



# SUMMARY MINUTES

ABAG Power Executive Committee

Meeting 2001-01

January 17, 2001

Metro Center 101 8<sup>th</sup> Street, Oakland CA 94607

## WELCOME AND INTRODUCTIONS

Mark Lewis opened the meeting with introductions at 12:05 p.m.

### Committee Representatives Present

- Kathy Brown
- Robert Fugle (Vice Chair)
- Michael Garvey
- Wayne Green
- Mark Lewis (Chair)
- Natasha Merkuloff Nichols
- Mark Armstrong (alternate for Jeff Kolin)

### Committee Representatives Absent

- Jeff Kolin
- Alan Nadrich
- John Lisenko

### Guests Present

- Kathleen Cha
- Terry Mann (alternate for Kathy Brown)
- Steve Strickland
- Christine Tien (alternate for Mark Lewis)
- Gerard A. Worster
- Dick York

### Staff Present

- Eugene Leong
- Jerry Lahr
- Kenneth Moy
- Dave Finigan
- Joseph Chan
- Vina Maharaj

### Jurisdictions

- County of Contra Costa
- Golden Gate B.D.
- City of San Carlos
- City of Salinas
- City of Union City
- County of Napa
- City of Santa Rosa

- City of Santa Rosa
- City of Benicia
- City of Foster City

- ABAG
- County of Contra Costa
- City of Vacaville
- City of Union City
- TXU Energy Services
- City of Millbrae

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## PUBLIC COMMENT

Dick York, a representative from the City of Millbrae presented the Chair with a letter from the Mayor of the City of Millbrae. York said that the City was pleased to participate in the ABAG POWER Pool over the past several years and that the program had provided stable and reliable



“green” energy at reasonable costs. As a result, their City and other program participants had greatly benefited.

York indicated that he was present at the meeting to encourage the Executive Committee to approve the addition of new accounts to the Pool. He stated that his specific concern was regarding the Sewer Plant and Pump Stations since these facilities provide critical wastewater collection and treatment services for the city and inclusion of these accounts will provide more reliable and cost effective electrical service to these facilities. York requested that his letter be added as part of the meeting package.

**APPROVAL OF MINUTES**

Motion was made by Fugle/S/Brown/C/ to approve the Summary Minutes of January 17, 2001 Executive Committee Meeting.

**PROPOSED CONFLICT OF INTEREST CODE**

Motion was made by Brown/S/Fugle/C/ to approve the resolution for the adoption of ABAG POWER Proposed Conflict of Interest Code as presented by ABAG Legal Counsel.

**REGULATORY UPDATE**

Jerry Lahr presented an update of recent regulatory activities and market news.

**STATUS REPORT ON NATURAL GAS PROGRAM**

Dave Finigan reported that the Gas Program has seen significant volatility in recent months, primarily due to a sudden increase in gas prices. The Program experienced a second major setback in December when natural gas prices skyrocketed from \$5.32 Dth in November to \$14.15 Dth. This was the second event that has resulted in the natural gas program having a “negative savings” compared to PG&E this year. The first event was the explosion of the El Paso gas pipeline which has a negative impact on the Program’s September natural gas rates compared to PG&E. The gas program is expected to balance out by the end of the program year with a potential for member savings.

Gerard Worster of TXU Energy Services presented a detailed report of activities surrounding the extremely high gas prices in December and recommended that the Executive Committee seriously consider locking in some portion of their load at a fixed price contract at the appropriate time this Spring.

Motion was made by Garvey/S/Brown/C/ to give ABAG staff the authority to consult with Gerard Worster and lock in a fixed-price contract for natural gas for up to 75% of the load for a term of up to 2 years starting February/March based upon favorable market conditions.



**STATUS REPORT ON ELECTRIC AND RENEWABLE ENERGY PROGRAMS**

Jerry Lahr presented 2000-01 Fiscal Year Summary Report for the Electric Aggregation Program. He said that December was a very good month for the Program as far as savings and comparison of costs against the CalPX day ahead prices. This cost comparison is a reasonable approximation of the actual savings earned for the period ending in December, however, in future months this comparison will not necessarily give an accurate reflection of program savings.

Lahr mentioned that the program received \$72,931 renewable energy credits for the month of October.

ABAG POWER has entered into a letter of intent with Infotility, a company that has put together a program to take advantage of the load reduction programs offered by the CEC and ISO. Lahr said that he hopes to have the company give a presentation at the next Executive Committee Meeting.

City of Cloverdale who had opted out earlier, reversed their decision and decided to stay with the Program. As a result of this there were no opt-outs in the Program for the 2000 calendar year.

Renewable Energy Rebates were mailed out to members in December. That included the rebates up through June of 2000 and along with that were payments which represent the Program's interest revenue.

Lahr reported that all members, including the City of Daly City had ultimately paid their deposits.

Lahr mentioned that the ABAG POWER Finance Committee was to meet in early February. A request was made to inform the Executive Committee of the meeting date.

"POWER Matters", ABAG POWER's newsletter, and a recent Press Release had been mailed out to all members.

ABAG POWER received a damage claim from NCPA for damages that occurred during the summer as a result of them receiving incorrect metering data. The incorrect meter data resulted in a requirement that NCPA make a very large payment to the ISO. NCPA subsequently received the money back from the ISO when the meter data was corrected. NCPA originally claimed damages of \$68,285 for lost interest during the period they made the payment to the ISO. Lahr stated that after some negotiations with NCPA and Teldata, the matter was now resolved. NCPA had agreed to accept 20% responsibility, and 60% responsibility was passed on to Teldata who had agreed to pay. The ultimate cost to ABAG POWER was \$13,657.

**REVISED BUDGET FOR FISCAL YEAR 2000-2001**

Jerry Lahr presented the ABAG POWER Revised Operating Budget for Fiscal Year Ending June 30, 2001. The primary changes included a reduction in the scheduling coordination fees, and an increase in the setup cost expense item. Motion was made by Brown/S/Fugle/C/ to approve the Operating Budget as presented.



**REVISIONS TO ELECTRICITY RATE**

Jerry Lahr presented a proposed revision to the Electricity Pricing Structure which had been approved by the Executive Committee on September 14, 2000. He recommended an increase in the pricing structure to \$96.00/MWh. This rate was calculated based on the following factors:

	<u>\$/MWh</u>
Calpine Contract Price for Energy	\$ 81.00
Additional Energy	5.36
Program Expenses	2.93
ISO Expenses	4.90
Total Energy Cost	94.19
Anticipation of additional 500 MWh increase per month	1.00
<b>Recommended Energy Price to Members (\$/MWh)</b>	<b>\$ 96.00</b>

**POLICY FOR ADDING NEW MEMBERS/ACCOUNTS TO THE PROGRAM**

Jerry Lahr has received significant inquiries from both new entities requesting to join the program and existing members wanting to add additional accounts. Lahr presented the Committee with three possible options and after much discussion, the Committee decided to allow only current members to add accounts to the program and further, restrict the addition of new accounts, on a first-come, first-serve basis, to a maximum predetermined load. That is, allow current members to add accounts until the average monthly energy use for all added accounts reaches a preset level. This option would require a rate increase to all members that would allow for full recovery of all additional costs that result from the required purchase of additional electricity.

Motion was made by Fugle/S/Wayne/C as follows:

- Allow only current members to add accounts to the program;
- Restrict the addition of new accounts, on a first-come, first-serve basis, to a maximum of 500 MWh per month;
- A rate of \$96.00/MWh which anticipates a 500 MWh increase per month;
- This motion to be revised by the Executive Committee on a month-to-month basis.

**CTC CREDIT CHARGE**

Jerry Lahr referred members to a letter in the Agenda Packet which he wrote to PG&E requesting them for prompt payment of all outstanding CTC charges. Lahr presented a brief summary of the steps in which the CTC credit situation had proceeded up till now. He stated that PG&E currently owes ABAG POWER close to \$7 million.

Motion was made by Green/S/Garvey/C to authorize Ken Moy, Legal Counsel for ABAG POWER to take whatever action he feels is necessary to protect ABAG POWER’s interest in the CTC Credit amounts which is owed by PG&E.



**LONG TERM PURCHASING**

Jerry Lahr distributed with the Agenda a copy of Calpine's Near-Term Market Report dated December 22, 2000. For informational sake, he asked the members to note that the NP-15 price was at \$340.00 per MWh.

Lahr mentioned that he had received a letter from Waste Management, Inc. regarding the potential aspects of supplying green power to ABAG. The company is looking to enter into contract with ABAG POWER to supply 3 MW, for a minimum period of five years at an estimated price of \$50 per MWh. Lahr recommended ABAG POWER acquire this contract because even though it was a relatively small amount, it could be used to service additional small loads.

Motion was made by Fugle/S/Wayne/C to give approval to the staff to pursue the deal.

**ADJOURN**

The meeting adjourned at 2:15 p.m.

**Next Executive Committee Meeting is scheduled for February 14, 2001 (12:00 p.m. – 2 p.m.), Metro Center, 101 8<sup>th</sup> Street, First Floor, Oakland CA 94607.**