

# MEMORANDUM

ASSOCIATION OF BAY AREA GOVERNMENTS **Agenda Item #3**

Representing City and County Governments of the San Francisco Bay Area

**Attachment A**



## SUMMARY MINUTES

**ABAG Power Executive Committee**

**Meeting 2006-02**

February 21, 2007

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

### WELCOME AND INTRODUCTIONS

Chairman Ed Buonaccorsi opened the meeting with introductions at 12:00 p.m.

#### Committee Representatives Present

Scott Baker  
Ed Buonaccorsi, Chairman  
John Cerini (Vice-Chairman)  
Terry Mann

#### Jurisdictions

City of Pleasanton  
City of Santa Rosa  
City of Vallejo  
County of Contra Costa

#### Members Absent

Jennifer Mennucci  
Raj Pankhania  
Ron Popp

Golden Gate Bridge District  
City of Hercules  
City of Millbrae

#### Staff Present

Joseph Chan  
Jerry Lahr  
Vina Maharaj  
Kenneth Moy

ABAG  
ABAG POWER  
ABAG POWER  
ABAG

### PUBLIC COMMENTS/ANNOUNCEMENTS

There were no public comments.

### APPROVAL OF SUMMARY MINUTES OF DECEMBER 13, 2006 MEETING

Motion was made by Baker/S/Cerini/C/4:0:0 to approve the Summary Minutes of December 13, 2006 Executive Committee Meeting.

### APPROVAL OF SUMMARY MINUTES OF JANUARY 24, 2007 MEETING

Motion was made by Cerini/S/Baker/C/4:0:0 to approve the Summary Minutes of January 24, 2007 Closed Session Meeting.

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## **REPORT ON NATURAL GAS PROGRAM**

### **Monthly Summary of Operation**

Lahr provided members with the monthly Summary of Operations report for FY 2006-07. He explained that based on a suggestion from the Committee he had added a line indicating a “2-year Rolling Savings”. Also, in order to present the most current picture of the program, he included preliminary usage data for the nearest two months. This is necessary due to the delay in receiving usage data from PG&E’s imbalance statements.

There was discussion about ABAG POWER’s natural gas in storage and how and when to use it. Lahr said that the general rule has been to use the gas from storage during the winter months (Nov. thru March) when gas prices are supposedly higher. ABAG POWER, as a core transportation agent is required to have a certain amount of gas in storage at the start of the winter season, however, is not required to take that gas out of storage. Since ABAG POWER’s storage gas was priced higher than the market priced gas last December – January, Lahr had decided to purchase the lower priced gas from the market, rather than use the higher priced gas from storage. The net result could be that by the end of March, which is the end of the withdrawal season, ABAG POWER would have about 20,000 decatherms remaining in storage.

### **Gas Hedge Chart**

Lahr provided a chart showing ABAG POWER’s long term gas purchases. He mentioned the various long term purchases and their ending periods. No long term purchases (i.e. greater than one month) were made in the past two months.

### **Imbalance Tracking Chart**

Lahr said that over the summer and early fall months, ABAG POWER bought extra gas and traded it against the Operating Imbalance. He reported that ABAG POWER has now come back well within the imbalance range which was set by the Committee.

### **Gas Price Comparison 2003-06**

Lahr provided a Gas Price Comparison spreadsheet comparing ABAG POWER’s commodity costs, with PG&E’s Core Procurement (GNR-1) costs, and he explained the methods used in this comparison. Also shown were two market index rates which ABAG POWER often uses to purchase gas.

For the four years compared, Lahr said that ABAG POWER’s savings over PG&E compared very favorably for the first three years, however, became negative in 2006, corresponding to the May through October, 2006 period when the program was purchasing excess gas, as well as using high priced gas.

When ABAG POWER did an evaluation of the Gas Program during the Energy Crises year in 2002, it set two goals for the program: 1) While the program could not guarantee price savings to its members, the program would attempt to beat PG&E prices; 2) To provide price stability to its members.

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Lahr said that although the program has been successful in beating PG&E prices in the past, that goal has not been met this past year, however, the program has met its goal of providing price stability to its members during its entire operations.

### **2006 FINANCIAL REPORTS**

Joseph Chan presented the Committee with the Financial Statements for year ending June 30, 2006 together with the Auditor's management letter.

Motion was made by Baker/S/Mann/C/4:0:0 to approve the Audited Financial Statements.

### **ABAG ENERGY WATCH UPDATE**

Lahr provided the members with an update on the ABAG Energy Watch Program. He said the program has already enrolled forty-one members and has held a series of kick-off meetings of various groups of counties and cities. The Program, through its prime implementer Energy Solutions and in coordination with PG&E, is now striving to move projects forward, however, is falling behind due to a variety of reasons, including: updating and implementing PG&E's procedures, and the time delay in moving projects through the local government approval process. In order for the program to receive credit, the projects have to be installed, inspected and paid for. To date, no agency has reached this goal, however, Lahr said he is hoping by the month end, a few agencies will be able to claim the credits by completing these processes.

### **ABAG POWER FUTURE OPPORTUNITIES**

Lahr provided the members with a Climate Action Resource List, AB32 Fact Sheet and a status update on Direct Access. Below is a list of items discussed:

- Local Government Energy Professionals meet on an ad hoc basis every quarter. Lahr attended their most recent meeting titled "Climate Action and AB32". He said there was a big attendance mainly due to the topic. The California Air Resources Board (CARB) is just beginning to take up the issues involved with implementing AB32, and there did not seem to be a clear direction yet for local governments. The idea behind AB 32 is that the State will take an inventory of greenhouse gases and try to get back to the 1990 levels by the year 2020.
- Green Energy Purchases: For a City to purchase green energy, there seems to be four options; 1) Direct Access; 2) Community Choice Aggregation; 3) Purchase of Renewable Energy Credits; 4) Self-Generation.
- DA Customers that returned to bundled service, are eligible to go back to DA if the following happened:
  - They had a contract with an ESP on or before September 20
  - The ESP put the names and loads on the list of eligible DA accounts and set that list to the IOU (PG&E).

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- If the ESP failed to turn in the list to the IOU, or if the list did not include all of the accounts for a particular customer, then there is an affidavit process that the customer can go through to say that they had a contract with an ESP at the time.
- Self-Generation – Solar seems to be the most viable program for cities. The City would produce its own energy and receive credits for renewable energy.
- Scott Baker of the City of Pleasanton provided information regarding the City’s actions in the Community Choice Aggregation processes. He said the Community Choice Aggregation process is politically challenging and capital intensive.
- Renewable Energy Credits (RECs) – There is a market for RECs, however, the question is why would a City consider buying these credits? There is no requirement, however, there may be a political benefit in being able to say that the City is “green”.
- ABAG POWER’s role in supporting entities who want to consider Community Choice Aggregation.

### **CLOSED SESSION**

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

Chairman Buonaccorsi reported out of closed session that an update was provided by staff to the Executive Committee. No action was taken in closed session.

### **ADJOURNMENT**

Chairman Buonaccorsi adjourned the meeting at 2:00 p.m.

/vm

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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