

Encl. 10, 10
Dec. 16, 2010

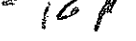
Board proposal to enter into an energy curtailment contract with Energy Curtailment Specialists, Inc (ECS).

This proposal will enter the district into an electrical curtailment program to reduce our electrical usage by 300 KW twice a year during a 1 hour test. These tests are held in the winter and summer periods and the district is given a 24 hour notice prior to the tests. In return the district will be paid approximately \$7,000. a year (this will vary some based on market prices).

We have participated in a program like this in the past but the payments were not as good and the program has not performed due to meter issues. The issue with the meters is addressed by ECS and they will maintain them at no cost to the district.

My department has worked with the curtailment program in the past and has managed to reduce consumption for short periods with minimal impact on daily life. We do this by reducing pumps, air handlers and lighting for the hour.

Attached you will find a copy of the contract, a revenue and benefits projections plus an e-mail with explanations and local participating districts.

Thomas Pollard 
Director of Facility Services

(over)

Company: Horseheads CSD Utility: _____
 Utility Acct(s) #: _____
 Address: 1 Raider Ln City: Horseheads Zip: 14845
 Contact Person: _____ Tel: 607-739-5601
 E-mail: _____ Fax: 607-795-2415

We want to participate in Energy Curtailment Specialists' (ECS) "PowerPay! New York" Program. By signing this Membership Form, we understand the following:

1. We are eligible to receive three (3) separate types of payments by participating:
 - (a.) **Capacity Payment:** We will receive a capacity payment for our standing by to reduce power, even if an event is not called. Our capacity payment will be 75% of payments received from NYISO.
 - (b.) **Bonus Energy Payment:** We will additionally be paid 100% (minimum \$.50/kWh) of the associated energy payments received for our reduction, with ECS taking 0%.
 - (c.) **Bonus Reserves Payment:** If ECS notifies us 4-hours prior to the event that they are in need of additional reduction for an emergency event or test and we confirm our ability to provide more load, we will be compensated at \$3,000 per MW per Program Period for the reduction delivered in excess of our committed reduction.

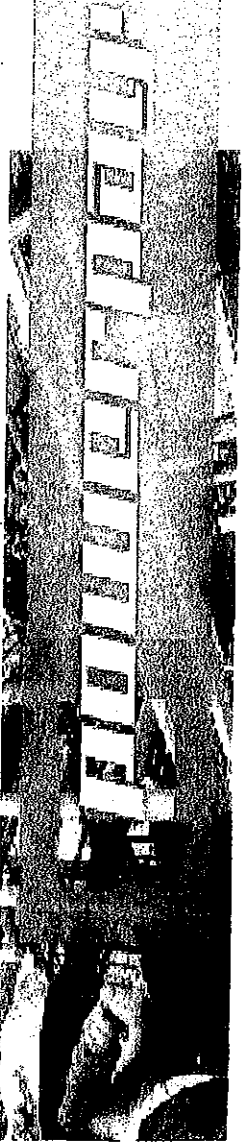
Payments are twice a year, once after each period. If we terminate our participation early, we forfeit any payments that are then outstanding and in subsequent periods and any early payments that were made will be reimbursed to ECS.

2. We will not be subject to out-of-pocket financial penalties by participating in this program, even if we fail to reduce electricity when called upon. If we do not successfully perform, our future participation rating may be affected.
3. ECS will install an interval meter, as necessary, at no cost to measure our performance.
4. ECS will maintain no control over when and how we reduce electricity when called upon. Upon our request, ECS will help us identify what we can potentially reduce at our facility.
5. ECS will give us a day-ahead notice of any request for reduction, by ~ 3:00 pm the day prior to the actual event or test.
6. (a.) We agree to participate for the next 8 periods, including the period in which we begin enrollment. The summer period is May 1st - Oct. 31st and the winter period is Nov. 1st - Apr. 30th; (b.) To ensure continuity of participation, we will automatically be renewed for a period of 12 months annually with the same terms, unless we notify ECS in writing 60 days before the end of the period; (c.) We agree not to disclose ECS program information to any third party; (d.) Our participation and payments are subject to the kW actually performed and declared kW values for which we are certified at NYISO, accounting for our performance/resource factor, as well as the clearing of our capacity in NYISO's auctions; (e.) We agree that we will not enroll in any other demand response program during the term of this agreement; (f.) We have the option to opt out of this program at any point as long as we notify ECS in writing 60 days prior; (g.) ECS may increase or decrease declared reduction as conditions require; (h.) We authorize ECS to request our historical electric account information from our utility and request a billing interval meter at ECS' cost as necessary; and (i.) We authorize ECS to enroll us in NYISO's various Demand Response Programs.

Signature: _____ Title: _____ Date: _____

Signed by ECS: _____ Date: _____

To be completed by ECS Copy of this Application (with estimated curtailment) sent to Participant: _____ Date _____
 Estimated Curtailment (kW): Summer Min: _____ Summer Max: _____ Winter Min: _____ Winter Max: _____
 Fax toll free to 877.711.0506



POWERPAY! REVENUE & BENEFITS PROJECTION

kW Reduction	Rate (\$/KW)	Capacity Payment	~ Energy Payment	~ Energy Savings	Value of DR Audit	Value of Interval Metering	Bonus Reserves (\$/MW)	Bonus Reserves	~ Annual Payments & Benefits
300	\$19.35	\$5,805	\$1,200	\$1,200	\$2,500	\$5,000	\$3,000	\$900	\$16,605
500	\$19.35	\$9,675	\$2,000	\$2,000	\$2,500	\$5,000	\$3,000	\$1,500	\$22,675
750	\$19.35	\$14,513	\$3,000	\$3,000	\$2,500	\$5,000	\$3,000	\$2,250	\$30,263

Notes pertaining to your PowerPay! revenue projection:

- 1). "Rate" is the amount per MW you are paid for what is termed Capacity. 1 MW = 1,000 kW.
- 2). "Energy Payments" are paid by the market, based upon how much reduced and for how long. This is additional to the Capacity above. You get 100% of everything that is received from the market, with ECS getting 0%.
- 3). "Energy Savings" represents the estimated amount you would save by not using your electricity during a reduction.
- 4). "Value of DR Audit" refers to the estimated \$ that a demand response audit would cost. In some cases ECS engineers actually walk your facility. In others, we will work with you to create reduction action plan. Either way, it is FREE to you!
- 5). "Value of Interval Metering" refers to the value of the metering system that may have to be installed at your facility meter data services. This metering (and related services) is FREE to You!
- 6). You will never pay a dime for participating in PowerPay!

(over)

Tom Pollard

From: Thomas Johnson [thomasj@ecsgrid.com]
Sent: Monday, November 29, 2010 1:18 PM
To: Tom Pollard
Subject: Follow up information
Attachments: Horseheads CSD_Rev Pro_11-29-10.pdf; Horseheads CSD_Enrollment Form.pdf

Tom,

I attached a new revenue projection for your review. I highlighted the 300kW column and the categories where an actual cash payment exists.

Regarding the 2 types of payments you'll receive. The capacity payment is constant and paid out twice a year. ECS will certify your reduction with NYISO and offer it up for auction. Our offer states that you will receive 75% of payments received from NYISO. Beyond that there is also the energy payment which is a bonus payment paid out for participating in actual emergency events for which you receive 100% of.

~ **Energy Savings** – This refers to a estimated amount of supply cost savings realized when you participate and reduce your consumption a few hours a year.

Value of DR Audit - This refers to an evaluation by an engineer experienced in load shedding programs who can help you identify load that can be reduced. They can also help you find NYSERDA money. This can be done either in person or over the phone and is completely optional.

Value of Interval Metering – If necessary ECS will install an Interval Meter to track your electrical demands, this is at no cost to you. You can view an online demo of this software here;

<http://demo.ecsgrid.com> Login: ecsdemo Password: portal2010

Bonus Reserves – If ECS notifies us 4-hours prior to the event that they are in need of additional reduction for an emergency event or test and we confirm our ability to provide more load, we will be compensated at \$3,000 per MW per Program

Period for the reduction delivered in excess of our committed reduction.

There are over 120 districts in New York participating. Nearby Hammondsport, Tompkins-Seneca-Tioga BOCES, Canisteo-Greenwood, Jasper-Troupsburg, Campbell-Savona, Newfield, Bradford, Odessa-Montour, Bath, Trumansburg, Avoca, Watkins Glen, Andover, and many more.

Let me know if you need anything else. Besides the rev pro I have also attached an enrollment form which is all we need to move forward. When you're ready fill that out and either fax or email it back. Please feel free to reach out to me anytime, if you can't reach me at the office you can call my cell phone 716-803-7487.

Thanks,
Tom

Thomas Johnson
Energy Curtailment Specialists, Inc
☎: (877) 711-5453 Ext. 336
☎: (877) 711-0506
✉: thomasj@ecsgrid.com
☐: 4455 Genesee Street Building 6 | Buffalo, NY | 14225
@: www.POWERPAYPROGRAM.com

ECS has been a **BBB Accredited** business since 11/18/2004.
We are proud to have an A+ rating. (Click Logo to view)



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11/29/2010