mark Storrs mentioned that it would nice if we could them to try so we get a consistent draw and keep it level because every time something changes down there the draw changes, we get the hammer back and forth on the compressor. Vicky said that the first meeting is going to be January 11th. Mark wanted to be able to get more data so that he will have enough by the time we meet. That's with our instruments and doing some verifying of our instruments against theirs. Denny asked if that meeting was open to discuss other things and Vicky advised that it's just for operations to let them know we'd like to see a more even draw rather than this goodbye on the weekends and one generator running. It is Denny's understanding that they're running the plant manually and they're trying to eliminate a shutdown by running that way. It doesn't help our situation.
- Update on joining ISO. Vicky talked with John Rossi and he said it would be some time but we're in the process of doing that. Denny inquired if there is a cost involve with that and Vicky affirmed that there was. Denny wondered if it was worth it at this time. Vicky didn't think it was an extreme cost to join, just application costs and we might have to pay PLM to do the technical. Doug thought there might be a cost for scheduling every month once we're on the ISO but there are no giant fees associated with the application. There will be a cost but not extreme. John Montone asked if we had actually entered into the "queue". Vicky advised that that is what we might have to get PLM in to advise on the technical end.
- Progress report on carbon and rec sales. Christina Selvek reported on carbon and rec sales. She advised that Council has approved the hiring of Environmental Capital so Denise and she had a conversation today. We have a pending environmental attribute application with NYPA and we're waiting to hear back

from them. That application did not require the City to do up front verification or certification. Since we didn't have to do that up front, the bid price was much smaller than we could normally do if they were certified or verified credits. This application is for both the recs and the carbon credits together. They are hoping to have New York buyers, if not, northeast buyers. We should know by the end of the year because we actually applied for 2011 qualified credits as well. In terms of the remaining carbon credits that are not included in the NYPA application, we're still trying to figure out whether or not the City is even going to make out on the carbon credits. We're not eligible for CAR, we're looking at the voluntary market. The voluntary market has a baseline and our baseline is what we were already destroying at the plant as part of the incineration process. At that point we were already destroying 250 to 300 at CFM and right now we're destroying maybe 500 or 550 at the plant, at most. We can only apply for carbon credits that's the difference of your baseline and what you're destroying now. That leaves us maybe 300 at most. The certification and verification process and the annual verification is lengthy and we're not sure we're actually going to come out on top with just that little bit. We're going to run some numbers but the problem is that Cantor left us in a really bad situation and we really only have two months to do a six-month process. We're really going to be pushing it if it looks like it's going to work. At the moment we're waiting on NYPA which is our best bet, if not, we'll have to watch for future solicitations.

- Discussion on shut down and start up procedures. Vicky reported of a recent outage caused by the trip line. She recounted the problems she encountered with trying to get back up again. NYSEG advised her to contact Verizon and Verizon advised her that it was NYSEG's responsibility. It appears that NYSEG forced the City to install the line and bills the City over \$400 per month for the use of the line. Neither NYSEG nor Verizon claims responsibility and it is difficult trying to get a hold of any service people as the situation stands right now. John Montone advised that a meeting should be scheduled with NYSEG. Vicky reported that John Rossi is setting something up with someone. John Montone said we need a meeting with Greenfield and NYSEG to find out who should be in control of that. Doug wondered if we should escalate this at NYSEG to higher levels because this is terrible customer service. John Montone advised that we should be contacting John Tigue who negotiated the Inter Connection Agreement. Denny suggested that a fault ledger be kept on all of this equipment. NYSEG required the line, they're billing us for the operation of it every month and it should be their responsibility and they should have an emergency number. John Montone stated that we should find out who is actually responsible. **Denny Zack made a motion that the Legal Department, the City Manager or Vicky Murphy set up a meeting with NYSEG, Verizon and Greenfield for the purpose of clarifying and setting up a shutdown and startup procedure that will work in a timely manner. Seconded by John Montone. Carried.**
- Reuse of metering from the incinerator to monitor landfill gas production. Vicky advised that she has done nothing on this. There was some discussion of taking

the equipment that's on the incinerator and putting it up at the plant where they're metering to verify the readings. Vicky advised that she would leave that up to her staff's discretion.

ENGINEERING REPORT

a. Casey Park Power Project Update

Bill Lupien reported that he got together with O'Connell Electric and went down to Casey Park. He gave them a map and they walked it. O'Connell is going to get some prices and will get back to us, hopefully before the next meeting.

b. Street Lighting, etc.

Bill advised that the street lighting is moving along. The Parking Garage is Napa Electric and they're getting fixtures. None are installed yet. As for the street lighting, Caccamise is approved for the 480 volts and about one-third are ordered. The will be installed as soon as they come in. It has been determined that the 120 volt didn't put out enough lumens so they are looking at another model that has more elements and will be installed shortly. The induction ones for the ornamental lights are being worked on to get the retrofit kits fitting perfectly. All this is to be done by the beginning of April 2012 and Bill thinks we will have no problem meeting this date. Christina was successful in getting the grant amended to include other fixtures.

CEDA AND PLANNING BOARD UPDATE:

Terry Masterson had nothing to report.

OLD BUSINESS:

Denny questioned if anyone wanted to request a new meeting date or stay with the same second Monday of the month. No comment.

NEW BUSINESS:

There was some discussion regarding solar. Bill believes that the market is getting better as far as cost is concerned, however, the rebates from NYSERDA are getting smaller as well. John Montone reported that there are out-and-out grants out there now for solar projects, just like the lighting projects. Sites for solar panels were discussed. Denny reported that someone in Madison County just did solar landfill cap and wondered if we could look into that to see how that works.

John Montone asked Doug if we could get some type of spreadsheet showing the sales to NYSEG of power at the landfill project and what we're using at the Waste Water Treatment Plant. Basically the money and the kilowatt hours is what we're looking for.

Nancy Hussey questioned Bill regarding O'Connell. Are the figures for pole and/or buried? Bill advised that there would be both poles and underground. Nancy inquired as to who owned the poles. Bill advised that we do not own any of the poles, we will be installing new poles and NYSEG will not sell us the old poles. We have a price under the previous contract to do poles. Bill has asked O'Connell for a total price to do the whole project and we just won't pay them for the parts that we do ourselves.

MOTION TO ADJOURN: Luke Rybarczyk made the motion to adjourn, seconded by Mike Luksa. Carried.