Council of Industry
Newsletter

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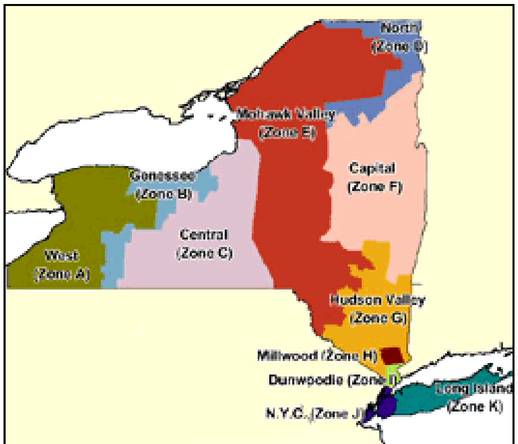
Lower Hudson Capacity Zone Takes Effect Causing Big Rise In Electricity Costs

On May 1st the Lower Hudson capacity zone officially took effect. The result has been an increase in electric costs across the board – in many cases as much as 10%.



New York (NYISO) Electric Regions from www.ferc.gov

The capacity zone is a special-pricing plan Created by the Federal Energy Regulatory Commission (FERC). It was originally proposed by the New York Independent System Operator (NYISO) the stated purpose of which is to enable power-generating companies to charge more to distributors like Central Hudson and NYSEG during peak usage periods thus encouraging the development of more power plants and infrastructure (read capacity) in the region.

The New York State Public Service Commission (PSC), which regulates utilities in the state, and Central Hudson Gas & Electric Corp., filed suit against the federal commission earlier this month looking to delay, modify or cancel the zone altogether. Elected officials throughout the region including Congressmen Gibson and Maloney and County Executives Hein, Molinaro and Neuhaus, have called on FERC to reconsider the new zone. At the very least to phase it in over 3 or 4 years. Those calls have so far gone unheeded by the commission.

Central Hudson and other critics of the zone have said there are no guarantees the zones will spur generator development in the area and even if successful will cause a short-term burden of as much as $280 million in new costs over the next year alone. The company and others say a better solution is investing in transmitter technology that would help better distribute surplus energy from upstate down to higher-demand regions in New York City and the downstate region.

Central Hudson requested that FERC cancel, postpone or phase in the new capacity zone to allow time for the transmissions solutions to take place. "Our customers will be paying up to $89 million more per year on their electric bills, an increase of nearly 6 percent for residents and up to 10 percent more for our largest industrial customers. These higher charges do not provide customer benefits and will be instead passed on to existing generators. We believe development of any new generation in addition to projects already in process will lag considerably, if at all," said James P. Laurito, President of Central Hudson.

The new capacity zone is the fourth in the state, according to the PSC. The new zone affects ratepayers that are customers of Central Hudson, Con Edison in Westchester, Goshen-based NYSEG Corp. and Orange and Rockland.

The PSC anticipates higher-than-normal prices for consumers this summer regardless of the burden of the new capacity zone, with the futures market for electricity showing a 20 percent hike over last year's June through September costs, the commission said.

The U.S. Court of Appeals for the Second Circuit has responded to the suits by setting a schedule for the FERC to reply later this month. The court will then hear motions and petitions June 3 at the Thurgood Marshall U.S. Courthouse in Manhattan.

Inside this Issue

Training and Education

Strategic Leadership Issues in Manufacturing

When: Fridays, 6/13, 6/20, 6/27, 7/11, 7/18

Where: The Beacon Institute, Beacon, NY

Instructor: Professors from Clarkson University

Cost: Entire series $3,250 for members, $3,950 for non-members, or for individual classes $950 per class members, $1150 per class non-members

To Register: Online http://www.councilofindustry.org/training/course-list/ or call (845) 565-1355
Or email Training@councilofindustry.org

The Council of Industry and Clarkson University have teamed up to offer Strategic Leadership Issues in Manufacturing: Five full day sessions to prepare Hudson Valley executives to lead in the global marketplace. This series of courses is intended for senior level people in small and medium sized manufacturers. Participants should have several years' leadership experience in manufacturing and/or have some business education. This series is also a great opportunity to help "build your bench" by preparing people to step into key leadership roles.

Some titles of potential attendees include: CEO, CFO, Controller, and Vice President or Director of activities such as Operations, Human Resources, Manufacturing, Engineering, Procurement, Quality, and others.

Classes in the series are:

June 13 Leading Organizational Change

June 20 Financial Management/Engineering Economics

June 27 Industrial Organization in the Supply Chain

July 11 Commercializing Innovation

July 18 Organizational Strategy and International Competitiveness

For more information or to register go to http://www.councilofindustry.org/training/course-list/ and select Strategic Management courses or contact Alison Butler at training@councilofindustry.org or call (845) 565-1355.

Get LEAN this Summer!! Register at www.councilofindustry.org today

Lean Overview with Simulation & *LEAN Six Sigma Yellowbelt Training*

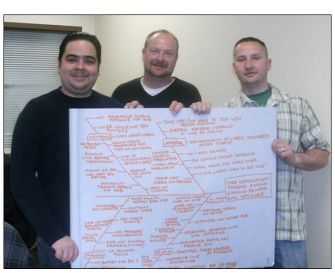
Date: June 20, 2014

Time: 9:00 am - 4:30 pm

Location: Rockland Community College, Suffern, NY

Cost: $125 per person or $100 each for groups of 2 or more from the same company

Participants will compare fundamental principles of Lean and Six Sigma and learn how to integrate these two powerful continuous improvement methodologies. Participant will understand the lean six sigma improvement structure and on an overview basis, the lean six sigma tools. Participants will perform structured exercises to demonstrate how Lean Six Sigma techniques can impact key performance metrics in their business. This will include a project simulation.



Dates: July 14, 15, 16, 2014

Time: 9:00 am - 4:30 pm

Location: Rockland Community College, Suffern, NY

Cost: $380 per person - *Groups with a minimum of 3 people from a company are required for this training(single participants should contact the Council to see if arrangements can be made to add them to a group.)*

This is an approach to process improvement that merges the complementary concepts and tools from both Six Sigma and Lean approaches. The resulting approach will have greater impact than one that centers on only Six Sigma or Lean. Participants will learn a short history of each approach and how they can complement each other. They will be introduced to the Define, Measure, Analyze, Improve, Control improvement process and some of the tools associated with each stage. The following topics will be focused during the training: Resistance to Change, 5-S Visual Controls, Team Building, Problem Solving Process and Statistical Thinking. During this interactive Yellow Belt training, each group of participants will identify opportunities within their respective work areas and ways to improve those areas utilizing taught problem solving tools. The teams will present their identified work area opportunity and suggested solutions.

Network & Council News

Join Us for The Council of Industry Golf Outing on August 18th at the Powelton Club

When: Monday, August 18th, 11:30 lunch and 12:30 shotgun start

Where: The Powelton Club, Newburgh, NY

Cost: None for members

Registration: online at: http://www.councilofindustry.org/event-seminar/the-council-of-industry-golf-outing/

Or e-mail Alison Butler at abutler@councilofindustry.org or call (845) 565-1355.

The Council of Industry will hold its Annual Golf Outing on Monday, August 18th at the Powelton Club in Newburgh. The Powelton is a beautiful course conveniently located just off of Route 9W in Newburgh, NY. Last year's event drew over 80 golfers from manufacturing firms throughout the Hudson Valley. This is always a fun time and prizes will be given for best ball, closest to the pin, longest drive and yellow ball.

Registration and lunch will begin at 11:30 followed by a shotgun start at 12:30. Cocktails and a light dinner will follow at approximately 5:00 p.m.

The $165 fee ($600 per foursome) includes: lunch, golf, cart, cocktails, hors d'oeuvres, dinner, prizes and giveaways. Proper golf attire required - soft spikes only.

Sponsorships are available. Sponsors help make this event possible and one of the most enjoyable of the golfing season. There are a variety of levels of support to fit your company budget. Please support the Council of Industry and Hudson Valley manufacturing by becoming a sponsor. Sponsorship includes: prominent mention in two CI newsletter stories, be publicly thanked at event, hang your banner at the event (cocktail and luncheon sponsors only), tee signs (for all major sponsors).

Sponsorship Options:

Lunch sponsor - $2,500.00 (includes a foursome)

Cocktails sponsor - $2,500.00 (includes a foursome)

Hole-in-one sponsor - $1,250.00

Prize sponsor - $400.00

Tee Sign sponsor - $250.00

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More Council News

"If manufacturing is going to succeed in the Hudson Valley we will need to attract the best ant the brightest young people into the sector," Phipps said. "All of us in this room need to get that message out to young people and to educators."

2014 Manufacturing Champions Honored at Annual Award Breakfast

L-R: Bruce Phipps, MPI; Congressman Chris Gibson; from SUNY Ulster -Donald Katt, Christopher Marx, Deborah O'Connor, Marianne Collins, Barbara Reer and Harold King, Council of Industry.

The Council of Industry's Manufacturing Champions Award recognizes those individuals and organizations, who through vision, dedication, hard work and tireless involvement have helped to overcome some of the many obstacles faced by manufacturers in the Hudson Valley community and in so doing they have made it possible for manufacturers and their employees to prosper. The Council of Industry was proud to honor the 2014 Manufacturing Champions for the Hudson Valley, Congressman Chris Gibson for the public sector, Bruce Phipps, President of MPI, Inc. for the private sector, and the organizational award went to the SUNY Ulster Department of Continuing and Professional Education, at the annual award breakfast on May 14th at Novella's in New Paltz. The Council of Industry would like to thank our major sponsor Central Hudson and supporting sponsors: The Chazen Companies; Cuddy & Feder, LLP; O'Connor Davies, LLP; and The Rondout Savings Bank. The event drew a crowd of over 130 people from a variety of industries to celebrate Hudson Valley manufacturing.

"Manufacturing remains an important part of the Hudson Valley economy providing good jobs to tens of thousands of its residents and generating billions of dollars of wealth in our economy," Harold King, Executive Vice President of the Council of Industry, explained. "The Manufacturing Champions Award recognizes these individuals and organizations for their contributions in growing this vital aspect of our economy."

The public sector champion, Congressman Gibson, was chosen based on his support of legislation aimed at fueling U.S. manufacturing such as reducing over-regulation, comprehensive pro-growth tax reform, and investment in transportation and infrastructure. Locally, Congressman Gibson has been a champion of advanced manufacturing, nanotechnology, renewable energy and agriculture.

Continued on page 14

A special thank you to our sponsors:

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Personnel Matters

Hedge Your Chance For Success; Set Up Winning Unemployment Claim Strategies

By Donna Manfredi Murphy, Your Workplace Matters

I'm not what you call a horse racing aficionado. But once a year I get entranced by the excitement of the Triple Crown. After all, who doesn't like sipping a mint julep, checking out the crazy hats and watching those temperamental gorgeous animals strut their stuff?

You can also learn a lot from horse racing, as I discovered while wildly cheering on California Chrome. All the racers are lined up at the gate, adrenaline is pumping through the air, (or the TV in my case), the whistle blows, and they're off, barreling towards the finish line.

So much goes into making a winning run. Sure, some of it is natural talent, either you've got it or you don't. But so much more goes into the training and preparation for the race. In addition, it's not necessarily who is the fastest out of the gate that counts, but rather the key positioning and strategic decision making as they round the track.

This got me thinking about the new unemployment insurance reform measures that all employers must learn and implement. Section 472.12 Responding to Requests for Information and Employer Relief of Charges. All employers can bet on this. Failure to comply costs money. With the new regulations, an employer will not be relieved of charges to their account if there is an overpayment to a claimant because the employer, or their representative, responded to Department of Labor (DOL) inquiries late or with insufficient information.

All written, including electronic, and verbal requests for information, pertaining to an unemployment insurance claim, and there are many, must be received by the Department of Labor within the number of days specified.

For example, an employee separates from the company and files an unemployment claim. The first form that an employer should receive is the LO 400 Notice of Protest/Notice of Potential Charges which contains wage information. If protesting the claimant's request for benefits, this form must be received by the DOL within 10 calendar days of the date of the claim notice.

But now, not only do you have to be a rapid runner; you must also jump over challenging hurdles.

In addition to being timely, an employer's response to a request for information must contain adequate information. What exactly is adequate you may ask? Think of it this way. No thoroughbred race horse ever won the Triple Crown let alone, the Kentucky Derby, the Preakness, or the Belmont Stakes by being simply adequate.

Pursuant to the new law, adequate means an employer must reply with specificity regarding the reason for objecting to the claimant's entitlement or eligibility for benefits; answer all questions in detail and good faith; and provide all relevant information and documentation for the Department of Labor to render a correct determination.

In a nut shell, employers will pay dearly for not following the new rules. Whether it's your first time processing an unemployment claim or if you are a seasoned professional, you want to get out front with precision and perseverance.

The full text of the regulation is available in pdf format: 12 NYCRR 472.12

Donna Manfredi Murphy, Your Workplace Matters, (914) 243-2264, office, (917) 670-7599, mobile Email, Donna@YourWorkplaceMatters.com, www.YourWorkplaceMatters.com

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Legislative Matters

Manufacturers to EPA: Regulations Will Hurt Jobs and Competitiveness

From National Association of Manufacturers, www.nam.org

National Association of Manufacturers (NAM) Vice President of Energy and Resources Policy Ross Eisenberg issued this statement marking the closing of the comment period for the Environmental Protection Agency's (EPA) New Source Performance Standards (NSPS) for new power plants:

"American manufacturers create jobs that support our economy and build technologies that make cleaner energy possible, but poorly crafted EPA regulations, such as the NSPS for new power plants, threaten to undermine both. That's why manufacturers by the tens of thousands submitted comments to the EPA calling for power plant rules that are technologically achievable and do a better job considering the true economic impact. Manufacturing supports more than one in six private-sector jobs in America because we drive innovation and can rely on a diverse 'all-of-the-above' energy supply that is affordable and reliable. The EPA's proposed power plant rules would put us on a path to taking fossil fuels out of that supply mix, subjecting manufacturers to higher electricity costs and even a lack of availability when demand is highest.

Our companies also make the carbon capture technology that supports cleaner energy, but the EPA's rules would have the practical effect of cutting off further investment in the research and development needed to make these technologies an operational reality. This regulation would eliminate coal as an energy source option and, as a result, eliminate a competitive advantage for manufacturers. It's not too late for the EPA to take these comments seriously and issue workable rules that take a balanced approach to regulating greenhouse gases, protecting our competitiveness and the jobs we support."

The NAM serves as the co-chair of the Partnership for a Better Energy Future (PBEF), a group that comprises more than 140 organizations representing more than 80 percent of the U.S. economy. PBEF is the leading voice in support of a unified strategy and message in response to the Obama Administration's greenhouse gas regulatory agenda.

Wage and Hour Considerations with Interns

From JacksonLewis.com, a Council of Industry Associate Member

Many organizations use interns, especially student interns, during the summer months. While interns often are excited for the opportunity and agree to provide services for no pay, businesses must consider the wage and hour risks of such arrangements. Simply put, an individual's agreement to work in an unpaid position now does not prevent him or her from seeking alleged unpaid wages later. Unless specific conditions are met, a business usually is expected to provide an intern with at least minimum wage for all hours worked and overtime pay, if applicable. Federal and state departments of labor and private attorneys have become more aggressive in pursuing pay for interns in recent years, with several well-publicized collective/class actions filed during the past year. Employers with internship programs must analyze carefully the structure of their programs and the work performed by interns if they want to ensure such positions are unpaid.

The federal Fair Labor Standards Act (FLSA) defines an employee broadly as "any individual employed by an employer." The U.S. Department of Labor, consistent with U.S. Supreme Court precedent, recognizes that the FLSA payment obligations do not apply to individuals who are part of programs that provide training for their own educational benefit if the training meets the following six criteria (see U.S. Department of Labor Fact Sheet #71, available at http://www.dol.gov/whd/regs/compliance/whdfs71.pdf):

- The internship, even though it includes actual operation of the facilities of the employer, is similar to training that would be given in an educational environment;
- The internship is for the benefit of the intern;
- The intern does not displace a regular employee, but works under close observation of existing staff;
- The employer that provides the training derives no immediate advantage from the activities of the intern and, on occasion, the employer's operations may actually be impeded;
- The intern is not necessarily entitled to a job at the completion of the internship; and
- The employer and the intern understand that the intern is not entitled to wages for the time spent in the internship.

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Healthcare Update

Shared Responsibility Requirements Under the Affordable Care Act

Jason T. Giordano, CPA, MST, Judelson, Giordano & Siegel, CPA, PC, a Council of Industry Associate Member

The Employer Shared Responsibility provisions, under the Affordable Care Act, require if employers do not offer affordable health coverage that provides a minimum level of coverage to their full-time employees (and their dependents), the employer may be subject to an Employer Shared Responsibility payment if at least one of its full-time employees receives a premium tax credit for purchasing individual coverage on one of the new Affordable Insurance Exchanges, also called a Health Insurance Marketplace (Marketplace).

On January 1, 2015, the shared responsibility provision will take effect for employers with 100 or more full time equivalent workers. An employer will not be liable for this penalty for 2015 if it offers coverage to at least 70% (going to 95% in 2016) of its Full Time Equivalents (FTEs).

Companies that fail to offer health insurance coverage will pay a fine if one full-timer opts to buy insurance through a government exchange and receives a tax credit to subsidize the premium, the fine is $2,120 times the total number of full-timers employed(less 80). Companies that provide unaffordable insurance will owe a fine equal to $3,180 for each full timer who buys coverage through an exchange and gets a tax subsidy.

Under the law, coverage is treated as "affordable" if the required premium contribution from an employee for self-only coverage doesn't exceed 9.5% of total household income. In addition the employer's health plan must also provide "minimum value," meaning that it must pay at least 60% of the cost of covered health services.

Employers will need to conduct an affordability test. The IRS provides employers with a bright-line 9.5% test which is based on, the employee's rate of pay, their current W-2 wages and the Federal poverty line.

On January 1, 2016, the shared responsibility provision will take effect for employers with 50 or more full time equivalent workers. The fine of $2,120 for failure to offer health insurance will be indexed for inflation in 2016 x the total number of full-timers employed(less 30). In addition the fine for unaffordable insurance of $3, 180 will be indexed for inflation in 2016.

January 1, 2015, the shared responsibility provision will take effect for employers with 100 or more full time equivalent workers. An employer will not be liable for this penalty for 2015 if it offers coverage to at least 70% (going to 95% in 2016) of its Full Time Equivalents (FTEs).

EHS Matters

OSHA's New Electric-Power Standards Will Energize Industry Safety Efforts

By Josh Cable from EHSToday.com

On July 16, 2012, a utility worker installing replacement batteries in a substation suffered second- and third-degree burns when a battery cable fell onto the terminals of a battery and created an electric arc. The employee, whose injuries required several surgeries, had not been trained on the proper procedures for working with wet-cell batteries, according to OSHA.

On Nov. 20, 2011, a power-line worker troubleshooting a blown fuse on a utility pole died when a tractor-trailer struck his aerial lift and ejected him from the platform. Because the man and his co-worker had determined that the repair would take less than 15 minutes, company policy did not require the use of work-zone signs.

According to OSHA, these are two examples of the types of accidents that its revised standards for the construction and maintenance of electric-power infrastructure will prevent.

The updated standards, published in the April 11 Federal Register, mandate improved fall protection for workers on aerial lifts and towers, adopt revised approach-distance requirements to ensure that unprotected workers don't get too close to energized lines and equipment, and address the safe use and care of electrical protective equipment. They also add new requirements to protect workers from electric arcs.

The effort to update the several dozen standards that touch on electric-power maintenance and construction work has been no small undertaking. OSHA began the rulemaking process in 2005, and the final rule harmonizes the construction and general-industry requirements and incorporates the latest consensus standards and improvements in electrical-safety technology, OSHA says.

Allen Hajian of Schneider Electric notes that much has changed since OSHA last updated its electric-power construction standard in 1972 and its general-industry standard in 1994.

"Over the last 20 years on the general-industry side, we've learned a lot about how electricity behaves, how electric arcs behave and how to protect employees from electric shock when they're not touching the [energized] part," says Hajian, who is director of safety and environment, services North America, for the energy management firm.

"At the same time, the chemical and fabric industry has figured out how to make fabric and non-rubber insulating materials that protect employees from electric shock and arc flashes, and we've learned more about fall protection. So there are a lot of different aspects to the revised regulations that have come about in the last 20 years as a result of technological advances in all industries, not just the electric industry."

New Arc-Flash Requirements

Perhaps the most significant change is the inclusion of new requirements to protect workers from arc-flash hazards. Employers will have to assess their worksites for arc-flash hazards, estimate the incident energy of electric-arc hazards and ensure that workers exposed to electric-arc hazards have PPE with arc ratings greater than or equal to the estimated heat energy. OSHA's revised standards include incident-energy and approach-distance tables as well as guidance on selecting the proper PPE for workers exposed to arc-flash hazards.

"It's going to be a major effort for the industry to comply," Hajian says. "I think OSHA realizes that, which is why they've given the industry until April 1, 2015, for compliance."

Among other significant changes, Hajian points to new requirements that host and contract employers must share safety information with each other and coordinate their work rules and procedures.

"It's a good move on OSHA's part to ensure first of all that owners know their own equipment and second to communicate any safety hazards to their contractors to keep the contractors and the contractors' employees safe, as well as their own employees safe," Hajian says.

OSHA estimates that the updated standards will save nearly 20 lives and prevent 118 serious injuries every year. Hajian believes those numbers could be even higher.

In a letter to OSHA Administrator Dr. David Michaels, Hajian asserts that the new hazard-assessment requirements "will undoubtedly result in implementing new engineering philosophies and designs that will enhance workplace safety for employees and electrical system reliability, while reducing the risk of costly downtime."

"Just having arc-resistant PPE on when you're in an arc-flash zone, making sure you have proper fall protection on, having good communication between employers and contractors, making sure you have proper grounding systems in place – all of those will improve safety and prevent injuries," Hajian tells EHS Today.

CI Calendar of Training and Events

June 13	**Strategic Leadership Issues Series: Leading Organizational Change**– 8:00 am— 4:00 pm at the Beacon Institute, Beacon, NY. Cost $950 for members, $1150 for non members, entire series $3,250 members, $3,950 non-members.
June 20	**Strategic Leadership Issues Series: Financial Management/ Engineering Economics**– 8:00 am— 4:00 pm at the Beacon Institute, Beacon, NY. Cost $950 for members, $1150 for non members, entire series $3,250 members, $3,950 non-members.
June 20	**LEAN Overview with Simulation**— – 9:00 am - 4:30pm at Rockland Community College, Suffern, NY. Cost: $125 for a single participant, $100 each for two or more from the same company.
June 27	**Strategic Leadership Issues Series: Industrial Organization in the Supply Chain**– 8:00 am— 4:00 pm at the Beacon Institute, Beacon, NY. Cost $950 for members, $1150 for non members, entire series $3,250 members, $3,950 non-members.
July 11	**Strategic Leadership Issues Series: Commercializing Innovation**– 8:00 am— 4:00 pm at the Beacon Institute, Beacon, NY. Cost $950 for members, $1150 for non members, entire series $3,250 members, $3,950 non-members.
July 14-16	**LEAN Six Sigma Yellowbelt Training**—9:00 am – 4:30 pm at Rockland Community College, Suffern, NY. Cost: $380 per person - *Groups with a minimum of 3 required for this training (single participants should contact the Council to see if arrangements can be made to add them to a group.)*
July 18	**Strategic Leadership Issues Series: Organizational Strategy and International Competitiveness**– 8:00 am— 4:00 pm at the Beacon Institute, Beacon, NY. Cost $950 for members, $1150 for non members, entire series $3,250 members, $3,950 non-members.
Aug 18	**Council of Industry Golf Outing:** 11:30 lunch followed by 12:30 shotgun start at the Powelton Club in Newburgh. Cost: $165 per person or $600 for a foursome. Sponsorships are available.

You can find more information on the courses and events listed in our calendar by going to our website— www.councilofindustry.org or if you are reading our electronic version just press Ctrl and click the course title.

Manufacturing Job Opportunities

If you have job openings and positions to fill:

- *Post it on the Council of Industry Website www.councilofindustry.org*
- *Look at resumes from our member recommended* ***For Hire page***

Contact Alison at abutler @councilofindustry.org for more info.

Energy Matters

The Value of Demand Response For Manufacturers

By Michael Georger, Territory Manager – DRP, Inc., Council of Industry Associate Member

It is no secret that one of the growing challenges that manufactures are facing today is the increasing cost of energy. The news is rife with stories of climate change, new air quality regulations, and the closing of older power plants (primarily coal fired) pushing up electricity prices. Terms like extreme weather events and Polar Vortex have entered our lexicon; the effects of which are now being felt in the collective pocket books of manufacturers across New York State. Specific to manufacturers in the Lower Hudson Valley is a recent ruling by the Federal Energy Regulatory Commission (FERC) that has triggered a doubling in the price of capacity in the region since last Summer. Demand response is a smart way to help manufacturers mitigate their increased energy costs and also help ensure that system reliability across the entire electric grid is achieved.

The concept of demand response is not a new one and in fact traces its roots back to the 1970's. The basic idea is that an electric grid operator provides incentive based programs to encourage resources (ex: manufacturers) to be on standby to reduce their electric usage only if there is an emergency event. These events are primarily driven by extreme weather, specifically heat waves. By aggregating a pool of resources into a demand response program the grid operator has essentially created a reserve capacity (virtual generation) portfolio in megawatts to be dispatched only when the electric grid is stressed.

In New York State there are a number of programs through the grid operator, the New York Independent System Operator or NYISO. The most popular of these programs is the Installed Capacity Special Case Resources program or ICAP SCR. Participants are paid using the same methodology that is used to pay power plants with revenue being driven by capacity prices which are set by the NYISO.

Participation in the program is broken down into two six month Capability Periods (Winter - November 1st to April 30th and Summer - May 1st to October 31st). These Capability Periods correspond to the way the NYISO auctions capacity and sets prices. Based on the recent FERC ruling impacting the Lower Hudson Valley, capacity prices have increased from $25.20 per kW last Summer to $59.76 per kW this Summer. That means the value of a manufacturers ability to be on standby to reduce load in an emergency has more than doubled. Resources receive incentive payments regardless if they are dispatched to reduce load. If a manufacturer is new to demand response (DR) or enrolled in a program over 12 months ago… they should reevaluate the value of their ability to reduce load. Older DR provider agreements tend to reflect less attractive terms. Many manufacturers are not aware of this. It's like being locked into a home mortgage agreement with a bank and the interest rates have dropped dramatically. With today's capacity values… it pays to reevaluate if you're a manufacturer.

By aggregating a pool of resources into a demand response program the grid operator has essentially created a reserve capacity (virtual generation) portfolio in megawatts to be dispatched only when the electric grid is stressed.

Demand Response Partners, Inc. is a demand response service provider commonly referred to as a Responsible Interface Party for the various NYISO programs. Essentially, we aggregate our customers' ability to reduce electric loads across the entire NYISO as well as 13 other states and the District of Columbia. We are a privately held firm, based in Buffalo, NY and have been active in the New York market since 2008 providing intelligent, transparent energy advise to our C&I clients. We are an Associate Member of the Council of Industry.

Manufacturing Matters

3 Myths That Kill Strategic Planning

By Nick Tasler Harvard Business Review HBR Blog

In its simplest form, strategic thinking is about deciding on which opportunities to focus your time, people, and money, and which opportunities to starve. One of history's greatest strategic thinkers, Napoleon Bonaparte summed it up this way: "In order to concentrate superior strength in one place, economy of force must be exercised in other places." If dead, despotic French emperors are not really your style, Michael Porter said it like this: "The essence of strategy is choosing what not to do."

At the highest level, this usually means deciding to sell off one company in order to buy another one. More often it simply means deciding to move some initiatives to the back burner in order to concentrate the bulk of your resources in a single key area.

Sounds simple enough. Yet, three pervasive myths continue to make strategic thinking an elusive skill set in today's organizations.

Myth 1: Productivity is the goal.

Productivity is about getting things done. Strategic thinking is about getting the right things done well. The corollary of that truth is that strategy requires leaving some things undone, which stirs up a potent cocktail of unpleasant emotions. When you leave projects undone or only half-completed, you must sacrifice that feeling of confidence and control that comes from pursuing a concrete goal (PDF). You will have to fight through the universal psychological phenomenon of loss aversion that results from saying goodbye to a cherished project in which you have already poured heaps of time and money. You will also have to deal with the social pain and feelings of rejection that come from telling some people on your team that their big idea or entire functional area has been demoted in favor of something else more valuable.

In the face of all that unpleasantness, it is tempting to continue striving for productivity. After all, what's wrong with being productive?

The problem is that productivity is strategically agnostic. Producing volume is not the same as pursuing excellence. Without a strategy, productivity is meaningless. As Peter Drucker famously said: "There is nothing quite so useless as doing efficiently that which should not be done at all." So the next challenge is figuring out which things are the right things.

Myth 2: The leader's job is to identify what's "important."

Here's a quick exercise: Make a list of every project and initiative your team is working on right now. When you finish the list, draw a line through all of the things that are not important.

If you're like 99% of teams, not one project on your list will get crossed out. That's because every project your team is working on is "important" to someone somewhere somehow. They all "add value" in some vague way. That's why debating about what's important is futile. Strategic thinkers must decide where to focus, not merely what's "important." Strategic leaders must consciously table some "important" projects or ignore some "important" opportunities.

While productive teams log overtime hours in order to knock out one important project after another on a first come, first serve basis, strategic teams decide which projects will contribute most to the declared strategy of the organization, and put the rest of the "important" projects on hold.

Myth 3: Strategic thinking is only about thinking.

Strategic leadership is not a math problem or a thought experiment. Ultimately, strategic thoughts must yield strategic action. Thorough cost/benefit analyses replete with mesmerizing forecasts, tantalizing linear trends, and 63-tab spreadsheets beautiful enough to make a newly minted MBA weep with joy are utterly useless without an actionable decision. In spite of the uncertainty, complexity, and the ever-present possibility of failure, a strategic leader must eventually step up and make the call about what the team will and will NOT focus on.

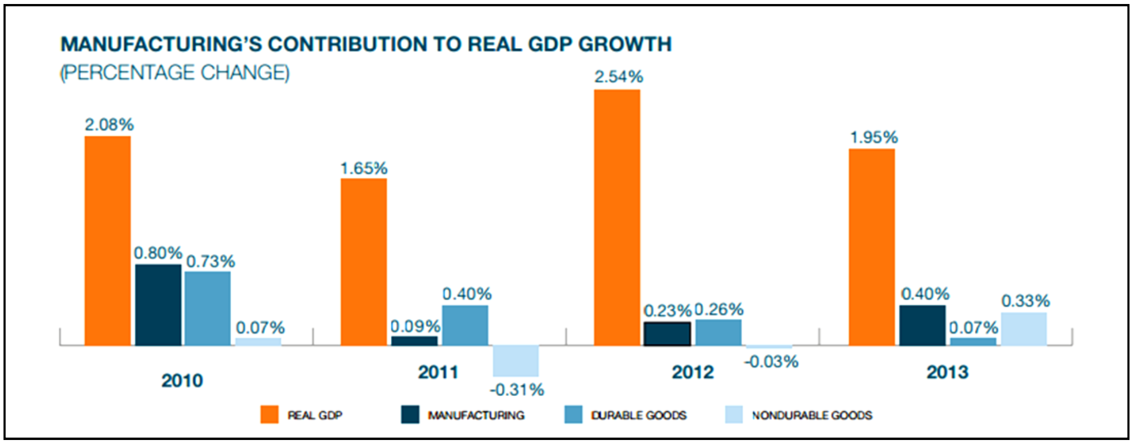
Tipping his bicorne cap to this truth, Napoleon once said, "Nothing is more difficult, and therefore more precious, than to be able to decide." Perhaps that's also why this precious ability to decide is the defining feature of those deemed worthy to hold the highest leadership positions.

Nick Tasler is CEO of Decision Pulse and creator of the Think Strategically & Act Decisively integrated learning system, which is used by Fortune 500 companies ranging from Microsoft and Wells Fargo to UnitedHealth Group and Royal Bank of Canada.

Financial Matters

Manufacturing Has Made Outsized Contributions to Growth Since the Recession

By Chad Moutray, chief economist, National Association of Manufacturers



Last month, the Bureau of Economic Analysis began releasing real GDP data by industry on a quarterly basis. This allows us to see which industries were responsible for the changes in real output made in any specific quarter. While the data have a bit of a lag—being released within 30 days after the third estimate of real GDP activity—they will provide business leaders, academics, analysts and politicians with more insight on what is moving the U.S. economy.

For manufacturers, the news was mostly positive, showing numerically what we have often surmised from the regular release. For instance, the manufacturing sector contributed 0.40 percentage points to the 1.9 percent growth in real GDP in 2013. This suggests that manufacturers contributed more than 21 percent of economic growth last year, which is fairly impressive given that the sector accounts for 12.5 percent of real GDP. This indicates that manufacturing made outsized gains to the economy last year, reflecting the softness of the overall real GDP figure and the significant spillover effects from manufacturing.

In 2013, manufacturers contributed $2.08 trillion to the economy, up from $2.03 trillion in 2012. In the fourth quarter of 2013, manufacturers added $2.14 trillion: $1.12 trillion from durable goods and $1.01 trillion from nondurable goods. (When the durable and nondurable goods figures are added together, the amount is off slightly from the total contribution figure in the fourth quarter of 2013 due to rounding.) Since the end of 2009, real value-added output in manufacturing has risen 11.6 percent, with the bulk of that increase stemming from durable goods activity.

Real GDP increased 2.6 percent during the fourth quarter. Breaking that number down further, the private sector grew 3.5 percent in the quarter, with government down 2.0 percent. Manufacturers' contribution increased 10.4 percent at the annual rate in the fourth quarter, with durable and nondurable goods activity up 3.5 percent and 18.6 percent, respectively. For 2013, value-added growth was stronger for nondurable goods (up 5.3 percent) than for durable goods (up 1.0 percent). This could reflect the fact that the contribution from nondurable goods had declined in the prior two years.

Overall, manufacturing had the largest impact of any major sector on real GDP in the fourth quarter, adding 1.23 percentage points to growth. Other sectors with significant contributions included professional and business services (adding 0.82 percent to real GDP), wholesale trade (0.40 percent), information (0.29 percent), arts, entertainment, recreation, accommodation and food services (0.28 percent) and mining (0.27 percent).

On the other end of the spectrum, the four sectors that subtracted from real GDP in the quarter included government (reducing real GDP by 0.25 percentage points), construction (0.22 percent), retail trade (0.14 percent) and agriculture, forestry, fishing and hunting (0.11 percent).

The new data will be helpful in assessing the industries that are contributing the most to real GDP growth, and as such, the first release was quite informative. The data show that manufacturing continues to have an outsized role in economic growth, furthering the notion that the sector's recent rebound has had tremendous benefits to the larger macroeconomy. Yet, future iterations will also allow us to see how that influence might grow or wane depending on current activity levels.

For now, we find comfort in the knowledge that manufacturing contributes more than $2 trillion to the nation's economy. Without this contribution, real GDP last year would have been significantly lower.

Member Benefits

The 2014 Employer's Guide to New York State Labor Law is Now Available

The Employer's Guide to New York State Labor Laws is a concise summary of labor laws applicable to employers in New York State. Updated on an annual basis by Nixon Peabody LLP attorneys, the Employer's Guide serves as a valuable resource for human resource professionals as well as department managers seeking a convenient reference on issues such as:

- The NYS Wage Theft Prevention Act
- Meal periods
- Termination notices
- Day of rest
- Minimum wage
- State disability and workers' compensation
- *Posting requirements*
- and much more.

The Employer's Guide is published by the Rochester Business Alliance, the regional chamber of commerce located in Rochester, New York, serving businesses for over 80 years.

Arrangements have been made for Council of Industry members to purchase the Employer's Guide at a special discounted rate. In addition, those who purchased a Guide in the past year can purchase just the update packet to bring your Guide current, instead of having to purchase a whole new Guide.

For more information or to order, please click here for a pdf brochure or contact Harold King by phone (845) 565-1355 or e-mail hking@councilofindustry.org.

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Consumer Price Index for April 2014

				Point	%	% Increase
Wage Earners & Clerical	**Apr.'13**	**Apr. '14**	**Mar. '14**	**Increase**	**Month**	**Year**
1967=100	681.97	695.36	692.73	2.63	0.4	2.0
1982-84= 100	228.95	233.44	232.56	0.88	0.4	2.0
All Urban Consumers						
1967=100	696.56	710.16	707.83	2.33	0.3	2.0
1982-84=100	232.53	237.07	236.29	0.78	0.3	2.0
Hudson Valley unemployment rate for April 2014 = 4.8%						

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More Council News

In addition, Congressman Gibson has received an 86% rating on key votes from National Association of Manufacturers and is widely respected for his willingness to reach across the aisle help his Hudson Valley constituents.

"I want to thank the Council of Industry and its hard-working members for all of their efforts to grow the economy of Upstate New York," said Congressman Gibson. "It is a great honor to receive the Manufacturing Champions Award for the public sector. I will continue to advocate for federal policies that make it easier to run a small business, from reducing regulatory burdens to cutting energy costs. I sincerely appreciate your support. Thank you!"

The private sector champion, Bruce Phipps has built Poughkeepsie based MPI, Inc. from a small manufacturing company building wax injection presses to a leader in the investment casting industry worldwide. MPI produces the most advanced wax injection machines available. The company employs over 65 people in the US and has sales agents worldwide. In the past 42 years of operation, under the direction of Bruce Phipps, MPI has made dozens of industry leading innovations, seven of which MPI has patented. Their equipment has been sold to 44 countries. MPI exports MADE IN AMERICA equipment to China! The company has partnered with the National Science Foundation (NSF) and NY State Energy Research and Development Authority (NYSERDA) in conjunction with Rensselaer Polytechnic Institute (RPI) on several research and development activities.

Upon accepting his award Phipps thanked his wife and partner at MPI, Mim Tannen. He also spoke about the importance of encouraging young people to enter careers in manufacturing. "If manufacturing is going to succeed in the Hudson Valley we will need to attract the best ant the brightest young people into the sector," Phipps said. "All of us in this room need to get that message out to young people and to educators."

The Council of Industry also honored the SUNY Ulster Department of Continuing and Professional Education as the champion organization for providing training to help manufacturers improve their bottom line by improving employee competency and productivity. SUNY Ulster offers a continuous schedule of industry-standard skills training and continuing education for both technical and non-technical employees and customized programs to align with the organization's specific needs. A partial list of the programs available through SUNY Ulster include Leadership, Effective Supervision and Teambuilding, Lean Manufacturing, Solidworks, Electrical Skills, PLC's and Machine Operator Skills. Accepting the award on behalf of SUNY Ulster was President Donald Katt, Associate Dean of Continuing & Professional Education Deborah O'Connor, and Christopher Marx , Director of Continuing & Professional Education.

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Legislative Matters

State departments of labor standards often are similar, but not necessarily identical. For example, in some cases, school credit for an internship is a defense to wage and hour claims.

While courts have not universally adopted the USDOL's standard and have focused their analysis in some cases on the "primary benefit" of the internship, the USDOL standard is a good reference for internal reviews.

Recommended Employer Actions

Employers considering using interns must review carefully each aspect of the internship program and apply the DOL's factors and any applicable state factors to the contemplated program, as well as considering the primary benefit of the internship. If interns perform productive work, especially if such work is not akin to the work product generated in an educational setting, the safest course is to pay minimum wage (and overtime, as required) for all hours worked. If the program's goal is educational, businesses should ensure that line managers understand the rules and manage the relationship consistent with educational goals and the above six factors. Actions such as rotating interns from department to department can help demonstrate an educational goal. Similarly, a business should not decrease regular staffing during periods of internships as such reduced staffing can support an argument the interns are doing the work normally performed by regular employees. Further, if the program is unpaid, the business should strongly consider asking interns to sign an agreement acknowledging the educational nature of the program, the program is unpaid, and the internship is not a direct route to employment. Additionally, if the employer provides a stipend, the business should ensure the stipend covers or comes close to covering minimum wage obligations and the phrasing of the stipend does not preclude the employer from defending a claim for alleged unpaid wages. Finally, if the employer decides after legal analysis to treat interns as unpaid, a best practice is to limit hours to reduce potential liabilities and help dispel any notion that the intern is being taken advantage of by the business.

A determination of employee status has many implications. In addition to being entitled to withheld minimum wage and overtime pay, an intern found to be misclassified could be entitled to other damages, including "lost" employee benefits, meal and rest periods, and penalties.

Council of Industry

The Manufacturers Association of the Hudson Valley

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Manufacturing is Vital.
The Council of Industry is
Vital to Manufacturing.