

Cape & Vineyard Electric Cooperative, Inc.
Executive Committee
Open Session Meeting Minutes
Tuesday, May 10, 2016

The Cape & Vineyard Electric Cooperative, Inc. Executive Committee met in open session on Tuesday, May 10, 2016 at 3:00 p.m. in the Innovation Room, Barnstable County Complex, 3195 Main Street, Barnstable, Mass. 02630.

EXECUTIVE COMMITTEE MEMBERS PRESENT WERE:

1. Charles McLaughlin, President/Executive Committee Member/Director, Barnstable
2. Jennifer Rand, V. President/Executive Committee Member/Director, W. Tisbury - by phone
3. Austin Brandt, Executive Committee Member/Director, Cape Light Compact
4. Leo Cakounes, Executive Committee Member/Director, Barnstable County

Executive Committee Members physically present: 3

Executive Committee Members participating remotely: 1

EXECUTIVE COMMITTEE MEMBERS ABSENT

Charles Hanson, Executive Committee Member/Clerk/Director, Brewster

BOARD OF DIRECTORS MEMBERS PRESENT

John Scott, Director, Chatham
Richard Toole, Director, Oak Bluffs – by phone
Bill Straw, Director, Tisbury – by phone

STAFF PRESENT:

Liz Argo, Manager Programs & Administration

PUBLIC PRESENT:

Cynthia Arcate, CEO of Power Options
Matt Shortsleeve, VP of Solect Energy

1. CALL TO ORDER

Pres. McLaughlin called the meeting to order at 3:20 p.m. and acknowledged the only members of the public present were the invited guests. He said the Meeting Notice/Agenda was duly posted in accordance with the Open Meeting Law on the CVEC, Inc. website on May 6, 2016 at 2:40 p.m.

2. PUBLIC COMMENT

There was no public comment made.

3. PRESENTATION FROM AND DISCUSSION WITH SOLECT ENERGY AND POWER OPTIONS

Cynthia Arcate, CEO of Power Options, described her organization as a private non-profit corporation working with government entities and other non-profits by offering gas and electricity contracts since 1998. They are now expanding into Connecticut and Rhode Island. The group is a spin-off of the Massachusetts Health Education Facilities Authority, which was dissolved in 2010 through the legislature with the 1997 Restructuring Act. The statute that was created for Power Options, Chapter 164, Section 137, included allowance for Power Options to be exempt from public procurement if administered by a governmental entity. The Power Options solar program was instituted about five years ago with Sun Edison. There is now 70MW of photovoltaics (PV) installed through Sun Edison.

Another PV option was carved out through an additional RFP which was awarded to Solect Energy. It is for smaller behind the meter PV projects. The exclusive contract that Solect won offers very good terms to the participants. With the support of the Inspector General, the statute was amended for Power Options to apply to land transfers affected by renewable energy Power Purchase Agreements. Municipal Electric plants don't have that flexibility under Chapter 30B procurement.

The membership runs from \$75 - \$1600 a year. (Energy contracts in excess of 1 megawatt are charged \$1600). There is also income from the power suppliers doing business with Power Options.

Power Options is self-governing with the self-elected Board the decision making body. The members have no vote. It is structured similarly to a corporation. The cooperative is different from the Cape Light Compact (CLC) in that the customer will opt in to participate with Power Options whereas customers will opt out of participation with the CLC. Part of the Power Options mission is to advise its members and degrees of separation provide that comfort.

For a customer like the Cape & Vineyard Electric Cooperative, CVEC would pay membership on behalf of the towns. If CVEC can't afford \$1600 we can work something out. Ms Arcate noted some of the municipalities are currently members with Power Options, from whom they get gas. Other cooperative member examples are some school consortiums. She noted that essentially the organization is a distribution service.

The Power Options bylaws are not public.

When asked if Power Options has similar PV projects like those proposed to CVEC, roof mounted behind the meter PV, Ms Arcate noted that Power Options sells net metering credits to several housing projects.

When asked if Power Options could allow the typical CVEC adder included in the PPA she responded that an alternate would have to be devised; perhaps a finders fee.

When asked what Power Options expects to get from CVEC Ms Arcate responded "endorsement". She is also looking for exclusivity. The PPA charge through Solect Energy is very low. She added that Power Options can set whatever terms CVEC wants. They hope CVEC could facilitate the outreach. They would like to co-brand the product.

It was noted that the limit for behind the meter projects through Solect is 300 kilowatts. She noted that Power Options also brokers net metering credit sales.

The possibility of a solar carport initiative through CVEC was brought up and Ms Arcate wondered about the status with the current incentive programs in jeopardy.

The question of municipalities with memberships needing CVEC was examined; why wouldn't Power Options bring their opportunity directly to the municipalities who are already Power Options members? Again Ms Arcate asked for CVEC endorsement. She added that the PPA is very attractive and believes CVEC will benefit by bringing such a strong product to our members.

When asked about the possible bankruptcy of Sun Edison Ms Arcate responded that they are not worried. Their PV commodity with Sun Edison is very valuable and Sun Edison will be held to compensating Power Options if it dissolves.

Solect was asked about installations outside of their relationship with Power Options and they responded that they have additional commercial and industrial installations they own.

L. Argo and A. Brandt commented that they had both reviewed the legislative act that formed CVEC as well as the CVEC bylaws and were comfortable that nothing was immediately evident that would prohibit CVEC's membership in Power Options.

Matt Shortsleeve of Solect Energy then spoke to what Solect seeks. He reiterated that it is primarily endorsement. He knows the towns look to CVEC for guidance. Meanwhile he notes the Solect product is very competitive and that they've completed 250 projects totaling 35MW.

Mr. Shortsleeve was asked if the PPA cost was fixed instead or if it varied with the size of the PV installation. He answered that Solect has a basic small, medium and large price that are set in the PO. If there is a problem that will need solving, then an extra is added for the extra work. The question was posed as to whether the price on the Cape would be commensurate with prices out in western Massachusetts? Ms Arcate answered that prices have to be comparable in accordance with the PPA where in the prices are locked unless a needed adder for extra work is included.

The Solect Energy/Power Options team was asked about responsibility for leaking roofs following PV installation. Mr. Shortsleeve answered that standard practice is for structural engineering review and weight analysis. They then work with the roofing manufacturer/contractor to insure the warranty is extended following the PV installation. When asked what happens if the roof does leak Mr. Shortsleeve answered that Solect can't accept the repair responsibility but would work to help get it fixed. Ms. Arcate added that is unless the PV installation caused the leak in which case they assumed the responsibility.

They were asked if 300kW is the upper limit hard and fast or if a couple of extra kW could be installed. Ms Arcate responded that the 300kW was a hard limit.

It was noted by CVEC that the exclusivity provision on CVEC makes the committee nervous. Would Power Options be averse to a six month limit to the exclusivity and then only applicable to installs under 300kW done under CVEC. This is in light of perhaps going forward with the carport solar initiative, for instance. Ms Arcate suggested an allowance could be written in.

The question was asked as to whether the typical CVEC Operational Adder could be utilized rather than a finders fee. Mr. Shortsleeve responded that it is not desirable to have three parties involved for the 20-year length of the contract. It is far preferable to the banks to have only two parties outright. Ms Arcate suggested perhaps a portion of the behind the meter savings to the towns could go back to CVEC.

L. Argo inquired if a TED meter that reports on building usages could be added as part of the installation. She noted that the third meter is the only way to record the actual savings on a monthly basis. Mr. Shortsleeve proposed that the TED discussion be carried on offline.

Jen Rand left the meeting at 4:00 pm.

C. McLaughlin commented that the towns are most comfortable with CVEC contracting with the developer so there is no liability to the towns. Ms Arcate then asked how CVEC gains access to the roof space from the towns. Mr. McLaughlin responded that access is through the Power Development Agreement which acts as a lease. He continued to note that contracting through CVEC reduces the need for town meeting approvals. L. Argo noted that CVEC has at least three projects ready for installation of PV on their roofs without the need for town meeting. She added that the towns like the insulation of CVEC. It also allows quicker contracting as the towns are used to the CVEC Power Sales Agreements, Power Development Agreements and Energy Management Services Agreements. C. McLaughlin asked for delivery of some sample terms and conditions with which to assess the Power Options/Solect proposal. Ms Arcate responded that a non-disclosure agreement (NDA) would be required. The Committee answered that an NDA was not possible as CVEC is a public entity subject to the terms of the Open Meeting and Public records laws. Mr. Shortsleeve then commented that this aspect needs to be discussed by Power Options/ Solect offline. The team needs to think about CVEC being in the middle. Direct contracting would be preferable for Power Options/ Solect. Ms Arcate agreed, commenting that this issue is fundamental.

Mr. Shortsleeve and Ms Arcate left at 4:52 pm and the Committee took a recess.

The Committee reconvened at 4:57 pm.

4. DISCUSSION AND POSSIBLE VOTE ON SLOECT ENERGY PROPOSAL

The consensus of the Committee was that not enough is known about Power Options/ Solect for CVEC to endorse the team. The compensation to CVEC would not be worth it. Mr. Cakounes noted that the towns can contract independently with Power Options/ Solect if they wish. He also noted that there is no good reason to circumvent the RFP process which serves a good purpose. It was duly noted that CVEC will need to continue to seek out ways to bring forward desirable projects to its members. There was no vote taken.

5. DISCUSSION AND POSSIBLE VOTE ON EXTENSION OF NEXAMP COMMERCIAL OPERATIONS DEADLINE

The Committee discussed a letter received from Nexamp asking CVEC to extend the construction completion deadline of 275 days from January 15, 2016. The consensus was that the letter is too vague and does not point to a length for the extension. It also was noted that towns have budgeted based on the flow of net metering credits to start in October 2016. Third, the reach out to the towns for an adjustment will cost CVEC money. Ms Argo was instructed to craft a letter responding to Nexamp explaining these issues.

ADJOURNMENT

The Committee meeting adjourned at 5:23 pm.

Respectfully submitted,

Liz Argo
Manager, Programs & Administration

LIST OF DOCUMENTS & EXHIBITS:

- Meeting Notice/Agenda
- Letter from Nexamp dated 5/9/16



May 09, 2016
Cape and Vinyard Electric Cooperative (CVEC)
Board of Directors

Subject: Solar Net Metering with Nexamp

Dear Mr. McLaughlin and the CVEC Board of Directors,

On January 15, 2016, Nexamp and CVEC entered into a Net Metering Credit Purchase and Sale Agreement (the "Agreement"), providing six (6) Participating Recipients with 23.5% of Nexamp's 2.25 MW (AC) Facility located in Dartmouth, Massachusetts.

While Nexamp continues to make good progress on the construction of the facility (see below), our Lenders (as defined in the Agreement) are requiring an extension to the Outside Commercial Operation Date, pursuant to Section 10.3 of the Agreement, for the following reasons:

- 1) **Utility Delays:** Despite Nexamp's full payment of interconnection costs, Eversource has yet to provide Nexamp with a detailed Construction Schedule or commenced system upgrades, as of the date of this notice. Nexamp has filed a letter to the DPU, requesting a Review of Time Frame Compliance, as Eversource is required to provide a Construction Schedule with the Interconnection Service Agreement (filed in October of 2014 and amended in October 2015). These utility delays have directly impacted Nexamp's ability to ramp up construction activities and complete tax equity financing for the Facility.
- 2) **SREC-II Extension:** On April 8, 2016, the Department of Energy Resources (DOER) filed emergency regulations, extending SREC II eligibility to all projects greater than 25 kW constructed by January 8, 2017. While generally favorable for the industry (and this particular Facility), there is an expectation of a short-term shortage of electrical contractor labor in the Commonwealth, and corresponding protraction of many construction schedules, as developers across the state rush to commence construction to meet the extended deadline.

Progress: Despite the need for this extension, Nexamp closed on debt financing for the Facility, which has allowed it to commence civil and site work, including erosion controls, leveling, tree clearing, DC conduit trenching, and access road reinforcements. Please see the pictures attached hereto for reference.

In summary, Nexamp has made significant progress to date and will continue to ramp up construction activities in the months to come. CVEC's cooperation with our Lender's request to extend the Commercial Operation Date will allow Nexamp to complete remaining financing and construction of this Facility this calendar year.

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We look forward to continuing our partnership with CVEC.

Sincerely,

Zaid Ashai
Chief Executive Officer
Nexamp, Inc.

Dartmouth Construction Progress



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