



ABAG POWER Executive Committee Meeting No. 2016-02

April 20, 2016 (12 Noon - 2:00 p.m.)

Association of Bay Area Governments

101 Eighth Street, Conference Room 171

Oakland, CA 94607

AGENDA*

1. **Welcome and Introductions**
2. **Public Comments**
3. **Approve Summary Minutes of Executive Committee Meeting**
Action:
ATTACHMENT 3A – SUMMARY MINUTES OF FEBRUARY 17, 2016
4. **Renewable Natural Gas/Biogas Opportunities**
Information: Dave Jones (DMJ Gas Marketing Consultants) will provide an update on opportunities related to Renewable Natural Gas.
5. **ABAG/MTC Merger Proposal**
Information: Staff will provide an update on the ABAG-MTC merger discussion and recommendations.
6. **Report on Natural Gas Program**
Information: Staff will review recent gas operations, including gas purchases; the program's long-term hedge position; gas imbalances; and other miscellaneous program items.
ATTACHMENT 6A – MONTHLY SUMMARY OF OPERATIONS FY 2015-16
ATTACHMENT 6B – GAS HEDGE CHART
ATTACHMENT 6C – MARKET PRICE CHART
ATTACHMENT 6D – GAS SCHEDULING CONTRACT EXTENSION MEMO
ATTACHMENT 6E – DRAFT PG&E BILL CREDIT MEMO
7. **ABAG POWER Meeting Locations and Travel Expense Reimbursement**
Information/**Action:** Given the impending move of ABAG into San Francisco, staff will discuss the potential for alternate meeting locations and/or reimbursing committee members for travel expenses.
8. **Energy Programs Update**
Information: Staff will provide a status update of current energy programs (BayREN), as well as the new water efficiency legislation being actively promoted by ABAG (SB 1233/Water Bill Savings Act).
ATTACHMENT 8A – BAYREN PROGRAM UPDATE, FEB. 2016
ATTACHMENT 8B – WATER BILL SAVINGS ACT FACT SHEET
8. **Other Business**
9. **Adjournment**

*The Committee may take action on any item on this agenda



SUMMARY MINUTES

ABAG POWER Executive Committee

Regular Meeting 2016-01

February 17, 2016

ABAG's Conference Room B
101 8th Street, Oakland, CA 94607

WELCOME AND INTRODUCTIONS

Vice Chairman Chris Schroeder opened the meeting with introductions at 12:00 PM.

<u>Committee Representatives</u>	<u>Jurisdiction/Agency</u>
Dave Brees	City of Los Altos
Tonya Gilmore	City of Orinda
Richard Sealana	City of Union City
Angela Walton	City of Richmond
Chris Schroeder (Vice Chair)	City of Milpitas
<u>Members Absent</u>	
Julie Bueren (Chair)	County of Contra Costa
<u>Staff Present</u>	
Jerry Lahr	ABAG POWER
Ryan Jacoby	ABAG POWER
Ken Moy	ABAG
Jenny Berg	ABAG
Susan Hsieh	ABAG

PUBLIC COMMENTS & ANNOUNCEMENTS

Lahr informed the Committee of delays impacting the relocation of ABAG's offices. It is unknown if the move to San Francisco will precede April 20's scheduled Executive Committee meeting.



APPROVAL OF SUMMARY MINUTES OF DECEMBER 16, 2015.

Motion was made by Sealana/S/Walton/C/4:0:0 to approve the Summary Minutes of December 16, 2015 Executive Committee meeting.

The aye votes were: Brees, Schroeder, Sealana, Walton.

The nay votes were: None.

Abstentions were: None.

Absentees were: Bueren, Gilmore.

REPORT ON NATURAL GAS PROGRAM

Monthly Summary of Operations FY 2015-16

Lahr provided members with the Monthly Summary of Operations reports for FY15-16; members were updated on the percentage savings comparisons with PG&E. Lahr noted that financial statements for December, 2015 indicated a cumulative savings figure of -1.4% including the CTA Unrecovered Pipelines Capacity costs. The program's 'Rate Comparisons excluding Pipeline Capacity Costs' calculation displayed a cumulative savings through December, 2015 of 1.3%.

Lahr noted his intent to remove the 'Rate Comparisons excluding Pipeline Capacity Costs' calculation following the conclusion of FY 2015-16. He reminded Committee members of the recent decision rejecting the CTA Consortium's argument, effectively allocating the full portion of these costs to ABAG POWER for the foreseeable future.

Program Trends Explained

Lahr presented a memorandum explaining staff's use of the heating degree day (HDD) metric to describe a correlation between the program's continued decline in natural gas usage and recent warm temperatures throughout the region. The report indicated the current ten-year low in member usage can be attributed to reduced need for space heating, a primary use of natural gas among ABAG POWER members.

Gas Hedge Chart

Lahr provided information on the various current long-term gas purchases (contracts which are greater than one month in length). The Committee discussed authorizing an additional six-month gas purchase contract to capitalize on low market prices but ultimately decided to revisit the decision at the next Executive Committee meeting, scheduled for April 20, 2016.

Market Price Chart

Lahr provided information on gas prices.



Imbalance Adjustment Memo

Staff informed the Committee of a recent adjustment to the program's Operating Imbalance account. The adjustment remedies PG&E's inadvertent application of certain metered usage to another Core Procurement group's Operating Imbalance. The estimated cost of this adjustment is expected to be approximately \$237,000. The total cost will be apportioned among the program's active gas pool members and will be recorded during the current fiscal year.

FISCAL YEAR 2014-15 AUDITED FINANCIAL STATEMENTS

Lahr reported that a clean audit opinion was received for the FY 2014-15 financial statements. In addition, independent auditors did not identify any deficiencies in internal control that were considered to be material weaknesses.

Motion was made by Sealana/S/Walton/C/5:0:0 to approve the FY 2014-15 audited financial statements:

The aye votes were: Brees, Gilmore, Schroeder, Sealana, Walton.

The nay votes were: None.

Abstentions were: None.

Absentees were: Bueren.

PG&E GAS CUSTOMERS ONE-TIME BILL CREDIT PLAN

Lahr informed the Committee of PG&E's current proposal to issue a one-time bill credit to gas customers. The bill credit plan stems from the California Public Utilities Commission decision mandating PG&E return \$400 million to gas customers for the company's role in causing the San Bruno pipeline explosion.

Staff explained that using the calculation methodology provided by PG&E in its original proposal, the bill credit is estimated to represent approximately \$423,000 for ABAG POWER gas pool members. The majority of this credit will be issued directly from PG&E to members in the form of individual checks per account.

Staff proposed and the Committee encouraged issuing an updated memorandum to the gas pool membership in advance of the bill credit.

WATER EFFICIENCY FINANCE LEGISLATION

Lahr updated Committee members on the current status of the Water Bill Savings Act, which is now expected to be introduced in mid-February. The proposed water efficiency legislation would allow Joint Powers Authorities (JPAs) to raise funds to finance water and energy efficiency measures on residential and commercial properties.



CLOSED SESSION

Conference with Legal Counsel—Anticipated Litigation

Initiation of litigation pursuant to Government Code §54956.9(d)(4): One case

The Chairman announced that no reportable action was taken in closed session.

OTHER BUSINESS

Lahr informed the Committee of a recently received proposal regarding the opportunity for ABAG POWER to begin purchasing Renewable Gas Credits (RGS). Lahr explained that RGS are attributed to natural gas produced in a renewable manner, such as biogas. The RGS attribution can then be separated from the physical gas produced, and may be bought and sold in a regulated marketplace similar to its electric-industry equivalent, the Renewable Energy Credit (REC).

Staff intends to update the Committee at the April 20 Executive Committee meeting as the proposal is further developed and evaluated.

Sealana announced his intent to resign from the Executive Committee due to increased workloads from other matters. No resignation date was given, however it was agreed that outreach will be conducted to secure additional Committee membership.

ADJOURNMENT

Vice Chairman Schroeder adjourned the meeting at 1:42 PM.

/rj

*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 = abstention.

ABAG POWER Natural Gas Program

FY 2015-16 Monthly Summary of Operations

	days/mo.	Jul 31	Aug 31	Sep 30	Oct 31	Nov 30	Dec 31	Jan 31	Feb 29	Mar 31	Apr 30	May 31	Jun 30	Total
<u>Gas Purchases⁽¹⁾</u>														
Purchase 1	Qty	15,500	15,373	15,000	15,308	14,996	15,493	15,500	14,500	15,500	15,000	15,500	15,000	182,670
	Price	\$3.88	\$3.88	\$3.88	\$2.98	\$2.98	\$2.98	\$2.98	\$2.98	\$2.98	\$2.29	\$2.29	\$2.29	
Purchase 2	Qty	18,817	18,127	17,612	18,600	18,205	18,808	18,817	17,600	27,993				174,582
	Price	\$2.77	\$2.72	\$2.63	\$2.29	\$2.21	\$2.21	\$2.32	\$1.82	\$1.91				
Purchase 3	Qty	8,350	3,950	4,100	7,700	27,800	37,325	41,600	35,100	18,290				184,215
	Price	\$3.21	\$3.22	\$3.13	\$2.89	\$2.72	\$2.57	\$2.61	\$2.13	\$1.58				
Purchase 4	Qty													0
	Price													
Purchase 5	Qty													0
	Price													
Total Quantity Purchased		42,667	37,450	36,712	41,608	61,001	71,626	75,917	67,203	61,783	15,000	15,500	15,000	541,467
Total Purchase Cost		\$139,162	\$121,612	\$117,289	\$110,463	\$160,571	\$183,607	\$198,318	\$149,872	\$128,698	\$34,350	\$35,495	\$34,350	\$1,413,788
Backbone Shrinkage (Dths)		(403)	(433)	(384)	(404)	(420)	(434)	(434)	(406)					
WACOG ⁽²⁾		\$3.29	\$3.29	\$3.23	\$2.68	\$2.65	\$2.58	\$2.63	\$2.24	\$2.08	\$2.29	\$2.29	\$2.29	\$2.61
<u>Storage/Inventory</u>														
Total Injections/ (Withdrawals)		0	1,413	(7,008)	1,146	(527)	(7,800)	(14,236)	(6,800)					(33,812)
Total Inventory Quantity (Dths)		63,720	65,133	58,125	59,271	58,744	50,944	36,708	29,908					
Total Inventory (\$)		\$252,740	\$257,393	\$229,697	\$233,397	\$231,322	\$200,606	\$144,544	\$117,766					
Avg. Inventory Rate (\$/Dth)		\$3.97	\$3.95	\$3.95	\$3.94	\$3.94	\$3.94	\$3.94	\$3.94					
<u>Gas Program Monthly Expenses (from Financial Reports)</u>														
Cost of Energy Used ⁽³⁾		\$ 167,357	\$ 120,667	\$ 171,529	\$ 132,926	\$ 189,358	\$ 245,357	\$ 286,783	\$ 208,442					\$ 1,522,419
Program Operating Expenses ⁽⁴⁾		26,879	32,916	30,730	33,477	19,940	23,150	29,675	34,037					230,804
Subtotal		\$ 194,236	\$ 153,584	\$ 202,259	\$ 166,403	\$ 209,298	\$ 268,507	\$ 316,458	\$ 242,479	\$ -	\$ -	\$ -	\$ -	\$ 1,753,223
Rate (\$/Dth)		\$4.64	\$3.92	\$5.14	\$3.57	\$3.05	\$2.97	\$3.66	\$3.60					\$3.60
PG&E Pass-through costs ⁽⁵⁾		153,297	152,983	132,969	161,361	198,079	379,109	508,773	351,662					2,038,233
Total ABAG POWER Cost		\$ 347,533	\$ 306,567	\$ 335,228	\$ 327,764	\$ 407,377	\$ 647,616	\$ 825,230	\$ 594,141					\$ 3,791,456
<u>Actual (metered) Gas Usage</u>														
Core ⁽⁶⁾		34,636	33,447	33,104	40,108	62,573	84,693	80,723	60,719					430,004
Non Core		7,206	5,774	6,211	6,550	6,042	5,588	5,751	6,691	6,986				56,798
Total Program Usage		41,842	39,221	39,315	46,658	68,615	90,281	86,473	67,410	6,986	0	0	0	486,801
ABAG POWER Total Core Rate		\$ 9.07	\$ 8.49	\$ 9.16	\$ 7.59	\$ 6.22	\$ 7.45	\$ 9.96	\$ 9.39					
<u>PG&E Rate⁽⁷⁾</u>														
Procurement Charge ⁽⁸⁾		3.08	3.88	3.11	3.11	3.70	3.80	3.76	4.09	1.39	2.21			
Transportation/Other Charge ⁽⁹⁾		4.43	4.57	4.02	4.02	3.17	4.48	6.30	5.79					
Total PG&E Rate		\$ 7.51	\$ 8.45	\$ 7.12	\$ 7.13	\$ 6.86	\$ 8.27	\$ 10.07	\$ 9.88	\$ 1.39	\$ 2.21	\$ -	\$ -	

ABAG POWER Natural Gas Program

FY 2015-16 Monthly Summary of Operations

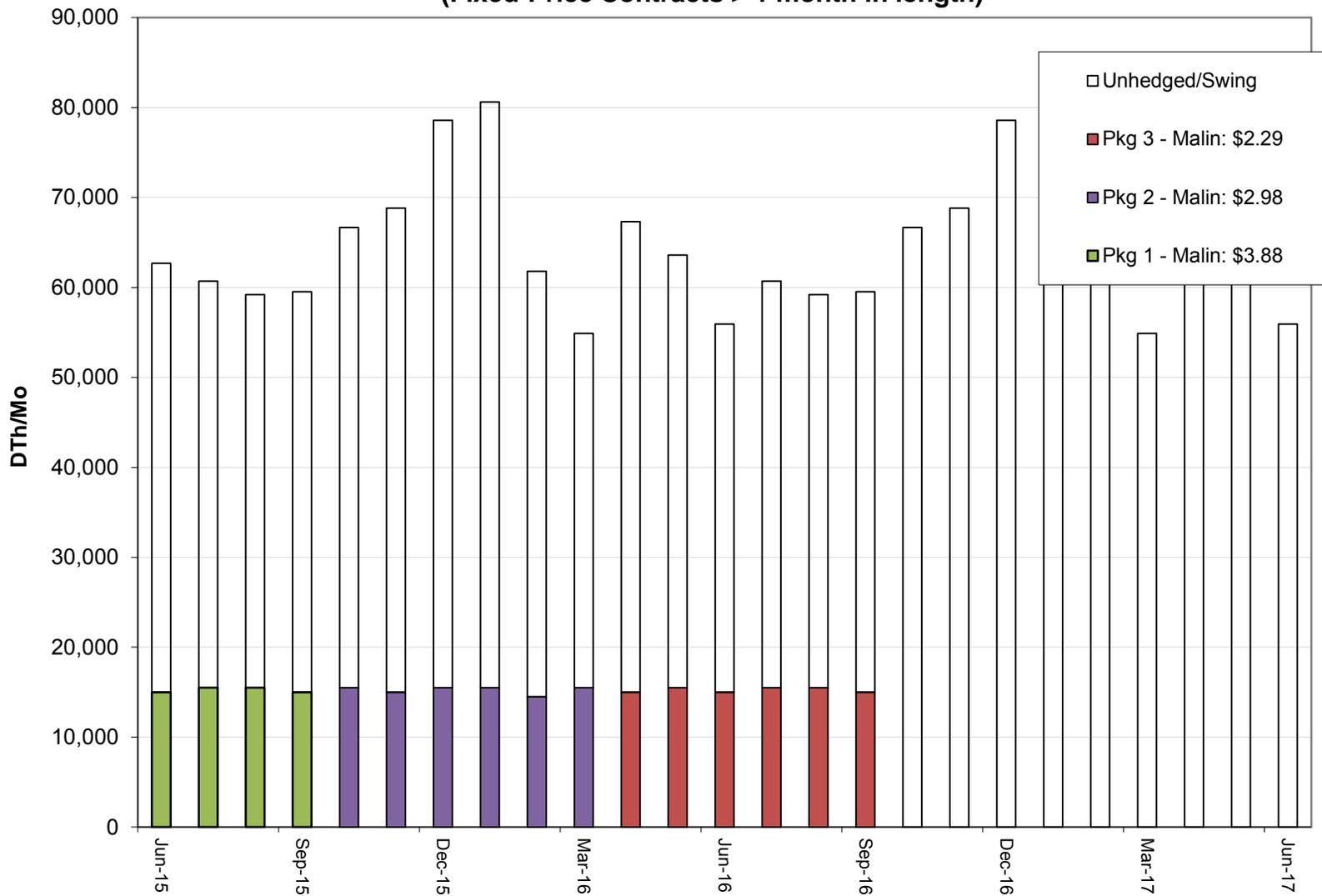
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total
<u>Rate Comparison</u>													
Monthly Rate Difference (\$/Dth)	1.56	0.04	2.04	0.46	(0.65)	(0.82)	(0.10)	(0.49)					
Monthly Savings (\$)	(53,996)	(1,361)	(67,458)	(18,335)	40,595	69,828	8,443	29,876					
Cumulative 'Savings' (\$)	(53,996)	(55,357)	(122,814)	(141,150)	(100,555)	(30,727)	(22,284)	7,592					
Cumulative 'Savings' (%)	-20.8%	-10.2%	-15.8%	-13.3%	-6.7%	-1.4%	-0.7%	0.2%					
<u>Rate Comparison excluding Stranded Pipeline Capacity Costs</u>													
Standed Pipeline Capacity Costs	\$ 10,861	\$ 10,781	\$ 11,016	\$ 10,563	\$ 11,143	\$ 15,126	\$ 16,751	\$ 16,304					
Monthly Savings	(45,005)	7,833	(58,182)	(9,256)	50,756	84,018	24,080	44,562					
Cumulative Savings (\$)	(45,005)	(37,173)	(95,354)	(104,610)	(53,854)	30,164	54,244	98,806					
Cumulative Savings (%)	-17.3%	-6.8%	-12.2%	-9.8%	-3.6%	1.4%	1.8%	2.7%					
<u>Monthly Index Postings</u>													
NGI Bidweek for PG&E Citygate	\$3.16	\$3.25	\$3.10	\$3.07	\$2.67	\$2.64	\$2.82	\$2.49	\$1.98	\$1.90			
Gas Daily Avg. for PG&E Citygate	\$3.19	\$3.17	\$3.10	\$2.87	\$2.70	\$2.55	\$2.60	\$2.09	\$1.90				
NGI Bidweek for Malin	\$2.77	\$2.76	\$2.58	\$2.50	\$2.16	\$2.37	\$2.42	\$2.17	\$1.58	\$1.62			

Notes:

- (1) All gas quantities in Dth and rates in \$/Dth. (Does not include imbalance purchases traded to storage.)
- (2) Weighted Average Cost of Gas (WACOG) at PG&E Citygate
- (3) Includes costs to transport gas to PG&E Citygate from alternate delivery points, as well as physical storage costs.
- (4) Includes scheduling fees, billing fees, administrative costs and misc. expenses; less interest income.
- (5) PG&E charges billed to ABAG POWER via EDI process and passed through to customers. These costs do not necessarily tie directly to the actual gas usage shown above due to timing difference in reporting.
- (6) From billing data
- (7) Based on PG&E's G-NR1 rate schedule.
- (8) Includes: Procurement Charge, Capacity Charge, Brokerage Fee, Shrinkage, and Storage.
- (9) PG&E Transportation Charge; Customer Charge, and surcharge for Public Purpose Programs. Does not include Franchise Fees and City Taxes.

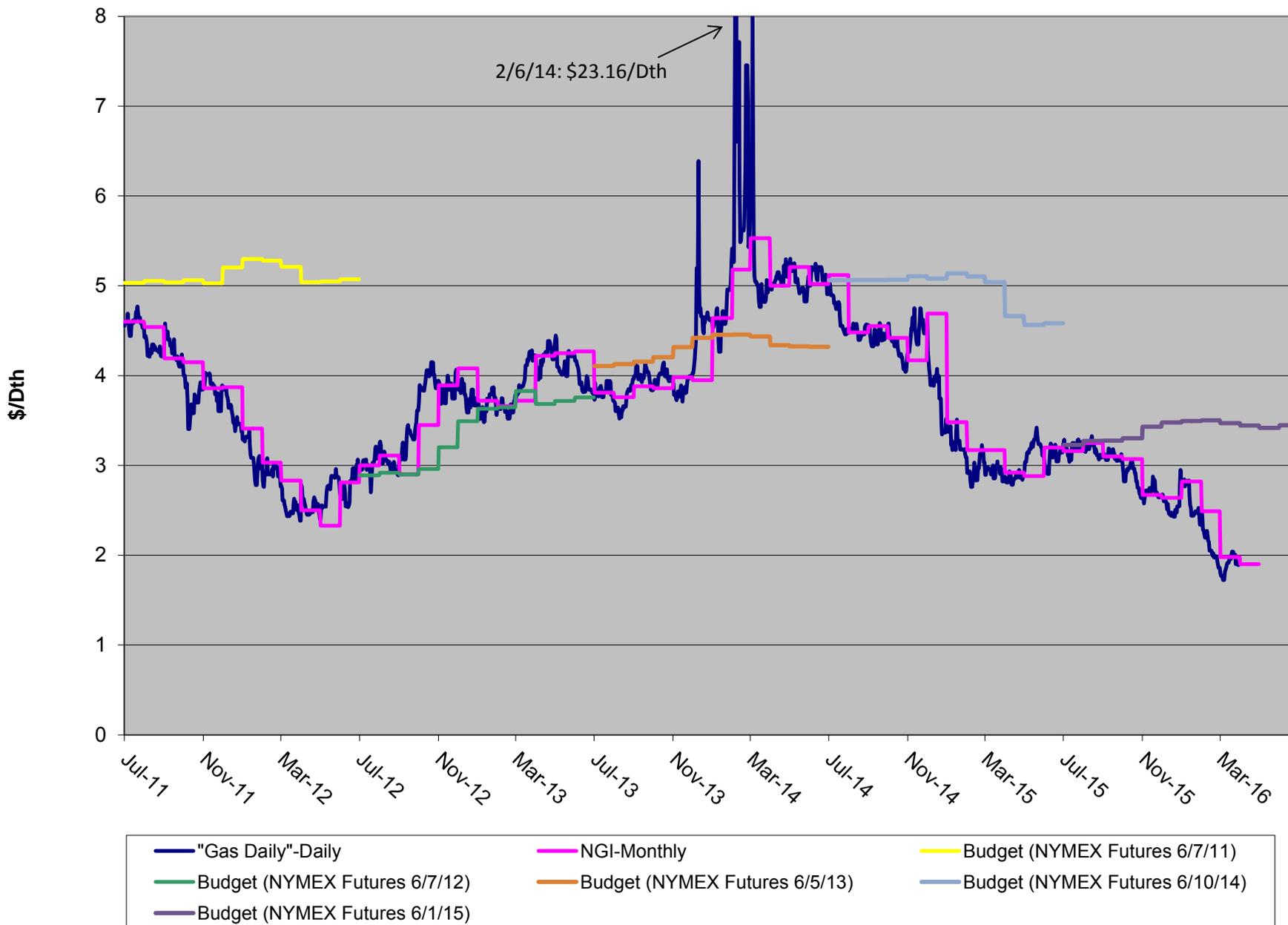
Gas Hedge Chart

**ABAG POWER Long Term Gas Purchases
(Fixed-Price Contracts > 1 month in length)**



Market Price Chart

5-Yr Historical/Future Market Price Indices @ PG&E Citygate





DT: April 12, 2016

TO: ABAG POWER Executive Committee

FM: Gerald L. Lahr, ABAG POWER Program Manager

RE: **Extension of Natural Gas Scheduling Services Contract with DMJ Gas Marketing Consultants**

ABAG POWER's contract extension for natural gas scheduling services expires on June 30, 2016. Staff intends to extend the current contract with DMJ Gas Marketing Consultants, LLC for an additional one year.

Background. In the Spring of 2013, DMJ Gas Marketing Consultants (DMJ) was selected through a competitive process to provide ABAG POWER a variety of services related to natural gas scheduling and balancing. The original contract for services was for a period of two years, but also provided for the option of extending the contract for up to an additional two years.

Because DMJ provided satisfactory scheduling services to ABAG POWER during the initial term of the contract, in April 2015, staff recommended exercising an option to extend the term for an additional one year, covering the July 2015 to June 2016 period, and revise the payment terms to a flat monthly fee (\$1,400). The Executive Committee approved these recommendations.

At this time, staff finds that DMJ has continued to provide satisfactory scheduling services, warranting an additional contract extension for the period of one year, while retaining the current contract terms and fee schedule.

Attachments: Letter to DMJ



April xx, 2016

Dave Jones
DMJ Gas Marketing Consultants, LLC
7027 Dublin Blvd., #100A
Dublin, CA 94568

Re: Scheduling Services – Contract Extension

Dear Mr. Jones:

The purpose of this letter is to extend the Scheduling Services Agreement between DMJ Gas Marketing Consultants, LLC (DMJ) and ABAG POWER by adding the period July 1, 2016 to June 30, 2017.

All other terms and conditions shall remain unchanged.

Please sign below and return a copy to acknowledge your agreement to this extension.

Sincerely,

Ezra Rapport
ABAG Executive Director
ABAG POWER President

I have read, understood and agree to the provisions set forth in this letter.

Date: _____ By: _____
Dave Jones
DMJ Gas Marketing Consultants, LLC

cc: Jerry Lahr, ABAG POWER Program Manager
Kenneth Moy, ABAG Legal Counsel



DT: April X, 2016

TO: ABAG POWER Gas Pool Members

FM: Gerald Lahr, Program Manager, ABAG POWER
Ryan Jacoby, Natural Gas Billing Specialist, ABAG POWER

RE: Upcoming One-Time Bill Credit/Check Disbursement from PG&E

ABAG POWER Gas Pool Members:

In April 2015, the California Public Utilities Commission (CPUC) issued PG&E a \$1.6 billion penalty for the company's role in causing the San Bruno pipeline explosion. Of this total, \$850 million is to be used for gas system safety improvements, and \$400 million is to be refunded to gas customers.¹ **In June 2016, eligible gas customers will receive either a bill credit or a check for their allotment of PG&E's \$400 million disallowance adopted in this ruling. ABAG POWER accounts with a gross credit greater than \$30 will receive the bill credit in the form of a check.** Checks will be mailed directly from PG&E. In cases where the credit is less than \$30, the credit will be deducted from the monthly invoice.

As a member of ABAG POWER (or any CTA), your membership does not affect eligibility to receive this bill credit or check, nor does it affect an agency's ability to participate in energy efficiency programs or claim rebates for energy savings measures. Eligibility for this one-time bill credit/check disbursement is based on the following criteria:

	<u>Billed Gas Usage During:</u>	<u>Account Remains Open During:</u>
Core	November 2015 and/or December 2015	June 2016
Noncore	January 2015 through December 2015	June 2016

Roughly 91% of ABAG POWER's active accounts qualify for either a bill credit or a check disbursement. We estimate the total refund for ABAG POWER members to be approximately \$425,000.² Bill credits will be included in the applicable account's "PG&E Charges - Other Charges" column on the monthly Gas Invoice Detail ("back-up report").

If you have questions regarding the calculation methodology of the bill credit, would like to verify your mailing address with PG&E, or have other questions or concerns, please feel free to contact us using the information provided below.

Thank you,

Jerry Lahr
JerryL@abag.ca.gov
(510) 464-7908

Ryan Jacoby
RyanJ@abag.ca.gov
(510) 464-7956

¹ California Public Utilities Commission D.15-04-024 - <http://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M150/K990/150990886.PDF>

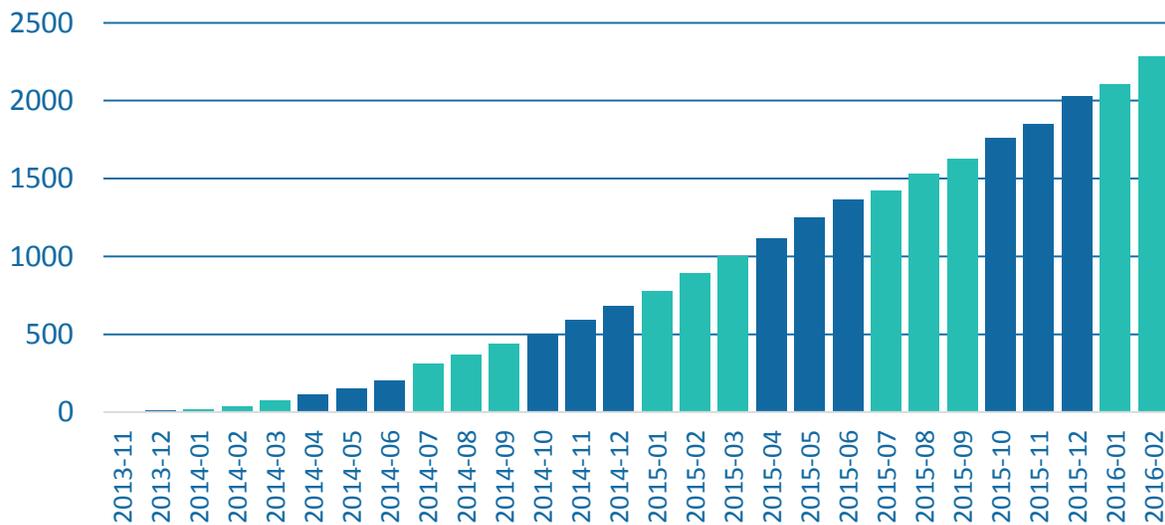
² Pacific Gas & Electric Company Advice Letter 3597-G, Illustrative Example using 2014 Recorded Data

BayREN is a collaboration of the 9 counties that make up the San Francisco Bay Area. BayREN implements effective energy saving programs on a regional level and draws on the expertise, experience, and proven track record of Bay Area local governments to develop and administer successful climate, resource, and sustainability programs.

SINGLE FAMILY

BayREN is the exclusive administrator of Energy Upgrade California® Home Upgrade and the Advanced Home Upgrade Assessment Incentive for single family homeowners in the Bay Area. BayREN provides rebates of up to \$3,000 for Home Upgrade and \$300 for homeowners who have completed an energy assessment through the utility-administered Advanced program. BayREN also offers a Home Upgrade Advisor Service which provides free technical and one-on-one assistance to home owners and contractors.

Home Upgrade Projects Completed - Cumulative



Home Upgrade

Incentives Paid
2,283 | \$ 5,238,350
Incentives Reserved
442 | \$ 996,300
Average Project Cost
\$14,370
Average Incentive
\$2,295

Assessment Incentive

Incentives Paid
1,424 | \$ 453,127
Incentives Reserved
135 | \$ 40,500

Outreach Events



Total Outreach Events: 450

Home Upgrade Advising

Total Accounts
951
Total Referrals to
Complementary Programs
2,471

Participating Contractors

Contractors Trained
280
Participating Contractors
118

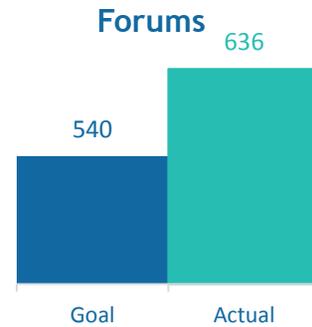
CODES & STANDARDS



Energy code trainings are designed to provide the building community with practical implementation strategies for code compliance and enforcement. Over 500 local building department staff has been trained across the bay area region.

Permit Resource Opportunity Program (PROP)

The PROP is designed to enhance energy code compliance processes in building departments and establish regional compliance baselines and best practices. BayREN has released its Final Report and Resource Guide for the 2014 PROP. 2015 PROP visits build upon the work started in 2014 to provide participating building departments with targeted energy code enforcement training and support. Trainings are offered at department offices and in the field.

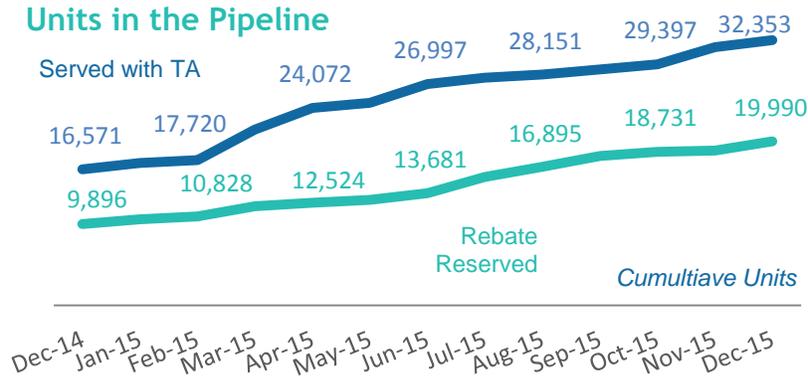


Forums focus on policy and program design issues and energy code compliance. Seven regional forums were held in 2014, and six were held in 2015. The 2015 forums were held Alameda, Marin, San Francisco, San Mateo, Santa Clara, and Solano Counties

MULTIFAMILY

The BayREN Multifamily program offers property owners free technical assistance and rebates of \$750 per unit for saving 10% or more of their whole building’s energy usage. The program is extremely popular, and to date, 15,896 units have completed, receiving \$11,921,172 in rebates.

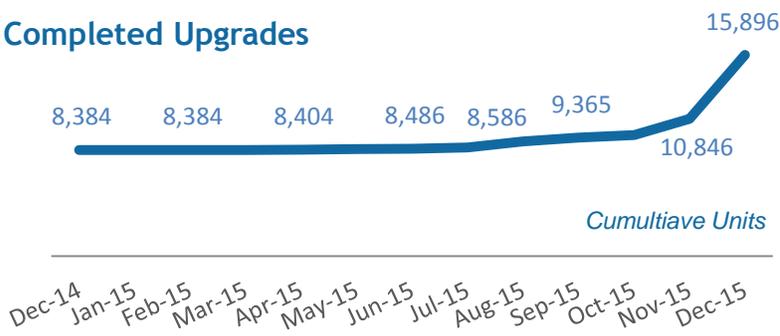
Units in the Pipeline



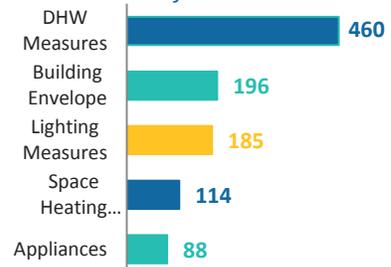
Multifamily

- Total Projects Completed**
235 Projects
- Average Project Size**
68 Units
- Average Estimated Savings**
16.0%
- Average Estimated Savings Per Completed Unit**
451 kWh & 32 Therms

Completed Upgrades



Measure Types in Completed Projects



Total Number of Measures Installed

Senate Bill 1233
Water Bill Savings Act
Senator McGuire

Summary

Despite the rainfall and snow we're receiving this winter from the effects of El Niño, California's historic drought will continue to persist. The drought has severely impacted local governments' ability to balance water supplies with customer needs, whether those needs are for residents, businesses or agriculture operations. In addition, two major factors will continue to contribute to our State's ongoing drought conditions: Groundwater supplies and many of the state's largest reservoirs are anticipated to take years to replenish and hit pre-drought levels.

SB 1233 will provide local governments and disadvantaged communities the necessary tools to fund water savings projects for customers who voluntarily participate, thus helping the state achieve its continued goals of reducing water use.

Background

On April 1, 2015, the Governor signed executive order B 29-15 mandating historic mandatory water conservation measures statewide. One section in particular calls for regional collaboration to address some of the negative effects produced by California's ongoing drought, i.e.:

“WHEREAS the magnitude of the severe drought conditions continues to present threats beyond the control of the services, personnel, equipment, and facilities of any single local government and require the combined forces of a mutual aid region or regions to combat.”

Water conservation efforts are the core way in which local governments can respond aggressively to the Governor's executive orders urging adaptation to California's ongoing drought.

Problem

The upfront costs of installing water efficiency improvements are a barrier that often prevents property owners and low income residents from making the needed improvements. Furthermore, municipal utilities and local governments lack a suitable mechanism to meet the challenge of creating and

funding large scale and rapidly deployable programs to facilitate widespread adoption of customer-side water efficiency projects.

Solution

SB 1233 will allow residents to finance drought tolerant landscapes, upgrade hot water systems, gray water systems, high efficiency toilets and high efficiency shower heads on their water utility bills.

This bill will create a broad scale regional response to California's water supply issues by adding Section 6588 of the California Government Code to extend existing Marks Roos Local Bond Pooling Act authority used by JPAs to fund utility projects to voluntary customer water efficiency projects installed on private property and paid for by participants.

The legislation would enable JPAs to fund project installation with pooled revenue bonds, with debt service provided through meter charges aggregated from participating properties rather than all ratepayers. Just like a charge for water service, individual meter charges are tied to the specific efficiency services delivered at the meter location. Meter charges designed to be less than the estimated utility bill savings delivered by the associated project create immediate net cost savings at a participating property.

Pay As You Save (PAYS) pilots established by the Bay Area Regional Energy Network (BayREN) have already demonstrated the potential for this water efficiency model, saving 20-33% of participating customers' water use. Building upon these successes, SB 1233 seeks to allow Local Governments the option to: 1) Pool JPA Member Utilities into a single entity able to raise capital; 2) Deliver centralized administration and operation services to Member Utilities and their customers, and; 3) Allow Member Utilities to aggregate customer on-bill surcharges to repay the program for services received.

Contact

Matthew Montgomery, Legislative Director
Phone: 916-651-4002
matthew.montgomery@sen.ca.gov

Support

Association of Bay Area Governments
Center for Climate Protection
Mayor's Councilmembers Association
Bay Area Regional Energy Network
Sonoma County Climate Protection Agency
School Project for Utility Rate Reduction
Sonoma County Water Agency
Stop Waste
Town of Windsor
Sierra Club California
California Association of Relators

