

VEPGA
August 23, 2013
Approved Minutes

Virginia Energy Purchasing Governmental Association
(VEPGA)

County Manager's Conference Room
Henrico County Administration Building
4301 East Parham Road
August 23, 2013
9:30 A.M.

Minutes

Present were board members Steve Sinclair, Fairfax County; David Baker, Fredericksburg Schools; Mike Barancewicz, Loudoun County Schools; Bill Eger, City of Alexandria; Matt Groff, Prince William County; Lori Herrick, City of Virginia Beach; Wayne Lassiter, City of Richmond; Jim Morris, City of Virginia Beach Public Schools; Rick Raike, Hampton Roads Sanitation District; Tom Reinsel, Fairfax County Schools; Dave Simmons, Gloucester County Schools; Jerry Spivey, City of Norfolk; and Jerry Walker, Henrico County.

Also present were VEPGA member representatives Leo Blades, City of Hampton; Larry Burkett, City of Richmond; David Butler, Hanover County; Susan Hafeli, Fairfax County; Veronica Meade, City of Hampton; John Morrill, Arlington County; John Ohanian, Metropolitan Washington Airports Authority; Jerry Riddick, City of Norfolk; George Shadman, Albemarle County; Howard Stone, Fairfax County; and Aida Velasquez, Metropolitan Washington Airports Authority.

Also present were VEPGA counsel Louis Monacell and Cliona Robb with Christian & Barton and VEPGA Secretary/Treasurer Joe Lerch with the Virginia Municipal League.

I. Call to Order

Mr. Sinclair called the meeting to order at 9:35 a.m.

II. Approval of Minutes of Previous Meeting (2/8/13 & 5/9/13)

A motion to approve the minutes from February 8, 2013 meeting was made by Mr. Reinsel and seconded by Mr. Eger. The motion passed unanimously.

A motion to approve the minutes from May 9, 2013 meeting was made by Mr. Reinsel and seconded by Mr. Raike. The motion passed unanimously.

III. Additions to the Agenda

There were no additions to the agenda.

IV. Election of Officers

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Mr. Reinsel made a motion to elect Joe Lerch as Treasurer and Secretary for FY 14. Mr. Barancewicz seconded the motion and it passed unanimously.

Mr. Reinsel made a motion to elect Matt Groff as Vice Chair for FY 14. Mr. Raike seconded the motion and it passed unanimously.

Mr. Groff made a motion to elect Steve Sinclair as Chair for FY 14. Mr. Reinsel seconded the motion and it passed unanimously.

V. Committee Updates

A. Policies & Procedures Committee

The next meeting of the Policies and Procedures Committee will be October 25, 2013 at the VML Insurance offices. Notice and agenda for the meeting will be sent to the VEPGA board.

B. Energy Efficiency and Conservation

Ms. Hafeli reported on the July 9th meeting of the EECC. The first speaker was Nicole Steele, Program Manger of Policy and Research with the Alliance to Save Energy. She talked about national energy policy. The United States wastes more energy than it produces. A committee co-chaired by Senator Warner has recommended rebranding energy efficiency to energy productivity.

The second speaker was Brent Griffith, Senior Engineer of the Commercial Buildings Research Staff with the National Renewable Energy Laboratory (NREL). He gave a slide presentation on Energy Plus, a free open source fully available software.

The last speaker Tony Smith with Secure Futures spoke on his proposal for customer self generation agreements – also known as CSGAs - as an alternative to a purchase power agreement (PPA). Ms. Hafeli noted that Mr. Smith proposed that the VEPGA contract allowe for PPAs. When asked why if we have CSGAs do we need a PPA he had no answer.

As follow up to this discussion a survey of VEPGA members was done to gauge their interests in both PPAs and renewable energy certificates (REC) with the results to aid the board in negotiating these items relative to the VEPGA contract.

Mr. Lerch summarized the results of the survey referencing a handout showing the responses to questions on both PPAs and RECs. He noted that while only 25 out of the 168 members of VEPGA responded to the survey for a response rate of 15%, the members that did submit answers account for approximately 50% of the electricity purchased under the VEPGA contract.

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Ms Herrick explained that federal tax credits for solar installations are expiring July 1, 2014 as noted by Tony Smith and that this is driving the interest in getting solar installations in place sooner.

Mr. Reinsel said that in answering the survey he said yes to interest in installing solar panels but their size and the overall amount of electricity would not qualify for a PPA. Mr. Morris concurred.

Mr. Raike did not respond to survey as he was on vacation but the Hampton Roads Sanitation District will be producing 1 megawatt of electricity from a waste-to-energy project.

Ms Robb said the board may want to ask Dominion about CSGA as a possibility to include in the contract as well as PPAs.

Mr. Monacell said that if a VEPGA member does self-supply there is no violation of contract. A CSGA is a third party agreement, meaning that you are not buying the power but buying the solar services.

Ms. Herrick noted her concern that CSGAs favor one vendor – assuming that Secure Futures is the only vendor of such - whereas PPAs level the playing field.

Mr. Sinclair asked what the chances would be to allow for PPAs under the current contract. Ms Robb responded that Virginia Dominion Power may consider one for Virginia Beach but not a blanket one. Ms. Herrick added that Virginia Beach could not deliver project in time to come under the current contract. As it appeared no other VEPGA members are interested in pursuing a PPA under the current contract Mr. Sinclair said that it is not worth pursuing.

Mr. Barancewicz asked if Dominion is interested in a PPA for the Virginia Beach convention center. Ms. Herrick responded that Dominion is only interested in solar where there is a need based on serving the grid. In the case of Virginia Beach Dominion says it is not needed to serve the grid.

Mr. Morrill said that Dominion wants to know how solar installation effects three conditions: (1) congested areas; (2) uncongested areas; and (3) areas with smart meters Ms. Robb said she could call SCC staff and Cale Jaffe with SELC for more information regarding this. The board concurred.

Ms. Robb said the Virginia Department of Mines, Minerals and Energy (DMME) might be willing to help local governments finance solar installations. Mr. Sinclair said that this is more like an “opt in” and not a VEPGA core function. He added that this is similar to wind energy RECs for northern Virginia localities to comply with the SIP. In other words a subgroup of VEPGA with its own RFP.

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Mr. Monacell said that the City of Harrisonburg selected Secure Futures under an RFQ that allows other local governments to join on. The City of Harrisonburg has a wholesale contract to purchase electricity as a Municipal Electric Power Association (MEPAV) member.

Ms. Robb asked if the board wanted to renew the existing REC price. She noted that under the VEPGA contract there is no administrative cost to the REC as compared to ones offered jurisdictional customers. Ms Herrick asked if the REC counted towards LEED certification. The answer is yes. She then asked how this REC compares to what is offered in Pennsylvania. Mr. Morrill responded that it is still higher than national average but there is an administrative ease to it. Referring to the price of 2 cents per kWh, Mr. Eger said that Alexandria can get half that. Ms. Robb noted that the REC is optional and would not violate the VEPGA contract if you get it elsewhere.

A motion was made by Mr. Reinsel and seconded by Mr. Walker to agree to the REC rider of 2 cents per kWh effective from October 1, 2013 to September 30, 2014. Mr. Eger asked if VEPGA would want the rider to expire with the VEPGA contract on June 30, 2014. Ms. Robb responded that there was no advantage in doing so. The motion passed unanimously.

C. Joint Action Committee (JAC)

Mr. Riddick reported that the meeting minutes from the June 13th meeting are on the website and include the new standard billing format. The next meeting is September 13 at the Innsbrook office. There will be an option for video-conferencing from remote locations and Dominion will let us know if it will be available for the December meeting.

In regards to the new contract Mr. Riddick said that Dominion seems to be open to smaller groups - in place of JAC - and expect that they will propose so.

Mr. Barancewicz said that he is concerned that if key account support drops off, through retirements and consolidation, then he is hesitant to disband the JAC. Mr. Riddick noted that we have still not been given a list of key account managers by area.

Mr. Riddick also reported that Dominion brought up the issue of joint use poles - traffic lights with luminaires.

It was decided by the board to send attachment C (Q&A on Issues Arising under VEPGA Contract & the Concern Resolution Flow Chart) with a note to members that Jerry Riddick will review prior to sending. The communication will point out that you have to contact your key account manager first before bringing an issue to the JAC. Ms. Robb will talk to John Lord regarding modification of the flow chart. Additionally an update of key account managers list must be received from Dominion before sending.

VI. Legal Update

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A. Dispute Concerning Possible Credit based on Fuel Factor Audit Concerning AFUDC (closed meeting)

B. Status of Contract Negotiations with DVP (closed meeting)

Mr. Groff made a motion seconded by Mr. Raike to enter into a closed meeting under Code of Va. § 2.2-3711(A)(7) to consult with legal counsel employed or retained by a public body regarding specific legal matters requiring the provision of legal advice by such counsel. The motion passed unanimously.

Mr. Groff made another motion seconded by Mr. Raike to permit non board member VEPGA member representatives to attend, as their presence will reasonably aid the board in its consideration of the bargaining position and negotiating strategy as allowed under Code of Va. § 2.2-3712(F).

The board came out of executive session and took a roll call vote to certify that (i) only business matters lawfully exempted from open meeting requirements under these chapters and (ii) only such public business matters as were identified in the motion by which the closed meeting was convened were heard, discussed or considered in the meeting of the public body.

Roll Call

<i>Mr. Baker</i>	<i>Aye</i>
<i>Mr. Barancewicz</i>	<i>Aye</i>
<i>Mr. Eger</i>	<i>Aye</i>
<i>Mr. Groff</i>	<i>Aye</i>
<i>Ms. Herrick</i>	<i>Aye</i>
<i>Mr. Lassiter</i>	<i>Aye</i>
<i>Mr. Morris</i>	<i>Aye</i>
<i>Mr. Reinsel</i>	<i>Aye</i>
<i>Mr. Simmons</i>	<i>Aye</i>
<i>Mr. Sinclair</i>	<i>Aye</i>
<i>Mr. Spivey</i>	<i>Aye</i>
<i>Mr. Walker</i>	<i>Aye</i>

C. Update on Jurisdictional Fuel Factor

Referring to Attachment E (memo on comparison of VEPGA and SCC Fuel Factors) Mr. Monacell explained that VEPGA is off peak for total system demand which occurs during the summer months. VEPGA's peak occurs in September. Therefore VEPGA is cheaper to serve then jurisdictional customers.

Mr. Monacell said that Dominion reported that April projections were too high because of a mild summer. Based on best available knowledge we have now, it looks like we are not in line for a significant increase come April 1, 2014.

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D. Update on SCC activities

Mr. Monacell reported that the biennial review case is now affected by legislation passed in 2013 and that the deal that the Attorney General struck with Dominion will cost jurisdictional customers dearly. Commission likely has no power to lower rates because Dominion can write off certain costs such as storm damage, earthquake damage, and retiring coal plants. Only if it finds over-earning for four consecutive years can the SCC lower rates. SCC staff says Dominion is currently over-earning by \$300 million per year.

Mr. Monacell said that the Commission's order will come out no later than November 30th and will inform the VEPGA negotiations, and is likely to provide a good argument that base rates should go down.

Dominion is proposing no increase in rates, but an increase in ROI from 10.9 to 11.5 percent. SCC staff is proposing an ROI of 10.55 percent.

As part of biennial review case Dominion is also proposing underground rules for new distribution lines. Mr. Monacell said the proposed rules are lengthy and complicated.

Mr. Monacell reported on the Brunswick Plant case noting that its construction was opposed by independent power producers, the Attorney General's office, SCC staff and industrial customers. The SCC hearing examiner agreed with opponents that Dominion did not consider third party alternatives before deciding to self-build. All three hearing examiners agreed with Dominion that the construction was in the public interest. However they also said that because of the new statute in future cases the SCC will decide the opposite.

The board adjourned for lunch at 11:55 a.m.

The board reconvened at 12:37 p.m.

VII. Financial Statements

Referring to Attachment F Mr. Baker reported VEPGA is going into the fund balance because of negotiation years and that the fund balance will be \$272,000 at the end of FY 2014 if we pay the total budgeted amount.

VIII. Current Roster of VEPGA Members

Referring to attachment G Mr. Lerch reported that there are currently 168 members. This is down from approximately 175 members from several years ago. There was a brief discussion on how to encourage new members and get those that have let their membership lapse to rejoin.

IX. Freedom of Information Act – participating by phone for board meetings

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Referring to attachment I, Mr. Lerch explained how a change in state statute allows board members to participate in meetings at least once per year via phone. It was decided that the Policies and Procedures Committee – at its October 25th meeting - will make a recommendation on a policy for members to participate by phone for consideration at the November board meeting.

X. 2014 VCU Energy & Sustainability Conference

Mr. Walker, who serves on the planning committee, reported on the conference which will take place February 13-14 in Richmond at the convention center. Mr. Lerch, who serves on the government track agenda planning committee, reported that VEPGA has been requested to make a presentation on how the association saves local governments money. The board agreed to accept the invitation as well as participate with a booth in the exhibit hall. Ms. Robb will update the brochure and white papers in time for the conference.

XI. Virginia Energy Efficiency Council

Ms. Hafeli reported on attending the kick off meeting of the VAEEC. Referring to Attachment J, the board discussed the benefits for VEPGA to join the VAEEC as a government member for \$250 per year. Mr. Barancewicz made a motion seconded by Mr. Baker for VEPGA to join VAEEC. The motion passed unanimously.

XII. Adjournment

Prior to adjournment it was announced that the first board meeting in 2014 will be on January 31st at the same location and start time.

The meeting adjourned at 1:35 pm.

Respectfully submitted,



Joe Lerch
Secretary