

Date: July 30, 2015
To: THE TRUSTEES
From: THE PRESIDENT and CHIEF EXECUTIVE OFFICER
Subject: ReCharge New York Power Allocations

SUMMARY

The Trustees are requested to:

1. award allocations of Recharge New York (“RNY”) Power available for “retention” purposes to the businesses listed in Exhibit “A” in the amounts indicated on Exhibit “A”; and
2. award allocations of RNY Power available for “expansion” purposes to the businesses listed in Exhibit “B” in the amounts indicated on Exhibit “B.”

These actions have been recommended by the Economic Development Power Allocation Board (“EDPAB”) at its July 27, 2015 meeting.

BACKGROUND

On April 14, 2011, Governor Andrew M. Cuomo signed into law the RNY Power Program as part of Chapter 60 (Part CC) of the Laws of 2011 (“Chapter 60”). The program makes available 910 megawatts (“MW”) of “RNY Power,” 50% of which will be provided by the Authority’s hydropower resources and 50% of which will be procured by the Authority from other sources. RNY Power contracts can be for a term of up to seven years in exchange for job and capital investment commitments.

RNY Power is available to businesses and not-for-profit corporations for job retention and business expansion and attraction purposes. Specifically, Chapter 60 provides that at least 350 MW of RNY Power shall be dedicated to facilities in the service territories served by the New York State Electric and Gas, National Grid and Rochester Gas and Electric utility companies; at least 200 MW of RNY Power shall be dedicated to the purpose of attracting new businesses and encouraging expansion of existing businesses statewide; and up to 100 MW shall be dedicated for eligible not-for-profit corporations and eligible small businesses statewide.

Under the statute, “eligible applicant” is defined to mean an eligible business, eligible small business, or eligible not-for-profit corporation, however, an eligible applicant shall not include retail businesses as defined by EDPAB, including, without limitation, sports venues, gaming or entertainment-related establishments or places of overnight accommodations. At its meeting on April 24, 2012, EDPAB defined a retail business as a business that is primarily used in making retail sales of goods or services to customers who personally visit such facilities to obtain goods or services, consistent with the rules previously promulgated by EDPAB for implementation of the Authority’s Economic Development Power program.

Prior to entering into a contract with an eligible applicant for the sale of RNY Power, and prior to the provision of electric service relating to a RNY Power allocation, the Authority must offer each eligible applicant that has received an award of RNY Power the option to decline to purchase the RNY Market Power component of such award. If the applicant declines to purchase the RNY Market Power component from the Authority, the Authority has no responsibility for supplying RNY Market Power component of the award.

RNY, as the new economic development power program unrelated to the previous Power for Jobs ("PFJ") and Energy Cost Savings Benefit ("ECSB") programs, required customers participating in such programs on its sunset date on June 30, 2012, to apply for RNY in order to be considered for a RNY Power allocation. All RNY applications are considered solely on their merits under the criteria established by the RNY legislation.

PFJ and ECSB customers who submitted applications prior to June 30, 2012 and who did not receive a RNY Power allocation were considered for the transitional electricity discount ("TED"). Pursuant to section 188-a of the economic development law, the Authority is authorized, as deemed feasible and advisable by the Trustees, to provide such TED as recommended by EDPAB. The amount of the TED for the period of July 1, 2012 through June 30, 2014 shall be equivalent to 66% of the unit (per kilowatt-hour) value of the savings received by the applicant under the PFJ or ECSB during the 12 months ending on December 31, 2010. The amount of the TED for the period July 1, 2014 through June 30, 2016 shall be equivalent to 33% of the unit (per kilowatt-hour) value of the savings received by the applicant under the PFJ or ECSB during the 12 months ending on December 31, 2010.

As part of Governor Andrew M. Cuomo's initiative to foster business activity and streamline economic development, applications for all statewide economic development programs, including the RNY Power Program, have been incorporated into a single on-line Consolidated Funding Application ("CFA") marking a fundamental shift in how State economic development resources are marketed and allocated. Beginning in September 2011, the CFA was available to applicants. The CFA continues to serve as an efficient and effective tool to streamline and expedite the State's efforts to generate sustainable economic growth and employment opportunities. All applications that are considered for an RNY Power allocation are submitted through the CFA process.

Applications for RNY Power are subject to a competitive evaluation process and are evaluated based on the following criteria set forth in the statutes providing for the RNY Power Program (the "RNY Statutes"):

- "(i) the significance of the cost of electricity to the applicant's overall cost of doing business, and the impact that a recharge New York power allocation will have on the applicant's operating costs;
- (ii) the extent to which a recharge New York power allocation will result in new capital investment in the state by the applicant;
- (iii) the extent to which a recharge New York power allocation is consistent with any regional economic development council strategies and priorities;
- (iv) the type and cost of buildings, equipment and facilities to be constructed, enlarged or installed if the applicant were to receive an allocation;
- (v) the applicant's payroll, salaries, benefits and number of jobs at the facility for which a recharge New York power allocation is requested;

(vi) the number of jobs that will be created or retained within the state in relation to the requested recharge New York power allocation, and the extent to which the applicant will agree to commit to creating or retaining such jobs as a condition to receiving a recharge New York power allocation;

(vii) whether the applicant, due to the cost of electricity, is at risk of closing or curtailing facilities or operations in the state, relocating facilities or operations out of the state, or losing a significant number of jobs in the state, in the absence of a recharge New York power allocation;

(viii) the significance of the applicant's facility that would receive the recharge New York power allocation to the economy of the area in which such facility is located;

(ix) the extent to which the applicant has invested in energy efficiency measures, will agree to participate in or perform energy audits of its facilities, will agree to participate in energy efficiency programs of the authority, or will commit to implement or otherwise make tangible investments in energy efficiency measures as a condition to receiving a recharge New York power allocation;

(x) whether the applicant receives a hydroelectric power allocation or benefits supported by the sale of hydroelectric power under another program administered in whole or in part by the authority;

(xi) the extent to which a recharge New York power allocation will result in an advantage for an applicant in relation to the applicant's competitors within the state; and

(xii) in addition to the foregoing criteria, in the case of a not-for-profit corporation, whether the applicant provides critical services or substantial benefits to the local community in which the facility for which the allocation is requested is located.”

Based on the evaluation of these criteria, the applications were scored and ranked. Evaluations also considered scores provided by the relevant Regional Economic Development Council under the third and eighth criteria.

In arriving at recommendations for RNY Power for EDPAB's consideration, staff, among other things, attempted to maximize the economic benefits of low cost NYPA hydropower, the critical state asset at the core of the RNY Power Program, while attempting to ensure that each recipient receives a meaningful RNY Power allocation.

Business applicants with relatively high scores were recommended for allocations of retention RNY Power of 50% of the requested amount or average historic demand, whichever was lower. These allocations were capped at 10 MW for any recommended allocation. Not-for-profit corporation applicants that scored relatively high were recommended for allocations of 33% of the requested amount or average historic demand, whichever was lower. These allocations were capped at 5 MW. Applicants currently receiving hydropower allocations under other Authority power programs were recommended for allocations of RNY Power of 25% of the requested amount, subject to the caps as stated above.

RNY Power allocations have been awarded by the Trustees on eleven prior occasions spanning from April 2012 through March 2015. Of the 200 MW block of RNY Power made available pursuant to Chapter 60 for business “expansion” purposes, 105.1 MW remain unallocated. Of the 100 MW of RNY Power that was set aside for not-for-profit corporations and small businesses pursuant to Chapter 60, 0.7 MW remain unallocated. Of the remaining RNY Power made available pursuant to Chapter 60, 36.6 MW remain unallocated.

These figures reflect Trustee actions on RNY Power applications taken prior to any actions the Trustees take today.

DISCUSSION

1. Retention-Based RNY Power Allocations – Action Item

The Trustees are asked to address applications submitted via the CFA process for RNY Power retention-based allocations. Consistent with the evaluation process as described above, EDPAB recommended at its July 27, 2015 meeting that RNY Power retention allocations be awarded to the businesses listed in Exhibit “A.” Each business has committed to create or retain jobs in New York State and to make capital investments in exchange for the recommended RNY Power allocations.

The RNY Power “retention” allocations identified in Exhibit “A” are each recommended for a term of seven years unless otherwise indicated. An allocation recommended by EDPAB qualifies the subject applicant to enter into a contract with the Authority for the purchase of the RNY Power. The Authority’s standard RNY Power contract template, approved by the Trustees at their March 27, 2012 meeting, contains provisions addressing such things as effective periodic audits of the recipient of an allocation for the purpose of determining contract and program compliance, and for the partial or complete withdrawal of an allocation if the recipient fails to maintain mutually agreed upon commitments, relating to among other things, employment levels, power utilization, and capital investments. In addition, there is a requirement that a recipient of an allocation perform an energy efficiency audit at its facility not less than once during the first five years of the term of the allocation.

As noted in Exhibit “A,” some of these applicants are also being recommended for an expansion-based allocation, having satisfied the criteria for both components of the RNY Power Program.

2. Expansion-Based RNY Power Allocations – Action Item

The Trustees are also asked to address applications submitted for RNY Power expansion-based allocations via the CFA process which request allocations from the 200 MW block of RNY Power dedicated by statute for “for-profit” businesses that propose to expand existing businesses or create new business in the State. These applications sought a RNY Power allocation for either (i) expansion only, in the case of a new business or facility, or (ii) expansion *and* retention, in the case of an existing business. EDPAB recommended at its July 27, 2015 meeting that RNY Power expansion-based allocations be made to the businesses listed in Exhibit “B.” Each such allocation would be for a term of seven years unless otherwise indicated.

As with the evaluation process used for the retention recommendations described above, applications for the expansion-based RNY Power were scored based on the statutory criteria, albeit with a focus on information regarding each applicants’ specific project to expand or create their new facility or business (e.g., the expansion project’s cost, associated job creation, and new electric load due to the expansion).

The respective amounts of the expansion-related allocations listed in Exhibit “B” are largely intended to provide approximately 70% of the individual expansion projects’ estimated new electric load. Because these projects have estimated new electric load amounts, and to ensure that an applicant’s overestimation of the amount needed would not cause that applicant

to receive a higher proportion of RNY Power to new load, the allocations in Exhibit “B” are recommended based on an “up to” amount basis. Each of these applicants would be required to, among other commitments, add the new electric load as stated in its application, and would be allowed to use up to the amount of their RNY Power allocation in the same proportion of the RNY Power allocation to requested load as stated in Exhibit “B.” The contracts for these allocations would also contain the standard provisions previously summarized in the last paragraph of Section 1 above.

3. Ineligibility Determination – Informational Item

In the process of reviewing the current round of applications for RNY Power, EDPAB determined that the applicant listed on Exhibit “C” seeks RNY Power for a project that is ineligible to receive RNY Power for the reasons explained in Exhibit “C.” No action by the Trustees is required on this application.

4. Applications Not Considered or Not Recommended – Informational Item

As indicated on Exhibit “D,” EDPAB determined as of the date of its meeting not to consider the ten pending applications for RNY Power allocations. The applications were not considered for one or more of the following reasons: (i) the application was withdrawn; (ii) the applicant does not have a demand meter; (iii) the applicant was not responsive to outreach, leaving the application currently incomplete; and/or (iv) the applicant submitted an application for a project that is premature.

RECOMMENDATION

The Manager, Business Power Allocations and Compliance recommends that the Trustees: (1) award the allocations of Recharge New York (“RNY”) Power for retention purposes to the businesses listed in Exhibit “A” as indicated therein; and (2) award the allocations of RNY Power for expansion purposes to the businesses listed in Exhibit “B” as indicated therein.

For the reasons stated, I recommend the approval of the above-requested action by adoption of the resolution below.

Gil C. Quiniones
President and Chief Executive Officer

RESOLUTION

WHEREAS, the Economic Development Power Allocation Board (“EDPAB”) has recommended that the Authority award Recharge New York (“RNY”) Power allocations for retention purposes to the applicants listed in Exhibit “A” in the amounts indicated; and

WHEREAS, EDPAB has recommended that the Authority award RNY Power allocations for expansion purposes to the applicants listed in Exhibit “B” in the amounts indicated; and

NOW THEREFORE BE IT RESOLVED, That upon considering the foregoing and the attached memorandum of the President and Chief Executive Officer and the accompanying exhibits, the Authority hereby awards allocations of RNY Power for retention purposes to the applicants listed on Exhibit “A” in the amounts indicated; and be it further

RESOLVED, That upon considering the foregoing and the attached memorandum of the President and Chief Executive Officer and the accompanying exhibits, the Authority hereby awards the allocations of RNY Power for expansion purposes to the applicants listed on Exhibit “B” in the amounts indicated; and be it further

RESOLVED, That the Chairman, the President and Chief Executive Officer, the Chief Operating Officer and all other officers of the Authority are, and each of them hereby is, authorized on behalf of the Authority to do any and all things, take any and all actions and execute and deliver any and all agreements, certificates and other documents to effectuate the foregoing resolution, subject to the approval of the form thereof by the Executive Vice President and General Counsel.

Line	Company	City	County	Economic Development Region	IOU	Description	kW Request	kW Recommendation	Jobs Retained	Jobs Created	Total Job Commitment	Capital Investment (\$)	Contract Term (years)
1	Bausch & Lomb Incorporated	Rochester	Monroe	Finger Lakes	RGE	Manufacturer of contact lenses	5,719	2,856	820	0	820	\$24,000,000	⁽¹⁾ 7
2	Thomas Electronics, Inc.	Clyde	Wayne	Finger Lakes	NYSEG	Manufacturer of electronic displays	597	296	130	0	130	\$1,500,000	7
3	Upstate Door, Inc.	Warsaw	Wyoming	Finger Lakes	RGE	Manufacturer of custom-made doors	375	176	55	0	55	\$950,000	7
Finger Lakes Region Sub-totals:							6,691	3,328	1,005	0	1,005	\$26,450,000	
4	Crystorama, Inc.	Westbury	Nassau	Long Island	LIPA	Manufacturer of lighting fixtures	27	10	43	0	43	\$250,000	7
5	Precipart Group, Inc.	Farmingdale	Suffolk	Long Island	LIPA	Manufacturer of industrial machinery	465	230	204	0	204	\$1,202,500	⁽¹⁾ 7
6	Summit Plastics, Inc.	Bay Shore	Suffolk	Long Island	LIPA	Manufacturer of advertising displays	698	346	225	0	225	\$300,000	⁽¹⁾ 7
Long Island Region Sub-totals:							1,190	586	472	0	472	\$1,752,500	
7	Square One Coating Systems LLC	Oriskany	Oneida	Mohawk Valley	NGRID	Metal finishing, coating, & plating	98	46	5	0	5	\$250,000	7
Mohawk Valley Region Sub-totals:							98	46	5	0	5	\$250,000	
8	Weitsman Shredding, LLC	Owego	Tioga	Southern Tier	NYSEG	Shredding, metal recycling, and processing	6,399	3,196	79	0	79	\$1,600,000	7
Southern Tier Region Sub-totals:							6,399	3,196	79	0	79	\$1,600,000	
9	Surmet Ceramics Corporation	Buffalo	Erie	Western New York	NGRID	Ceramics processing facility	606	300	19	0	19	\$100,000	7
Western New York Region Sub-totals:							606	300	19	0	19	\$100,000	

Totals

7,456	1,580	0	1,580	\$30,152,500
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⁽¹⁾ These companies are also recommended for expansion-related allocations of RNY for separate and distinct job creation and capital investment commitments associated with proposed business expansions.

Line	Company	City	County	Economic Development Region	IOU	Description	kW Request	kW Recommendation (1)	Base Employment (3)	Job Creation Commitment	Project Capital Investment (\$)		Contract Term (years)
1	Bausch & Lomb Incorporated	Rochester	Monroe	Finger Lakes	RGE	Manufacturer of contact lenses	660	460	820	112	\$218,068,000	(2)	7
2	Creative Food Ingredients, Inc.	Perry	Wyoming	Finger Lakes	NYSEG	Commercial bakery	20	10	130	4	\$2,000,000		7
Finger Lakes Region Sub-totals:								470	950	116	\$220,068,000		
3	Citation Business Forms, Inc.	Hauppauge	Suffolk	Long Island	LIPA	Manufacturer of clinical supply labels	200	140	57	10	\$1,000,000	(4)	7
4	Precipart Group, Inc.	Farmingdale	Suffolk	Long Island	LIPA	Manufacturer of industrial machinery	53	36	204	4	\$150,000	(2)	7
5	Ropack Inc.	Commack	Suffolk	Long Island	LIPA	Turnkey contract packaging machinery	600	420	0	84	\$21,700,000		7
6	Ropack Inc.	Hauppauge	Suffolk	Long Island	LIPA	Turnkey contract packaging machinery	420	290	0	46	\$20,300,000		7
7	RUI Management Services, Inc.	Melville	Suffolk	Long Island	LIPA	Financial services operations - HR, IT, & Admin	300	210	0	200	\$803,000		7
8	Summit Plastics, Inc.	Bay Shore	Suffolk	Long Island	LIPA	Manufacturer of advertising displays	209	146	225	25	\$1,400,000	(2)	7
Long Island Region Sub-totals:								1,242	486	369	\$45,353,000		
9	Amazon Corporate LLC	New York	New York	New York City	CONED	Financial, IT, & Admin business support	1,745	1,220	0	300	\$46,500,000		7
New York City Region Sub-totals:								1,220	0	300	\$46,500,000		

Totals

2,932	57	785	\$311,921,000
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- (1) All expansion-based RNY Power allocations are recommended to be "up to" the amount indicated pending the applicant's compliance with contractual commitments, including commitments relating to job creation, capital investment spending and power utilization.
- (2) These companies are also being recommended for retention-based RNY Power allocations associated with separate and distinct contractual commitments relating to such matters as job retention, capital investment spending and power utilization associated with an existing business.
- (3) The number of new jobs committed will be above a base employment level specified in the power sale contract with the applicant.
- (4) The base employment refers to this applicant's current employment level, which is not associated with an existing power allocation.

**New York Power Authority
ReCharge New York Power Program
Ineligible Applicants and/or Projects**

**Exhibit "C"
July 30, 2015**

Line	Company	City	County	Economic Development Region	IOU	Description	Reason
1	Odyssey Cleaning Corporation	Brooklyn	Kings	New York City	CONED	Provides cleaning crews for hire	Retail cleaning business

**New York Power Authority
 ReCharge New York Power Program
 Applications Not Considered or Not Recommended**

**Exhibit "D"
 July 30, 2015**

Line	Company	City	County	Economic Development Region	IOU	Description	Reason
1	Big Red Partners LLC	Geddes	Onondaga	Central New York	NGRID	Fish farming facility	Expansion project premature
2	Captured Filmz Inc.	TBD	New York	New York City	CONED	Computer, film, and camera learning center	Withdrawn
3	Collectis, Inc.	New York	New York	New York City	CONED	Cancer drug research and development	No demand meter
4	Heritage Restoration Properties, LLC	Middletown	Orange	Mid-Hudson	O&R	Commercial brewery	Not responsive
5	MedSave, USA, Inc.	Hauppauge	Suffolk	Long Island	LIPA	Medical claims processing services	Withdrawn
6	New York Greenhouse Project	Batavia	Genesee	Finger Lakes	TBD	Greenhouse for tomato production	Withdrawn
7	Ropack Inc.	Commack & Hauppauge	Suffolk	Long Island	LIPA	Turnkey contract packaging machinery	Withdrawn
8	Summerwind LLC	Skaneateles	Onondaga	Central New York	NGRID	Manufacturer of electric and solar trucks	Withdrawn
9	The FarmHouse Brewery, LLC	Newark Valley	Tioga	Southern Tier	NYSEG	Malting and brewing operation	Not responsive
10	Vino Verona LLC	Oneida	Oneida	Mohawk Valley	NGRID	Vineyard and winery	No demand meter