



# SUMMARY MINUTES

ABAG Power Executive Committee  
Teleconference Meeting 2005-01

February 16, 2005

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

## WELCOME AND INTRODUCTIONS

Chairman Richard Averett opened the meeting with introductions at 12:04 p.m.

### Committee Representatives via Teleconference

Mark Akaba  
Richard Averett, Chair  
Ed Buonaccorsi  
Terry Mann  
Jennifer Mennucci  
Steve Sprotte, Vice-Chair (present at ABAG location)

### Jurisdictions

City of Vallejo  
City of San Carlos  
City of Santa Rosa  
County of Contra Costa  
Golden Gate Bridge District  
City of Union City

### Guests/Public Present

Scott Wentworth (present at ABAG location) City of Oakland

### Staff Present

Joseph Chan	ABAG
Henry Gardner	ABAG
Jerry Lahr	ABAG POWER
Vina Maharaj	ABAG POWER
Kenneth Moy	ABAG

## PUBLIC COMMENTS/ANNOUNCEMENTS

There were no public comments.

## AGENDA AMENDMENT

Ken Moy referred members to Scott Wentworth's email requesting changes to the Natural Gas Aggregation Agreement, which was sent out to all members of the ABAG POWER Executive Committee the prior day. Moy requested that this request be added as a late breaking item to the Agenda for discussion and/or possible action.

Motion was made by Sprotte/S/Buonaccorsi/C/5:0:0 to amend the agenda by adding Scott Wentworth's email and attachment to be discussed after Agenda Item No. 4.

**APPROVAL OF SUMMARY MINUTES OF DECEMBER 15, 2004 MEETING**

Motion was made by Akaba/S/Averett/C/5:0:0 to approve the Summary Minutes of December 15, 2004 Executive Committee Meeting. To note that Buonaccorsi and Mann were not present at the December 14 meeting, however, they voted to accept the minutes.

**REPORT ON NATURAL GAS PROGRAM****Monthly Summary of Operations FY 2003-04**

Jerry Lahr provided the members with the monthly Summary of Operations report for the Natural Gas Program. Lahr said that natural gas prices were skyrocketing at the end of October, 2004 which affected purchases for November. ABAG POWER's cumulative savings through the end of October, 2004 was 7.4%.

Lahr provided information on PG&E's gas purchasing strategy which is that their gas purchasing is subject to an incentive mechanism that rewards or penalizes PG&E based on a comparison of PG&E gas costs to wholesale market price benchmarks. The benchmarks are primarily composed of monthly and some daily wholesale market costs. PG&E's incentive mechanism encourages purchasing at or below the benchmark but the mechanism does not provide an incentive to provide price stability or risk management of gas prices. Lahr said this information is now being provided by PG&E on their website.

Lahr provided the members with Natural Gas Storage accounting. He said that ABAG POWER currently has an agreement with Wild Goose Storage. Chairman Richard suggested that ABAG POWER request a copy of Wild Goose Storage's independent Audit Report of storage reported and storage on-hand (i.e. actual inventory).

When questioned whether there was an opportunity to store more than the required storage, Lahr said that it was typically not cost effective to do that. He said ABAG POWER not only pays for the ability to reserve storage but also pays for the ability to put into and take out of storage.

**Request for Proposals for Natural Gas Billing Agent**

Lahr provided the members with a final draft of the Request for Proposal. There was a discussion about possible conflict of interest issues with an entity like SPURR, which is a gas aggregator like ABAG POWER, however, their JPA consists mainly of schools and a couple of local governments.

There was a discussion about the evaluation and interview process. Lahr said staff would invite one or more Executive Committee members to sit on the interviews. Once the selection and interviews were over, staff would provide a report to the executive committee with a comparison and possible recommendation.

Jennifer Mennucci joined the meeting at this point.

**Gas Costs**

Lahr said that due to increased gas costs, ABAG POWER budget was revised and approved at the last Executive Committee meeting. An adjustment was made to the levelized payments due to the price of gas (the portion which is not purchased at the fixed price) going up significantly. Lahr



provided members with Attachment D.1 and D.2 which reflected the gas cost revisions as was revised in the budget.

### **Natural Gas Storage Contract Renewal**

Further to earlier discussions about gas storage, Lahr said that ABAG POWER as a Core Transport Agent (CTA), is required to store a certain amount of natural gas in storage every year. The process is that PG&E sends ABAG POWER its requirements for the year, which is based on prior year's usage. At the same time, PG&E gives an option to ABAG POWER of using their storage. In the past, ABAG POWER used to use PG&E's storage until 2004 when a contract with Wild Goose Storage (a subsidiary of Encana) was signed.

Lahr said that he was anticipating receiving the paperwork from PG&E fairly soon. ABAG POWER will have the option to choose from three entities, PG&E, Wild Goose and Lodi Storage.

### **Natural Gas Scheduling Agent Contract Renewal**

Lahr said that the Natural Gas Scheduling Agent Contract will expire at the end of the fiscal year, June 30, 2005. The current Scheduling Agent, Interstate Gas Services, Inc. was advised to send ABAG POWER a proposal for an extended contract so that it could be renewed for another two years. Lahr said he will present the proposal to the Executive Committee at a future meeting.

### **Natural Gas Core Aggregation Agreement**

Lahr provided an update on the core gas agreements which are in the process of execution by the members of ABAG POWER. The minimum level that was required to continue the program had been surpassed.

### **City of Oakland's Natural Gas Agreement with ABAG POWER**

Lahr stated that under the City of Oakland's current Natural Gas Aggregation Agreement, if the City doesn't give ABAG POWER their notice of cancellation by June 1st, the contract automatically terminates. In order for the City to continue in the Gas Program, they need to sign the Revised Gas Agreement.

Ken Moy presented the City's proposed changes and requested policy direction on Items No. 1, 3 and 10. Moy said that upon clarification, the other items may not require Executive Committee's action and could be dealt with at the staff level.

Scott Wentworth of the City said that the issues had not yet been raised by the City Council but could be when the contract is presented to them.

Moy said that after discussions with Lahr, they would like to recommend the following:

#### Item No. 1

Staff does not recommend that the Executive Committee constraint its ability to make the decisions articulated in 1a., b. and c. through preset criteria.

**Item No. 3**

Staff recommends that the Executive Committee give ABAG POWER the authority to explicitly state that the group does not intend to issue debt under any business circumstances.

**Item No. 10**

Staff does not recommend providing the City of Oakland an option to stay in the program on a year-to-year basis. Moy added that it will be impossible to implement this option given the way the pool operates.

The Executive Committee directed staff to draft a response to the City of Oakland's request for Proposed Changes to the Natural Gas Agreement with the response to include explanations for the Committee decisions. When the response was ready, it was to be sent to the Executive Committee for their review. Staff would then call a special meeting of the Executive Committee and the final response was to be released to the City of Oakland by vote of the members.

**LOCAL GOVERNMENT ENERGY PARTNERSHIP**

Lahr provided an update of the LGEP Program. He said the program had now completed a total of twenty-seven enrollments and was effectively on its way to meeting its enrollment goals of thirty-five. City of Richmond had officially joined the program. The program would expire in March, 2006. LGEP staff was working with PG&E, who will be administering all Energy Efficiency Programs in the future, to extend the program.

**CLOSED SESSION**

Conference with Legal Counsel – Existing Litigation [Govt. C. Sec. 54956.9(a)]

**ADJOURNMENT**

Chairman Averett reported from Closed Session that staff provided an update and no decisions were made. The Chair adjourned the meeting at 1:25 p.m.

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\*Example of a motion – [Member No. 1/S/Member No. 2/roll call vote/C/8:0:0] means Member No.1 motions, seconded by Member No.2, after roll call vote, motion carries, 8 = “yes” votes, 0 = “no” votes and 0 = abstentions.