

MEMORANDUM

ASSOCIATION OF BAY AREA GOVERNMENTS

Representing City and County Governments of the San Francisco Bay Area

Attachment 3A



SUMMARY MINUTES

ABAG Power Executive Committee

Meeting 2009-01

February 18, 2009

Metro Center, 101 8th Street, Oakland, CA 94607

WELCOME AND INTRODUCTIONS

Chairman John Cerini opened the meeting with introductions at 12:05 p.m.

Committee Representatives

Ed Buonaccorsi
John Cerini, Chairman
Jennifer Mennucci, Vice-Chairwoman
Chris Schroeder

Members Absent

Raj Pankhania
Ron Popp
Terry Mann

Guests Present

Suzanne McFadden

Staff Present

Henry Gardner
Jerry Lahr
Vina Maharaj
Kenneth Moy
Herbert Pike

Jurisdictions

City of Santa Rosa
City of Vallejo
Golden Gate Bridge District
City of Milpitas

City of Hercules
City of Millbrae
County of Contra Costa

Golden Valley Gas Services, Inc.

ABAG
ABAG POWER
ABAG POWER
ABAG
ABAG

PUBLIC COMMENTS & ANNOUNCEMENTS

There were no public comments.

APPROVAL OF SUMMARY MINUTES OF DECEMBER 17, 2008 MEETING

Motion was made by Buonaccorsi/S/Mennucci/C/4:0:0 to approve the Summary Minutes of December 17, 2008 Executive Committee Meeting.

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REPORT ON NATURAL GAS PROGRAM

Monthly Summary of Operations FY 08-09

ABAG POWER's Financial Audit Report for FY 07-08 was not available due to a delay, however, Lahr said it will be presented to the members at the April meeting for approval.

Lahr handed out information on AB 2466, Renewable Energy Credits for Local Governments, which was part of a presentation by joint utilities at a recent workshop. AB 2466 allows an eligible customer to apply excess renewable power produced from a customer account ("Generating Account") as energy credits against charges for power delivered to one or more of its other accounts ("Benefiting Accounts"). Lahr mentioned that the way this legislation is written and the way utilities want to implement it, some in the industry doubt that it will work with the economics of the projects.

Lahr provided the members with the Monthly Summary of Operations report for FY 2008-09. He said that the cumulative savings has dropped off to a lower percentage in December due to the recent downturn in market prices, however, ABAG POWER has maintained a positive cumulative savings percentage compared to PG&E during the first five months of the fiscal year 2008-09.

Gas Hedge Chart

Lahr provided a chart showing ABAG POWER's long-term gas purchases. He mentioned that ABAG POWER entered into a new long-term gas purchase for a one-year contract, starting in July, 2009 through June, 2010, at a fixed price of \$5.81.

GOLDEN VALLEY GAS SERVICES (GVGS)

Suzanne McFadden, Managing Director of GVGS made a presentation to the Executive Committee, regarding scheduling services it provides to ABAG POWER. Lahr said that GVGS had been scheduling gas for the program since July, 2008 when they were selected as the new schedulers for the program through a RFP process. McFadden gave an overview of her company's services and provided handouts to the members.

ENERGY DATA SYSTEM – PILOT PROJECT

Lahr provided a detailed description of the pilot project, including the project timeline, responsibilities of both ABAG and the Pilot agency and the expected outcomes of the project. Lahr explained the processes by which agencies were considered for participation in the pilot. He said that the end result was that two agencies, the Cities of Milpitas and Pleasanton were identified as the finalists. At this point, committee member Schroeder of the City of Milpitas, recused himself and left the room.

The balance of the Executive Committee members discussed the requirements of the project, and the pros and cons of both agencies were considered.

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Motion was made by Buonaccorsi/S/Mennucci/C/3:0:0 that the City of Milpitas be considered as the test agency for the start of the Pilot project, however, in 3 – 6 months, an update be provided by the Staff to the Executive Committee. At that time the committee will re-evaluate the project and decide whether to continue and/or include the second agency, the City of Pleasanton. Committee member Schroeder rejoined the meeting at this point.

NATURAL GAS LITIGATION UPDATE

Lahr provided the members with a revised natural gas litigation proceeds allocation spreadsheet. He said that the total litigation settlements to date is \$460,646.79.

There was discussion about the possibility of future litigation or other costs which could possibly be deducted from the proceeds. Moy and Lahr said that most of the litigation costs were incurred during the discovery processes, and they predict that future litigation costs, primarily for monitoring, will be minimal.

There was discussion whether to distribute the funds to the agencies who have opted-out of the natural gas program. A general consensus was reached to not distribute any funds at this time but to bring this issue back to the Executive Committee at their August meeting. At that time, the Executive Committee will decide on recommendations to take to the Board of Directors at the Annual Board meeting in October.

Update on the ABAG Energy Watch Program

Lahr provided the members with an update which included the program's achievements through December, 2008. He said ABAG had received bridge funds as well as additional incentive funds to continue projects beyond the official end date of December 31, 2008. Lahr said he was very pleased with the program's preliminary end-of-year results.

Lahr said that the ABAG Energy Watch Program is in the process of transitioning to the Energy Watch sub-regional partnerships.

Regional Energy Financing Initiative

Lahr mentioned that Ezra Rapport, who is ABAG's new Deputy Executive Director is leading and moving this project forward. His group plans on pursuing discussions which not only includes solar but encompasses renewable energy as well as energy efficiency. Their approach includes partnering with PG&E who have expressed interest by assigning staff time for this project.

ADJOURNMENT

Chairman Cerini adjourned the meeting at 2:05 p.m.

/vm

*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