

MINUTES OF THE AUBURN MUNICIPAL POWER AGENCY
MONDAY, MAY 11, 2015
AT 4:00 PM

Members Present: Denny Zach, Chairperson, Mike Daley, Mike Luksa, Krste Biljanoski Fred Kerr, Nancy Hussey

Members Absent: John Montone, Mike Quill and Peter Ruzicka

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

Staff Absent:

Chairperson Denny Zach called the meeting to order on Monday, May 11, 2015 at 4:00 pm.

Meeting minutes tabled until June meeting.

Public to be heard:

Maureen Riester – CEDA

Maureen updated the Agency regarding the Solarize Cayuga Program. She also explained what Community Solar was and how it worked. It's a program to educate customers to go solar. The goal is to make solar more cost effective and affordable for people. The funding has been secured for the five counties. A supercommittee is being formed, two representatives from each county to do the decision making as far as sending out RFPs and choosing the installer. They are looking into whether or not they are going to have one installer or a couple of choices of installers and which installer offers the most benefits. She reported on the various outlets for the community to receive information on the programs. There will probably be about five workshops in Cayuga County for municipalities, residents and businesses to attend and secure more information regarding the entire solar process. There was a discussion regarding whether or not other installers were restricted in the County. Maureen advised that the idea was that the chosen installer would be offering the best prices. There was a discussion on pricing and financing. The 30% Federal tax credit was discussed and she advised that this would be going away at the end of 2016. There was discussion on the entire process and the costs involved.

Hydroelectric Facilities:

Anthony updated the Agency on the hydros. The Mill Street Project has been running right along. A gate opening at 3% with a flow averaging 95 cubic feet per second has been producing about 80 kilowatts of power. There was a half-an-inch of rain and that brought the Lake up four inches so the flow was brought up to 400. They anticipate two days of about 400 kilowatts and then they're going back to the base load. They estimate to the target of around 90 cubic feet per second. In comparison to the project which we replaced, minimum trigger was 350 cubic feet per second for a fixed rate of 410. As predicted, this gives us the ability at the top end to exceed the amount of energy that we were producing with the old turbine and it gives us much greater

flexibility to produce more amounts of power. There was a question from Denny about the status of net metering conflict. Anthony updated the Board on this. Apparently what we have been told that with the type of metering that we have there, it did not qualify for Service Class 6 which is what all of our calculations were predicated on. Service Class 6 was giving us about 9 cents a kilowatt hour for offsetting our existing accounts on net metering. However, because of the way that we delivered power and the fact that the plant was a primary deliverer of power, the PSC regulation as interpreted by NYSEG does not qualify for Service Class 6. According to their interpretation of the TSC Tariff stated that it had to be changed to a PSE Class 3 or a 3P or 2 which meant that it would be only about two-thirds of that rate. Anthony went on to point out that with this change, we will now be running in the red, not the black. He advised that there are a number of ways we can pursue this either by going through negotiations with NYSEG legally or there is also a possibility of some technological changes, both of which have a price tag attached. For the time being, negotiations is inevitable. We have been told that the clock was ticking and that the new tariff went into effect on May 1st. We asked them to delay that but we're not clear as to whether or not they have done that. There was some discussion on this. We need to look for a solution. Denny asked if there has been a response from Seamens. Doug advised that Seamens is adamant that what was being done was correct and that NYSEG was fully aware and agreed to the way it is set up. Doug advised that a dispute has been filed under Section 6 of the Interconnection Agreement which stops them from changing the tariff but we still have yet to resolve the issue. There was discussion on this.

There was some news on North Division. We're still pursuing the types of projects to pursue whether it be an energy performance contract or typical bid/build. Staff leans towards the bid/build but we're still pursuing the most economic way to do that. Council did pass a \$5 million bond and we did have \$1 million-and-a half grants towards that project. So, some research is being done. We need to determine what would be the best fit. Due to the age of the set, we're now looking at total replacement, not something to augment what is there. Nancy asked if there had been any further discussion on their buy-out proposal and Doug advised that they are taking it to the parent company. There has been some communications with them. If they won't honor that then we may not have a project because if it doesn't pencil out and even though we have authorization, there is no need to launch a project that we're going to lose money on. This was discussed. There was some discussion on the internet gateway.

LFGTE Facility

Vicky Murphy advised that she had contacted our consultants at Barton & Loguidice because it seems that our gas production has gone down in the last month. They are aware that if we go onto the green market we have to have the one megawatt. So, we'd like them to come in and look at what we can do and where we should concentrate our efforts so that maybe we can cap a portion or whatever is required to produce gas. This was discussed. There was also discussion on the wells that had quit producing gas. Vicky did advised that the horizontals are doing well. There was discussion on the watered-out wells. Vicky advised that if Denny wanted to stop by, she could show him a map. They're not necessarily watered-out, just not producing.

Denny mentioned the carbon credits and he spoke regarding the last auction prices. Vicky advised that a few years back we had a company come in and they were going to market our

credit but we were not eligible for the voluntary market because we do not meter the proper way. This was discussed at length. The RTU was discussed.

Engineering Updates:

None.

New Business:

Denny spoke regarding Blue Rock Energy which is an ESCOW. This was discussed.

Denny advised the Board of a new company trying to do vertical windmills. He is going to take a look at it and report back. He was advised to do his homework. Maureen advised that they were looking for County-owned property where they might be able to do a land agreement so they would have investor and funds for the project and then do a PPA with either the County or the City or other large customers. There was discussion on this. Maureen explained what the vertical windmills looked like and how they worked.

Old Business:

None.

Motion to adjourn by Mike Luksa, seconded by Krste Biljanoski. Carried.