



SUMMARY MINUTES

ABAG Power Executive Committee

Meeting 2001-02

February 14, 2001

Metro Center 101 8th Street, Oakland CA 94607

WELCOME AND INTRODUCTIONS

Robert Fugle (Vice Chair) opened the meeting with introductions at 12:05 p.m.

Committee Representatives Present

Robert Fugle (Vice Chair)
Michael Garvey
Jeff Kolin
John Lisenko
Terry Mann

Committee Representatives Absent

Wayne Green
Mark Lewis (Chair)
Natasha-Merkuloff Nichols
Alan Nadrich

Guests Present

Richard Averett
Ron Bosworth
Robert Galvan
Joseph F. Desmond
Nicolas Kardas
William M. Smith
Gregory A. Wikler

Staff Present

Joseph Chan
Dave Finigan
Jerry Lahr
Vina Maharaj
Kenneth Moy

Jurisdictions

Golden Gate B.D.
City of San Carlos
City of Santa Rosa
City of Foster City
County of Contra Costa

City of Salinas
City of Union City
County of Napa
City of Benicia

City of San Carlos
City of Santa Rosa
City of Gonzales
Infotility
EDF
EPRI
Global Energy Partners, LLC

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PUBLIC COMMENT

There were no public comments.



APPROVAL OF MINUTES

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

REGULATORY UPDATE

Jerry Lahr presented an update of recent regulatory activities and market news. Lahr discussed ABx1-1, which is a key piece of recent legislation that authorizes the Department of Water Resources (DWR) to purchase power for California Customers.

One clause in the bill was of particular concern to all direct access customers. A strict interpretation of the clause could mean a suspension of all direct access programs, however, he mentioned that there was another bill pending by Senator Bowen to refine the language. Dave Finigan added that within the next few months, several legislative discussions will take place and ABAG POWER will participate in the process and keep the members updated.

FINANCIAL UPDATE

Joseph Chan introduced Richard Averett as the chairman of the Finance Committee. Averett presented a summary of the first Finance Committee meeting which was held on February 12, 2001. He reported that the Finance Committee recommended withholding approval of the Audited Financial Statements. Specifically, the Finance Committee is recommending that the financial statements be restated to show a final equity position of zero, with all deficits and/or surpluses passed through to members.

Chan said the Committee will work with the Auditors and staff to work out some policy issues relating to the allocation of deficits and surpluses to members and the restatement of the Financial Statements and bring recommendations to the Executive Committee with some options.

LOAD REDUCTION PROGRAM REVIEW

Joseph Desmond of Infotility presented to the members several programs where members could be compensated for the willingness to curtail during times of emergency stages. He explained in detail three such programs operated by the California ISO which were Ancillary Services, Demand Relief Program and Discretionary Load Curtailment

STATUS REPORT ON NATURAL GAS PROGRAM

Dave Finigan presented an update on the Natural Gas Program and said that ABAG POWER was slowly recovering from the significant volatility in gas prices from December, 2000. Finigan mentioned that the Pool had performed better than PG&E the last couple of months and expected to break even by March or April with a small positive surplus by the end of the year.

Finigan said the Gas Pool was experiencing some renewed interest by new members and in fact the City of Vacaville and the San Jose High School District had recently joined the Pool. He was also in discussions with five other potential new agencies. Finigan said this was a good opportunity to build the gas program and increase memberships.



Finigan referred the members to the spreadsheet which reflected the increase in ABAG POWER Levelized Charges for 2000-2001 Fiscal Year. He said that ABAG POWER had adjusted the levelized payment schedule for the members of the natural gas program to reflect the increased costs of natural gas. Finigan said that the Pool was facing increasing costs due to the skyrocketing gas prices, and that the increase in levelized payments would be re-evaluated after a three-month period. PG&E is also experiencing these skyrocketing natural gas costs.

STATUS REPORT ON ELECTRIC AND RENEWABLE ENERGY PROGRAMS

Jerry Lahr presented 2000-01 Fiscal Year Summary Report for the Electric Aggregation Program. Starting with the month of February the Electrical Summary Report will no longer show a comparison with the CalPX since the CalPX has closed down its markets and consequently ABAG POWER has stopped purchasing from them. Staff will look into how to provide an alternative comparison.

Lahr said that ABAG POWER members continue to take advantage of the Renewable Energy Credit Program and mentioned receiving a notification from California Energy Commission stating that the funds for large customers may be depleted as of the February 2001 performance period.

RECOVERY OF CTC CREDITS

Jerry Lahr mentioned that ABAG POWER had not received any response to the complaint letter that was sent to CPUC earlier. He said that Enron and APS Energy Services had also filed similar complaints with CPUC who had an expected hearing date of March 6. Ken Moy mentioned several legal steps he has taken so far towards the recovery of CTC charges from PG&E.

LONG TERM OPTIONS

Jerry Lahr updated the members regarding the earlier proposal he had received from Waste Management about the potential aspects of supplying green power to ABAG POWER. He said the proposal has been put on hold for the moment as Waste Management seems to have raised the price from \$50 per MWh to \$57 per MWh and are apparently talking to PG&E about contracts.

Lahr also mentioned that Calpine had quoted some prices for ABAG POWER for a 5 year extended term period but due to the uncertainties of the electrical market, it was his recommendation not to pursue these contracts at this time.

Jerry Lahr informed the Committee that he had received a suggestion from Tom Green of NCPA about the possibility of ABAG POWER turning customers back to PG&E and re-selling the power at current market rates. Green said that selling the contract was for economic benefits and was the best way of getting value from our POWER contract.

After a lengthy discussion, the Committee recommended that Jerry Lahr discuss this further with Tom Green and come back to the Committee with further information.



ADJOURN

The meeting adjourned at 2:15 p.m.

Next Executive Committee Meeting (Teleconference) is scheduled for March 14, 2001 (12:00 p.m. – 2 p.m.), Metro Center, 101 8th Street, First Floor, Oakland CA 94607.