



SUMMARY MINUTES

ABAG Power Executive Committee

Meeting 2003-02

April 16, 2003

Metro Center 101 8th Street, Oakland CA 94607

WELCOME AND INTRODUCTIONS

Chairman Jeff Kolin opened the meeting with introductions at 12:05 p.m.

Committee Representatives & Alternates Present

Richard Averett (via teleconference)
Wayne Green
Jeff Kolin (via teleconference)
John Lisenko
Terry Mann
Dave Millican (via teleconference)
John Schofield
Steve Sprotte
Karen Stein (via teleconference)

Jurisdictions

City of San Carlos
City of Salinas
City of Santa Rosa
City of Foster City
County of Contra Costa
City of Fremont
City of Richmond
City of Union City
Town of Moraga

Committee Representatives Absent

Alan Nadritch

City of Benicia

Staff Present

Cheryl Adsit
Joseph Chan
Henry Gardner
Jerry Lahr
Eugene Y. Leong
Ken Moy

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PUBLIC COMMENTS/ANNOUNCEMENTS

There were no public comments.

APPROVAL OF SUMMARY MINUTES OF FEBRUARY 19, 2003 MEETING

Motion was made by Stein/S/Green/roll call vote/C/8:0:0 to approve the Summary Minutes of February 19, 2003 Executive Committee Meeting.

**STATUS REPORT ON NATURAL GAS PROGRAM**

Jerry Lahr presented the Executive Committee with the monthly Summary of Operations report for the Natural Gas Program. Lahr said that gas prices soared significantly higher towards the end of February mainly due to colder than normal weather and a shortage of gas in storage.

Adding/Removing Members from the Gas Program

Lahr explained the current criteria for adding or removing accounts from the gas program, as follows:

- If a current member who is part of the JPA and part of the gas program wishes to add an account to the program, ABAG POWER generally adds their accounts without any special approval. The member is asked to provide historical usage data for the account and an adjustment is made to their levelized payment, if necessary.
- Generally, requests to remove an account from the program are not approved so that the program can retain sufficient load to fulfill its gas supply contracts. However, if a member wishes to remove an account from the program, because the account no longer belongs to the member, for example, due to a demolished building or an expired lease, the request is approved and the account is taken off the program.

A general consensus was reached among the Executive Committee that in cases where ABAG POWER does not approve account removal requests and the member still wishes to pursue the account removal, the member would be asked to provide documentation which would be presented to the Executive Committee for their final decision. It was also agreed that if ABAG POWER were to add new members to the Gas Program, the requests would be first brought to the Executive Committee for their approval.

Regulatory Updates

Lahr updated the members on a couple of proceedings before the California Public Utilities Commission's (CPUC) that may affect the gas aggregation program.

- El Paso "Turn-back" Capacity. ABAG POWER is concerned that transportation capacity which PG&E was required to obtain will be inappropriately charged to core aggregation customers such as its members.
- Gas Accord II. This proceeding is intended to set guidelines on how the gas industry in California will operate for the next several years, starting in 2004.

ABAG POWER and SPURR (School Project for Utility Rate Reduction) have jointly engaged an energy attorney to file briefs and testimony on their behalf in these proceedings.

**TXU Energy Retail Company's merger into OXY West, LLC**

Lahr provided the members with a copy of a letter from TXU Energy Services which indicated that TXU Energy had entered into a merger agreement pursuant to which OXY West, LLC will replace TXU Energy as ABAG POWER's natural gas supplier. Lahr provided the members with some background information on OXY West, LLC.

Lahr said that the Gas Management agreement with TXU had expired and currently ABAG POWER was in the process of trying to extend the contract or sign a new one. Lahr recommended that ABAG POWER send out request for proposals for gas management services.

Motion was made by Green/S/Mann/roll call vote/C/9:0:0 to give authorization to ABAG POWER to send out Request for Proposals for gas management services.

ELECTRIC PROGRAM UPDATE**NCPA proposal for release of ISO Escrow Funds**

Lahr provided the members an update of ABAG POWER's discussions with the Northern California Power Agency (NCPA) in order to further resolve the disposition of ABAG POWER funds that NCPA holds as security.

Lahr said that ABAG POWER had provided NCPA with a proposed first amendment to the security agreement, asking them to return a portion of the security funds. Lahr said that ABAG POWER and NCPA are in general agreement on the basic terms of the security agreement and that ABAG POWER is presently waiting a response from NCPA on the final terms of the amendment.

Lahr provided members with some recent articles on FERC proceedings and announcements.

Update on Regional Energy Office Proposal and Other Energy Management Activities

Lahr mentioned that ABAG was still exploring the idea of developing a Regional Energy Office (REO) in coordination with Bay Area cities. Currently ABAG is asking that cities provide a letter of support for the idea.

Lahr mentioned AB 117, a bill which was enacted last September, allows local governments to aggregate to purchase energy and vie with utilities and other third parties for oversight of programs funded with public-goods charges.

Lahr provided some information on various legislation, namely; AB428, SB888 and AB1734.

CLOSED SESSION

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

ABAG POWER v PG&E

ABAG POWER Executive Committee members heard a report on one matter by the Legal Counsel in closed session. No action was taken.

ADJOURN

The meeting adjourned at 1:10 p.m.