

NEW YORK STATE ENERGY RESEARCH AND DEVELOPMENT AUTHORITY

Minutes of the 222nd Meeting

Held on May 5, 2014

Pursuant to notice and an agenda dated April 28, 2014, the 222nd meeting of the New York State Energy Research and Development Authority (“Authority”) was convened on May 5, 2014, at 1:00 p.m., in the Authority’s Albany Office at 17 Columbia Circle, Albany, New York; by video conference at the office of the New York State Division of Housing & Community Renewal at 641 Lexington Avenue, 4th Floor (conference rooms B and C), New York, New York; and by video conference in the Authority’s West Valley Office at 9030-B Route 219, West Valley, New York.

The following Members of the Authority were present:

Richard L. Kauffman, Chair

George F. Akel, Jr.

Robert B. Catell

David Elliman

Joseph Martens

Elizabeth W. Thorndike, Ph. D.

Mark A. Willis

Audrey Zibelman

Members John R. Koelmel and Joan McDonald were unable to attend.

Also present were John B. Rhodes, President and CEO; Thomas R. Barone, Acting Vice President for Operations and Energy Services; Jeffrey J. Pitkin, Treasurer; Hal Brodie, Esq., General Counsel and Secretary; Sara L. LeCain, Esq., Senior Counsel; Cheryl L. Earley, Director of Contract Management; and various other members of the staff of the Authority. In addition,

James Austin from the New York State Department of Public Service and Michael Bailey from the Village of Malverne were in attendance.

Mr. Kauffman called the meeting to order and noted the presence of a quorum. He stated that the meeting notice and agenda were mailed to the Members and press on April 28, 2014. Mr. Kauffman directed that a copy of the notice and agenda be annexed to the minutes of the meeting.

Before turning to the formal agenda, Mr. Kauffman asked the Authority's President and CEO John Rhodes to address the Members. Mr. Rhodes updated the Members on various activities of the Authority since the previous Board meeting.

Mr. Rhodes stated that the Authority continues on course and remains focused on developing new directions in order to continue to promote investment in clean energy. He noted that the Authority will be impacted by two orders from the Public Service Commission ("PSC"), the first being an order on NY-Sun that represented a substantive commitment on solar photovoltaic programs, and the second being the initiation of the Reforming the Energy Vision ("REV") proceeding, which will comprehensively review the State's regulatory paradigm with respect to electric distribution utilities.

Internally, the Authority has initiated the Corporate Strategy Assessment ("CSA"), which will review clean energy markets and develop strategies to make the Authority more impactful by tapping into both the private sector and local government partners.

Mr. Rhodes then announced the passing of David Sive on March 12, 2014, noting that Mr. Sive is considered to be one of the founders of environmental law. In particular, Mr. Sive argued precedent setting cases and established advocacy groups when environmental law issues were still fairly new to the public. Mr. Sive also served as a member of the Authority from March 28, 1976 until January 22, 1996.

Dr. Elizabeth Thorndike then noted that Mr. Sive was instrumental for both the New York State environment and particularly the Authority as the first environmentalist Member of the Authority. Dr. Thorndike stated that Mr. Sive recognized that energy sources, distribution, and use are very much about environmental impact, which is central to the Authority's endeavors.

Mr. Martens, who worked in the open space community and interacted with Mr. Sive, then noted that Mr. Sive was a mentor and friend who did tremendous work for the environment.

Mr. Kauffman then indicated that the first item on the agenda was a resolution commending Kevin Burke for his service as a Member of the Authority.

Whereafter, upon motion duly made and seconded, and by unanimous voice vote of the Members present, the following resolution was adopted.

Resolution No. 1385

WHEREAS, Kevin Burke served with distinction as a Member of the Authority for six years, including six years as a member of the Program Planning Committee; and

WHEREAS, Mr. Burke's tenure was marked by a constant and reliable dedication to furthering the mission of the Authority, including efforts to ensure New York's continued national prominence in providing innovative solutions to State energy issues; and efforts for continued implementation and delivery of comprehensive and collaborative statewide programs that improve the energy, environmental, and economic wellbeing of the People of the State of New York; and

WHEREAS, Mr. Burke led efforts by the Members and staff to use metrics to improve the Authority's performance and enhance the accountability of the Authority; and

WHEREAS, Mr. Burke's leadership was instrumental in establishing a partnership between the Authority and the Consolidated Edison Company of New York, Inc.; and

WHEREAS, the Members of the Authority, assembled on this fifth day of May, two thousand fourteen, have unanimously voted to commend Mr. Burke for his distinguished service to the People of the State of New York and his contributions to the Authority and to memorialize that commendation;

NOW, THEREFORE, the Members of the New York State Energy Research and Development Authority commend Kevin Burke and express their deepest appreciation and respect for his dedicated and distinguished service on behalf of the Authority.

Mr. Kauffman indicated that the next item on the agenda was a report from the Chair of the Program Planning Committee (“PPC”), Mark Willis, on program evaluation and metrics. Mr. Willis stated that the PPC met on April 7, 2014, and the presentation focused on two main topics: the Authority’s corporate and program performance metrics; and the Authority’s recently commenced CSA.

Mr. Willis stated that the PPC heard from a team of staff working on the Authority’s development of Authority-wide metrics. The overall intention is to ensure that metrics are both meaningful to the Authority in tracking progress and in identifying directions for improvement, and that the metrics are also relevant to the public at large. The metrics are designed to align with the Authority’s current mission outcomes, which are: the efficient use of energy which leads to energy bill savings; renewable and diverse energy supplies which leads to increases in the installed sources of renewable energy; a cleaner environment which leads to greenhouse gas (GHG) reductions; and a clean energy economy which leads to an increase in start-up companies served, additional investment leverage between private capital and Authority-provided funding, and the NY Green Bank initiative. Two additional strategic initiatives being tracked through this effort include Charge NY and resiliency and energy preparedness.

Mr. Willis said that, throughout the presentation of the metrics and the corresponding data, there was much discussion between staff and the PPC members with regard to how the metrics were developed and how well they represent the most appropriate measure of the Authority’s performance. The PPC recommended additional examination of the metrics to explore whether any modifications could further enhance the consistency of the metrics with the

Authority's strategic planning. The PPC also reiterated its strong support for developing metrics that are clearly linked to goals and missions, that are available on a timely basis, and that can be and are actively used to help improve program designs and outcomes.

Mr. Willis then turned to the Authority's recently commenced CSA and detailed an update provided by Kevin Hale, Director of Corporate Strategy and Planning, in relation to the CSA and the intention of assessing current market needs and refreshing the directions and strategies of the Authority.

Mr. Hale stated that the primary goals of the CSA are to increase the impact of the Authority's work and to improve responsiveness to customers. In addition, the Authority has created an internal Corporate Strategy and Planning Team to assist in the development of the CSA.

Mr. Hale provided the PPC with a detailed overview of the effort. He stated that the CSA is designed to provide an objective, market-oriented assessment of the Authority's corporate strategy, which includes taking a fresh look at where the Authority has the biggest opportunities to make a positive impact in the clean energy space in New York. The CSA will touch on all aspects of the Authority's activities and the results will include preferred strategies and programs that will help the Authority accelerate the cost-effective deployment of clean energy and stimulate technology and business innovation in the clean energy economy. The CSA will also build on the Authority's existing mission, analyses, market expertise, and experience, and will include substantial input from relevant experts, including program staff and market participants.

The CSA effort will seek to align the Authority with the State's energy policy activities and the policy goals of the Draft State Energy Plan ("SEP"). The SEP goals include: improving energy affordability; reducing the carbon intensity of the energy sector by 50% by 2030; increasing total investment in the clean energy economy; and increasing the use of the existing electric infrastructure. With regard to State energy policy activities, Mr. Hale informed the PPC that the Authority's major program portfolios funded by the Systems Benefits Charge ("SBC")

and the Renewable Portfolio Standard (“RPS”) are slated for reconsideration by the PSC in the 2015-16 timeframe, with the CSA being a means to inform policy-making and regulatory processes.

Mr. Hale provided the PPC with additional context on the goal of reducing carbon intensity. He stated that preliminary analysis shows that there is still a tremendous amount of potential in the buildings and industrial process sectors for reducing energy use in New York State, beyond that which can be achieved through the efforts of the currently structured Energy Efficiency Portfolio Standard (“EEPS”).

The CSA Team has selected a consultant through a competitive solicitation process to help meet the ambitious schedule for the effort in addition to seeking an objective perspective and market research and analysis expertise.

On a parallel track to the longer term transformational efforts of the CSA, the CSA Team will be engaging the Authority’s program staff to identify operational improvement ideas for the current program portfolio so as to best maximize the Authority’s effectiveness in the near term.

Mr. Kauffman indicated that the next item on the agenda pertained to matters considered by the Audit and Finance Committee (“A&FC”) earlier that day, and asked the A&FC Chair, Robert Catell, for a report. Mr. Catell stated that the A&FC heard a detailed presentation from Mark Mitchell, the Director of Internal Audit, who provided the A&FC with the Annual Internal Audit Report and the Internal Audit Plan for the 2014-15 fiscal year. Mr. Mitchell discussed the audits he completed over the 2013-14 fiscal year and proposed his schedule of activities for the 2014-15 fiscal year. The A&FC was able to ask questions and was satisfied with the discussion. The A&FC then voted to approve the Internal Audit Plan as proposed.

Mr. Catell indicated that during the A&FC meeting, Mr. Rhodes affirmed Mr. Mitchell’s commitment to complete both outstanding and newly scheduled audits. In response to an inquiry from Mr. Kauffman, Mr. Mitchell indicated that there were adequate resources to complete the

audits. However, the A&FC indicated that if at any time Mr. Mitchell feels there are not adequate resources to complete the audits and needs to make any changes to the schedule, or obtain additional resources, he should bring that to the attention of the A&FC.

Mr. Kauffman indicated that the next item on the agenda was a report from the Waste & Facilities Management Committee (“W&FMC”), and he asked the W&FMC Chair, Dr. Elizabeth Thorndike, to report on discussions at the W&FMC meeting on April 7, 2014.

Dr. Thorndike stated that the W&FMC received a status report from Director Paul Bembia on West Valley Site Management Program activities. Regarding the West Valley Demonstration Project (“WVDP”), Mr. Bembia briefed the W&FMC on two items.

First, Mr. Bembia provided an update on the federal WVDP budget. The President’s 2014-15 fiscal year budget request includes \$60.5 million for the WVDP, which is the amount that the U.S. Department of Energy (“DOE”) assumed when it placed the Phase 1 Decommissioning Contract in 2011, but it is \$15 million less than the \$75 million annual funding amount assumed in the 2010 Decommissioning Environmental Impact Statement. Staff believe that the annual federal funding level for the WVDP should be at \$75 million, and the Governor’s Office has been informed.

Second, Mr. Bembia stated that staff at the Authority and the DOE have reached an agreement on an approach for making the Phase 2 decommissioning decisions at West Valley. The approach includes: using a consistent approach for analyzing all of the facilities at the Center; using that analysis to make decisions for all facilities remaining at the Center that will remain after the first phase of decommissioning; preparing a new long-term site analysis using a probabilistic framework; and jointly preparing a Supplemental EIS with the DOE to support the Phase 2 decisions. This approach has been received positively by the regulatory agencies and the public.

Mr. Bembia also presented a resolution recommending the renewal of the lease between the Authority and the Town of Ashford for the purpose of allowing the Town to continue mining gravel and storing equipment on a 21-acre parcel within the Authority's Western New York Nuclear Service Center property. In exchange, the Town will deliver gravel from the mine to the Authority upon the Authority's request. The W&FMC also noted the beneficial effect of the lease on the Authority's relations with the Town. The total value of the gravel to be removed from the property by the Town through the expiration of its mining permit in 2018 is estimated at not more than \$13,000. The resolution presented by Mr. Bembia would extend the lease through December 31, 2024, which would provide time for the Town to conduct the required reclamation after mining operations cease.

The W&FMC unanimously recommends the approval of the resolution authorizing renewal of the lease between the Authority and the Town of Ashford.

Whereafter, upon motion duly made and seconded, and by voice vote of the Members present, the following resolution was adopted.

Resolution No. 1386

WHEREAS, the Town of Ashford (Lessee) has leased certain parcels of land at the Western New York Nuclear Service Center at West Valley from the Authority since January 1, 1985; and

WHEREAS, the Authority and the Lessee wish to renew the lease under terms and conditions memorialized in the 2014 Extension of Lease for a term expiring December 31, 2024 (the "Lease Agreement");

NOW, THEREFORE, BE IT RESOLVED, that the President and Chief Executive Officer, or his designee, be, and they hereby are, authorized to enter into the Lease Agreement with the Lessee to provide for the lease of a parcel of land at the Western New York Nuclear Service Center to the Lessee and to allow the Lessee to mine gravel from the parcel for use in rebuilding and maintaining the Lessee's roads and to allow the Lessee to store equipment, machinery, and material at the site, in return for the Lessee's agreeing to deliver to the Authority such loads of gravel as may be needed for the Authority operations.

Mr. Kauffman indicated that the next item on the agenda was a discussion by Cheryl Earley, Director of Contract Management, about the Periodic Procurement Contracts Report. Ms. Earley stated that, pursuant to Public Authorities Law Section 2879, the Members are requested to adopt a resolution approving the Periodic Procurement Contracts Report covering the period August 16, 2013 through March 15, 2014. The report summarizes 6,062 procurement contracts exceeding \$5,000 that were initiated or modified during the period. Over 98% of the procurement contracts were competitively selected, and 96% of the dollars committed resulted from competitive procurement. All of the actions were in compliance with the procurement contract guidelines. The report also summarizes an additional 2,400 procurement contracts that are expected to be executed by the Authority and that have a period of expected performance in excess of one year. These contract actions total approximately \$354 million.

Ms. Earley stated that the Members have also been provided with a periodic report on Authority compliance with Article 15-A of the Executive Law, which requires public authorities to make a good faith effort to solicit active participation by Minority and Women-Owned Business Enterprises (M/WBEs) in certain contracts. Of the 52 contracts subject to Article 15-A which were initiated or modified during the reporting period, 56% of the total number of contracts were awarded to certified M/WBEs, representing 62% of the total contract amounts.

In response to an inquiry from Ms. Zibelman, Ms. Earley indicated that the Authority has significantly increased its M/WBE procurement over the last two to three years. Overall participation has been at 30-40%, with the Authority's goal being just under 30%. Ms. Zibelman recommended connecting the Authority with a national initiative focused on increasing M/WBE procurement with electric utilities. Mr. Rhodes welcomed the opportunity.

Mr. Kauffman stated that Counsel's Office has compared the lists provided by Members of entities with which each Member is associated and which he or she believes may enter into contracts with the Authority to the list of contracts in the Periodic Procurement Report for contracts which have been, or are expected to be, executed and which do have, or are expected to have, a period of performance in excess of one year. Counsel's Office reported just a few

potential conflicts. Specifically, the Authority has entered into or anticipates entering into contracts with Cornell University and University of Rochester, identified by Dr. Thorndike; Stony Brook University, various SUNY campuses and affiliates, and ThermoLift Inc., identified by Mr. Catell; New York University and JP Morgan Chase, identified by Mr. Willis; Urban Electric Power (UEP), identified by Mr. Elliman; and Viridity Energy, identified by Ms. Zibelman.

Whereafter, upon motion duly made and seconded, and by voice vote of the Members present, the following resolution was adopted. Mr. Catell, Dr. Thorndike, Mr. Willis, Mr. Elliman, and Ms. Zibelman each abstained from the vote solely with regard to contracts involving the respective entities identified by each of them above.

Resolution No. 1387

RESOLVED, that the Periodic Procurement Contracts Report, covering the period August 16, 2013 through March 15, 2014, as presented at this meeting, including but not limited to the contracts identified therein which have been, or are expected to be, executed and which do have, or are expected to have, a period of performance in excess of one year, is hereby approved in accordance with Public Authorities Law Section 2879(3)(b)(ii).

Mr. Kauffman then asked if there was any further business.

Mr. Elliman, Chairman of the Governance Committee, raised two items that were discussed by the Governance Committee in closed session earlier that day. The Committee noted that the Members do not receive materials and information necessary to act sufficiently in advance of the meetings in which those materials are to be considered. The Members would therefore like management to make the material available at least one week in advance so that they may be able to adequately review the materials and ask questions.

Mr. Elliman also stated that the Governance Committee thinks the Members should have an opportunity, in the event of feeling unprepared, to delay a vote and ask for more time before making decisions.

Mr. Kauffman encouraged the Members to contact staff should they have any questions on the Board materials in the future.

Mr. Rhodes committed to getting the materials and information to the Members in advance of meetings.

Thereafter, there being no other business, upon motion duly made and seconded, and by unanimous voice vote of the Members, the meeting was adjourned.



Hal Brodie
Secretary

April 28, 2014

NOTICE OF MEETING AND AGENDA

TO THE MEMBERS OF THE NEW YORK STATE ENERGY RESEARCH AND DEVELOPMENT AUTHORITY:

PLEASE TAKE NOTICE that a regular (the 222nd) meeting of the New York State Energy Research and Development Authority (“Authority”) will be held in the Authority’s Albany Office at 17 Columbia Circle, Albany, New York, and by video conference at the office of the New York State Division of Housing & Community Renewal at 641 Lexington Avenue, 4th Floor (conference rooms B and C), New York, New York, and by video conference in the Authority’s West Valley Office at 9030-B Route 219, West Valley, New York, on Monday, May 5, 2014, commencing at 1:00 p.m., for the following purposes:

1. To consider and act upon a resolution commending Kevin Burke for his service to the Authority.
2. To receive a report from the Program Planning Committee.
3. To receive a report from the Audit and Finance Committee.
4. To receive a report from the Waste and Facilities Management Committee and to consider and act upon a resolution recommending renewal of the lease with the Town of Ashford with respect to a parcel of land at the Western New York Nuclear Service Center.
5. To consider and act upon a resolution approving a periodic procurement contracts report.
6. To transact such other business as may properly come before the meeting.

Members of the public may attend the meeting at any of the above locations. The Authority will be posting a video of the meeting to the web within two business days of the meeting. The video will be posted at <http://www.nyserderda.ny.gov/About/Board-Governance/Board-and-Committee-Meetings.aspx>.



Hal Brodie
Secretary

New York State Energy Research and Development Authority

Albany
17 Columbia Circle, Albany, NY 12203-6399
(P) 1-866-NYSERDA | (F) 518-862-1091
nyserderda.ny.gov | Info@nyserderda.ny.gov
Richard L. Kauffman, Chairman
John B. Rhodes, President and CEO

Buffalo
726 Exchange Street
Suite 821
Buffalo, NY
14210-1484
(P) 716-842-1522
(F) 716-842-0156

New York City
485 Seventh Avenue
Suite 1006
New York, NY
10018-6815
(P) 212-971-5342
(F) 518-862-1091

**West Valley Site
Management Program**
9030-B Route 219
West Valley, NY
14171-9500
(P) 716-942-9980
(F) 716-942-9961