

MINUTES OF THE AUBURN MUNICIPAL POWER AGENCY
MONDAY, APRIL 14, 2014
AT 4:00 PM

Members Present: Denny Zach, Chairperson, John Montone, Michael Quill, Krste Biljanoski, Jim Wride, Mike Luksa, Mike Daley and Nancy Hussey

Members Absent: Peter Ruzicka

Staff Present: Doug Selby, Bill Lupien, Anthony DeCaro and Vicky Murphy

Staff Absent:

Chairperson Denny Zach called the meeting to order on Monday, April 14, 2014 at 4:00 pm.

Approval of the March 10th Meeting Minutes – Motion by John Montone, seconded by Krste.

Public to be heard:

None

Hydroelectric Facilities:

Anthony reported that there was a situation on the Lake at the beginning of the month wherein there was an unusual amount of ice late in the season because of the way the winter played out so he requested a short hiatus on the project so we could get the Lake under control. There was a real concern of property damage being caused by the wind, storms and rain causing the ice to pile up in various parts of the Lake. The Lake came up almost two-and-a-half feet because of the rain that we got. By asking for the delay and taking advantage of the new gate, it allowed us to shed quite a bit of water to avert the problem. Anthony advised that he asked CHANT for that week but their response was to stay out of the water until tomorrow. That was a bit more than what was requested but we took advantage of that to take the Lake down even further. He went on to explain why this was advantageous. As far as the North Street hydro, that's still awaiting any further negotiations as far as whether or not we're eventually going to do any net metering. This is a little bit out in the future.

Denny advised that he spoke to Gary Finch and he asked him to set up a meeting with Senator Nozzolio as they are both on the Energy Committee. He said that they could hold a meeting in to City Hall and talk about the situation with North Division Street to see if they would consider helping with negotiating an upgrade on the plant. They have neglected to get back to Denny as to what their position would be if we were to do an upgrade on the plant. Denny is hoping that their influence with NYSEG could be an

asset to the City in their negotiations with NYSEG. There was discussion on the NYSEG contract as far as the avoided cost issue was concerned. There was discussion regarding hydro rates.

Denny questioned if the value was higher do we make the payback quicker with respect to the contract on Mill Street with Seemons. Doug advised that it would shorten it. The payback will be earlier and we'll start collecting the difference between what we get under the current contract less debt service.

Denny advised that Engineering has worked very hard regarding the contracts for the electric and Denny has suggested that we look at a broker in order to save them the time. There is no fee for that and the only recommendations would be that you pick one that represents all the people that you like. ESCOs were discussed.

Doug advised that he is interested in that approach but we're just delving into the procurement part making sure it's legal for us to use a broker as opposed to doing it ourselves. A broker is considered professional services but the contract we enter into might have some procurement parts.

LFGTE Facility:

Denny advised that NYSEG wants to shut the plant down on the 21st of April until the 9th of May. He feels that we need to negotiate with them regarding the costs of such a shutdown. Denny advised that he contacted GE Genbalker regarding doing an island on the plant and his take was that they didn't think it would be super expensive but that they couldn't do the software work in time for the 21st. They are supposed to get back with a price. He discussed the original idea of trying to feed the Wastewater Treatment Plant. Right now the Plant is being run manually. Doug advised that he just received the letter from NYSEG and he wants Corporation Counsel to look at the regulatory legal aspects of it because we will incur costs. We have IDS as an operator of the system and we're paying them \$22,000 per month and unless we negotiate, we'll be paying them for more than two weeks of non-operation. We're going to have to flare the gas off the landfill because it's not going to have anywhere to go and we'll have to buy electricity for the Wastewater Plant at whatever price it's being offered. There was discussion on how this could be negotiated.

John Montone advised that under the Interconnect Agreement where NYSEG does its basic routine maintenance for construction, what's happening is that NYSEG is going to change out a transformer. It's a pretty standard operation. He went on to explain it further. He wants to get together with NYSEG to co-ordinate the work and offered to sit down with them to discuss this. He went into detail about what the work would entail. He wants NYSEG to explain why they want to do a shutdown. Nancy inquire what "islanding" meant and Denny explained the term and what it meant. There was some discussion on why islanding was not being practiced. John explained what islanding does and how it could affect us.

Mike Quill inquired if IDS could do some indepth preventative maintenance during this shutdown. Doug advised that he wants a confirmation of NYSEG's intentions first but that he'd like to see them do something productive. There was some discussion of what maintenance could be done.

Denny advised that he wouldn't recommend trying to do the Plant manually due to equipment concerns. He suggested that we crunch the numbers to see if the island would be viable. He thought that the losses would be more than the cost of installing the island.

John Montone discussed the demand charge that would be incurred during the shutdown. He thinks the Public Service Commission needs to be notified about this. Nancy thought it might be unjust enrichment on their part. There was discussion on this.

The short notice of the shutdown was discussed as well.

Denny advised that production reports were available to anyone who wanted them. Mark Storrs puts one out every month.

Denny advised that he had spoken to Mack Studios about letting them come onto our grid. He's got a small load; he's already checked with NYSEG but to date they hadn't gotten back to him. He would like to see this happen. He will talk to him when he gets back into town.

John Montone advised that now that the City owns the power plant, it becomes a qualified facility and because it is a qualified facility, we remain exempt from the Public Service Commission regulations if we wanted to sell to retail customers such as Mack Studios.

Denny advised that he did inquire again about the heat. He had looked into it previously when we had the NYSERDA grant which required 24/7 operation of the waste heat. That grant money has since been relinquished. He discussed how we might be able to get that money back although he had his doubts. Denny advised that someone had inquired if the City was interested in selling the heat exchangers. The County would be interested in buying one for the jail.

Solar installation at the landfill was discussed. It was advised that we could remote net meter it and it's green power for the New England Market.

Denny inquired of Doug if we did a whole requirement gas contract so that we could generate with natural gas if we wanted to. Doug said no. We discussed it, we never entered into a contract. Denny expanded on this idea. Denny inquired of Doug if he had ever looked into this. Doug advised that the focus had been on acquiring ownership and stabilizing the operation.

Denny advised that he would like a work session with Council in the near future in a public meeting. Doug advised that on alternate Thursdays there are work sessions so it

would be a work session and it would give you an opportunity to present an annual report a summary of activities of the Agency. Denny discussed this further. Doug advised that it has been reported that the recs and energy combined were going for 18¢ a kilowatt hour in New England.

John Montone advised that because we got grants from NYSERDA for recs, they could not purchase them. We can sell them to any ESCO that is willing to purchase them. The sale of recs was discussed further.

Krste questioned what would happen if we don't have power at the landfill. Do the generators run on oil. John Montone and Denny explained what would happen.

Engineering Energy Updates:

Old Business:

Motion to adjourn made by Mike Luksa, seconded by Nancy. Meeting adjourned.