



ABAG POWER Executive Committee Meeting No. 2010-02  
April 21, 2010 (12 Noon - 2:00 p.m.)

Association of Bay Area Governments  
101 Eighth Street, Conference Room B  
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, 2010
4. **Report on Natural Gas Program**  
Information: Staff will review recent gas operation, including gas purchases; the program's long-term hedge position, and other miscellaneous program items. Staff will also provide an update regarding the unwind of the Noncore Balancing Aggregation Agreement (NBAA).  
ATTACHMENT 4A – MONTHLY SUMMARY OF OPERATIONS FY 09-10  
ATTACHMENT 4B – GAS HEDGE CHART  
ATTACHMENT 4C – 2010-11 BUDGET PREVIEW
5. **Energy Data Pilot Project Report**  
Information: City of Milpitas and ABAG POWER staff will provide additional information related to the Energy Data Pilot Project.  
ATTACHMENT 5A – REPORT ON ENERGY DATA PILOT PROJECT
6. **Contract Extension for Natural Gas Scheduling**  
**Action:** Take action on staff recommendation to extend the gas scheduling services contract with Golden Valley Gas Services.  
ATTACHMENT 6A – CONTRACT EXTENSION LETTER
7. **Electric Direct Access**  
Information: Staff will provide an update on the status of electric direct access (DA), and the CPUC's proceeding to increase non-residential customers' access to DA.  
ATTACHMENT 7A – ELECTRIC DIRECT ACCESS – INFORMATION SHEET
8. **ABAG Funding Applications**  
Information: Status update of ABAG's recent funding applications to PG&E, CEC and DOE.

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

# 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

Regular Meeting 2010-01

February 17, 2010

Metro Center (MTC's Claremont Room, 2<sup>nd</sup> Floor)

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

## WELCOME AND INTRODUCTIONS

Chairman John Cerini opened the meeting with introductions at 12:00 noon.

### Committee Representatives

Mark Armstrong  
John Cerini (Chairman)  
Richard Sealana  
Raj Pankhania  
Ron Popp

### Jurisdictions

City of Santa Rosa  
City of Vallejo  
City of Union City  
City of Hercules  
City of Millbrae

### Members Absent

Jennifer Mennucci  
Terry Mann  
Chris Schroeder (Vice Chairman)

Golden Gate Bridge District  
County of Contra Costa  
City of Milpitas

### Staff Present

Herbert Pike  
Vina Maharaj  
Kenneth Moy  
Jerry Lahr

ABAG  
ABAG POWER  
ABAG  
ABAG POWER

## PUBLIC COMMENTS & ANNOUNCEMENTS

No public comments.

## APPROVAL OF SUMMARY MINUTES OF DECEMBER 16, 2009.

Motion was made by Popp/S/Sealana/C/4:0:1 (Cerini abstained) to approve the Summary Minutes of December 16, 2009 Executive Committee Meeting, with the following corrections to be made:

### 1. **GAS OVER-DELIVERY PENALTY**

Revise the last sentence in the second paragraph, to read as follows:

*“Staff was requested to bring back the members’ reactions to the next ABAG POWER Executive Committee meeting” (deleting the phrase: “at which time a decision will be made as to how the penalty should be applied”).*

# MEMORANDUM

## ASSOCIATION OF BAY AREA GOVERNMENTS

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### Attachment 3A



#### 2. NATURAL GAS PROGRAM GOALS AND PURCHASING STRATEGY

A correction to the first part of the Motion, as follows:

*Motion was made by Sealana/S/Mennucci/C/5:1:0 (Armstrong/'No' vote) to adjust the current purchasing strategy ..... (continued).*

#### REPORT ON NATURAL GAS PROGRAM

##### Monthly Summary of Operations FY 09-10

Lahr provided the members with the Monthly Summary of Operations report for FY 2009-10. He said that the cumulative savings in comparison with PG&E is still a significant -18.7%, however, this has improved compared to the prior five months. Lahr expects this percentage to get lower as we move forward.

Members agreed with Lahr that the costs associated with the Energy Data Pilot project should not be used when comparing prices with PG&E. Suggestion was made to add a separate line item to the monthly spreadsheet indicating these costs as a "one time cost".

Pankhania joined the meeting at this point.

##### Market Price Chart

Lahr provided the members with a graph of the Market Price Indices at PG&E Citygate. The graph included a line showing the NYMEX Futures prices as of June, 2009, a time corresponding with the setting of ABAG POWER budget. This allowed the members to see how the actual prices compared to what the prediction of prices were back in June. Surprisingly, the comparison of the monthly prices were pretty close to the NYMEX Futures predictions from June.

##### Monthly and Cumulative Usage Summary (Actual Vs. Budgeted)

A Monthly & Cumulative Usage Summary presented to members showed the usage and costs as slightly lower than predicted. Lahr said that due to this, there is no reason to revise the budget at this time.

##### Natural Gas Long-Term Purchases

Following discussions from the last meeting, and in accordance with the current gas purchasing strategy, Lahr mentioned that he is now placing a little more emphasis on month-to-month spot market purchasing rather than the long-term contracts. However, two long term contracts expire in June, and therefore early this Spring may be a good time to add a new contract to begin in July.

##### Electric Direct Access

Lahr mentioned a bill which passed legislation in 2009, which states that the Public Utilities Commission shall allow individual retail nonresidential end-use customers to acquire electric service from other providers, up to a maximum allowable total kilowatt hours annual limit.

The Executive Committee members requested staff to put this subject on the agenda for discussion at future meetings.

# MEMORANDUM

## ASSOCIATION OF BAY AREA GOVERNMENTS

Representing City and County Governments of the San Francisco Bay Area

**Attachment 3A**



### **NONCORE GAS SCHEDULING AND CONTINUED USE OF THE NBAA**

As per the Committee's decision at the last meeting, Lahr sent a memo to the noncore members in early February, providing them with two options of either maintaining the current NBAA and scheduling practices or unwinding the NBAA and providing scheduling and balancing services for each noncore account separately. He said that none of the agencies had a problem with unwinding the NBAA.

Lahr mentioned that he has since explored one other option of having multiple NBAA's, however, he needs further talks with PG&E before arriving at a recommendation.

Motion was made by Popp/S/Pankhania/C/5:0:0 to allow staff to go down either of or a combination of the options.

### **ENERGY DATA PILOT REPORT AND RECOMMENDATION**

Lahr provided the members with a report and recommendation on the Pilot Project, which included background information, experiences of the pilot agency, basic options for the future of the project and a recommendation.

The recommendation is to continue the pilot through one full year of UM Online (July). Just before this period give the City of Milpitas the option of continuing the same services at a determined price. Also, during this time, determine the level of interest from other members. Return to the Executive Committee with a revised recommendation regarding the expansion of the program.

Motion was made by Popp/S/Sealana/C/5:0:0 to move forward as per staff recommendation and send a memo out to all members before July, determining their level of interest.

Members requested that the Pilot Agency provide a formal correspondence indicating their experiences during the pilot project.

### **FY 2008-09 AUDITED FINANCIAL STATEMENTS**

Motion was made by Sealana/S/Armstrong/C/5:0:0 to approve the FY 2008-09 Audited Financial Statements as presented.

### **ABAG FUNDING APPLICATIONS**

Lahr provided the members with an update on the two ABAG proposals which were submitted to PG&E under their innovative pilot program. The first proposal was in cooperation with the Clinton Climate Initiative (CCI) to develop a toolkit that would help municipalities in the Bay Area, and beyond, take advantage of energy saving opportunities that exist in their outdoor street light infrastructure. This proposal was rejected by PG&E.

The second proposal was related to Electric Vehicle charging stations assistance and this proposal was also rejected by PG&E.

# MEMORANDUM

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**Attachment 3A**



In early February, the California Energy Commission accepted ABAG's proposal entitled Retrofit Bay Area: Comprehensive Residential Building Retrofit Program for a \$10,750,000 funding. ABAG is in the process of executing the contract which has to be approved at an Energy Commission meeting.

### **ADJOURNMENT**

Chairman Cerini adjourned the meeting at 1:35 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

**ABAG POWER Natural Gas Program**  
**FY 2009-10 Monthly Summary of Operations**

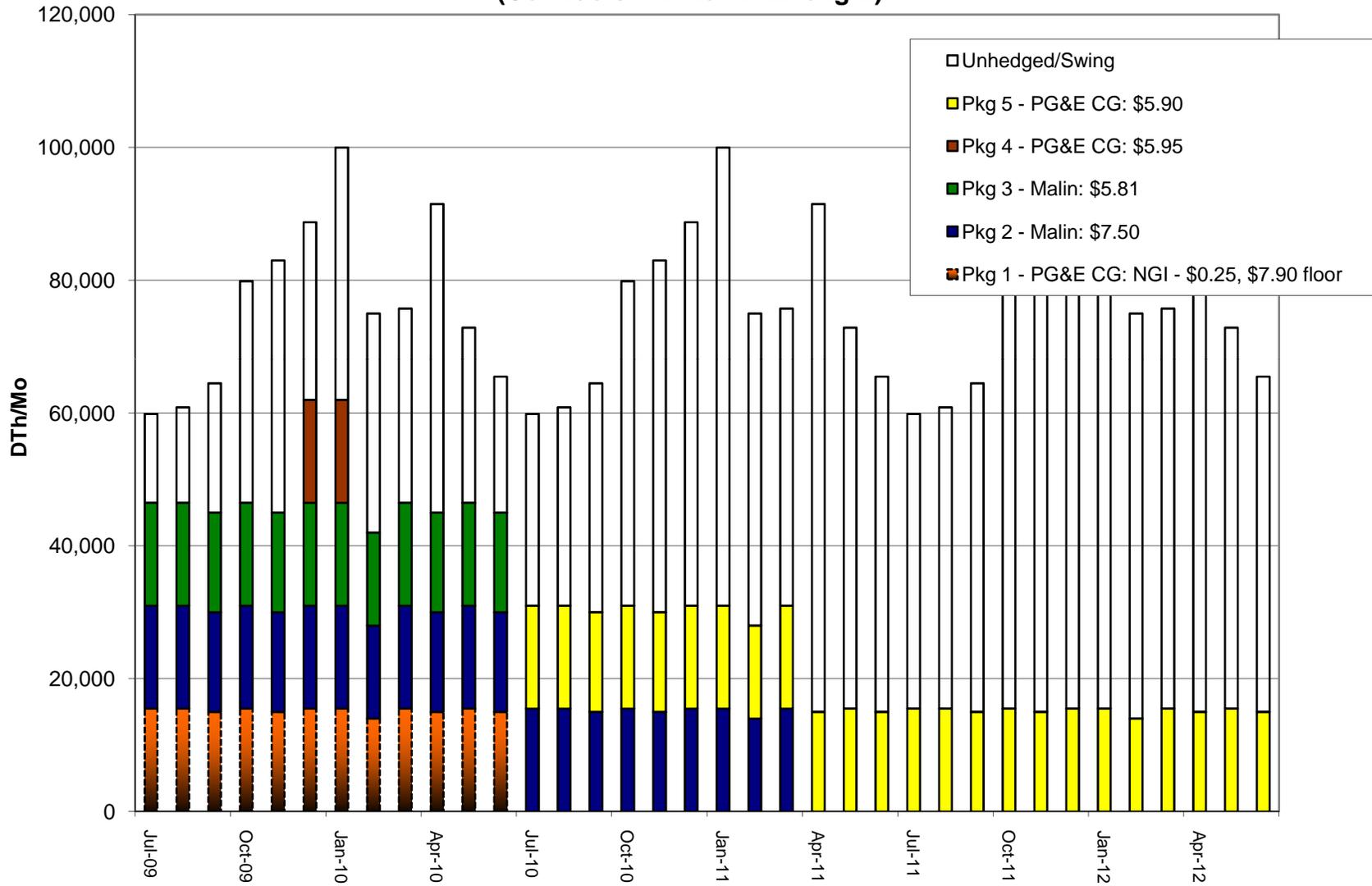
	days/mo.	Jul 31	Aug 31	Sep 30	Oct 31	Nov 30	Dec 31	Jan 31	Feb 28	Mar 31	Apr 30	May 31	Jun 30	Total
<b>Gas Purchases<sup>(1)</sup></b>														
Purchase 1	Qty	15,500	15,500	15,000	15,500	15,000	15,500	15,500	14,000	15,500				137,000
	Price	\$7.90	\$7.90	\$7.90	\$7.90	\$7.90	\$7.90	\$7.90	\$7.90	\$7.90				
Purchase 2	Qty	15,500	15,500	15,000	15,500	15,000	15,500	15,500	14,000	15,500	15,000	15,500	15,000	182,500
	Price	\$7.50	\$7.50	\$7.50	\$7.50	\$7.50	\$7.50	\$7.50	\$7.50	\$7.50	\$7.50	\$7.50	\$7.50	\$7.50
Purchase 3	Qty	15,500	15,500	15,000	15,500	15,000	15,500	15,500	14,000	15,500	15,000	15,500	15,000	182,500
	Price	\$5.81	\$5.81	\$5.81	\$5.81	\$5.81	\$5.81	\$5.81	\$5.81	\$5.81	\$5.81	\$5.81	\$5.81	\$5.81
Purchase 4	Qty	9,145	9,455	8,520	8,215	7,800	15,500	15,500	15,850	8,029				98,014
	Price	\$3.09	\$3.19	\$2.54	\$3.75	\$4.95	\$5.95	\$5.95	\$5.64	\$4.87				
Purchase 5	Qty	3,950	3,400	5,300	11,600	21,150	33,754	27,529	7,252	24,450				138,385
	Price	\$3.52	\$3.29	\$3.57	\$5.01	\$4.35	\$5.66	\$5.98	\$5.57	\$4.86				
Total Quantity Purchased		59,595	59,355	58,820	66,315	73,950	95,754	89,529	65,102	78,979	30,000	31,000	30,000	738,399
Total Purchase Cost		\$370,935	\$370,069	\$358,713	\$417,687	\$448,824	\$611,941	\$585,645	\$426,751	\$486,727	\$199,650	\$206,305	\$199,650	\$4,682,897
Backbone Shrinkage (Dths)		(527)	(527)	(510)	(527)	(540)	(558)	(558)	(504)	(558)				
Weighted Avg. Cost of Gas (WACOG) <sup>(2)</sup>		\$6.28	\$6.29	\$6.15	\$6.35	\$6.11	\$6.43	\$6.58	\$6.61	\$6.21	\$6.66	\$6.66	\$6.66	\$6.34
<b>Storage/Inventory</b>														
Total Injections/ (Withdrawals)		7,450	8,550	8,200	7,800	(5,529)	(12,897)	(18,220)	(17,630)	(15,500)				(37,776)
Total Inventory Quantity (Dths)		57,726	66,276	74,476	82,276	76,747	63,850	45,630	28,000	12,500				
Total Inventory (\$)		\$375,630	\$418,449	\$456,254	\$504,338	\$470,446	\$391,390	\$279,704	\$171,635	\$76,623				
<b>Gas Program Monthly Expenses (from Financial Reports)</b>														
Cost of Energy Used <sup>(3)</sup>		\$ 386,034	\$ 355,073	\$ 359,103	\$ 384,659	\$ 498,715	\$ 612,151	\$ 775,590	\$ 534,806					\$ 3,906,131
Program Operating Expenses <sup>(4)</sup>		26,373	27,179	29,956	29,929	31,437	32,952	20,365	24,036					222,227
Subtotal		\$ 412,407	\$ 382,252	\$ 389,059	\$ 414,589	\$ 530,152	\$ 645,102	\$ 795,955	\$ 558,842	\$ -	\$ -	\$ -	\$ -	\$ 4,128,358
Rate (\$/Dth)		\$7.40	\$7.42	\$7.29	\$6.53	\$6.61	\$6.03	\$7.54	\$6.60					\$6.86
PG&E Pass-through costs <sup>(5)</sup>		125,983	118,275	103,515	200,519	148,869	291,233	311,044	319,350					1,618,788
Total ABAG POWER Cost		\$ 538,390	\$ 500,527	\$ 492,574	\$ 615,108	\$ 679,022	\$ 936,335	\$ 1,106,999	\$ 878,192					\$ 5,747,146
<b>Actual (metered) Gas Usage</b>														
Core <sup>(6)</sup>		43,193	41,093	40,716	53,609	72,299	96,274	95,397	75,544					518,124
Non Core		12,570	10,442	12,669	9,842	7,945	10,708	10,136	9,135					83,447
Total Program Usage		55,763	51,535	53,385	63,451	80,243	106,982	105,534	84,678	0	0	0	0	601,570
ABAG POWER Total Core Rate		\$ 10.31	\$ 10.30	\$ 9.83	\$ 10.27	\$ 8.67	\$ 9.06	\$ 10.80	\$ 10.83					
<b>PG&amp;E Rate<sup>(7)</sup></b>														
Procurement Charge <sup>(8)</sup>		4.95	4.99	4.32	5.13	5.99	5.29	5.80	6.24	5.27	5.41			
Transportation/Other Charge <sup>(9)</sup>		2.92	2.88	2.54	3.74	2.06	3.03	3.26	4.23					
Total PG&E Rate		\$ 7.87	\$ 7.87	\$ 6.87	\$ 8.87	\$ 8.05	\$ 8.31	\$ 9.06	\$ 10.47	\$ 5.27	\$ 5.41	\$ -	\$ -	
Monthly Rate Difference (\$/Dth)		2.44	2.43	2.96	1.41	0.62	0.74	1.74	0.36					
Monthly Savings (\$)		(105,483)	(99,751)	(120,691)	(75,406)	(44,580)	(71,303)	(166,459)	(27,201)					
Cumulative Savings (\$)		(105,483)	(205,234)	(325,925)	(401,331)	(445,911)	(517,213)	(683,672)	(710,873)					
Cumulative Savings (%)		-31.0%	-30.9%	-34.6%	-28.3%	-22.3%	-18.5%	-18.7%	-16.0%					

**ABAG POWER Natural Gas Program**  
**FY 2009-10 Monthly Summary of Operations**

		Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total
<b>Storage Gas Accounting</b>														
Beginning Quantity		50,276												
Average Price		\$6.90												
Beginning of Month	Qty	50,276	57,726	66,276	74,476	82,276	76,747	63,850	45,630	28,000	12,500	12,500	12,500	
Injections	Qty	0	0	204	450	0	0	0	0	0				
Storage Shrinkage	Qty			-4	-6									
	Price	\$0.00	\$0.00	\$6.15	\$6.35	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	
Imbalance Trades	Qty	7,450	8,550	8,000	7,800	-1,500			-1,290	-6,000				
	Price	\$3.85	\$5.01	\$4.57	\$6.15	\$6.13			\$6.13	\$6.13				
Withdrawals	Qty				444	4,029	12,897	18,220	16,340	9,500				
	Price	\$6.90	\$6.51	\$6.31	\$6.13	\$6.13	\$6.13	\$6.13	\$6.13	\$6.13	\$6.13			
End of Month	Qty	57,726	66,276	74,476	82,276	76,747	63,850	45,630	28,000	12,500	12,500	12,500	12,500	
	Avg. Pric	\$6.51	\$6.31	\$6.13	\$6.13	\$6.13	\$6.13	\$6.13	\$6.13	\$6.13				
End of Month Inventory		\$375,630	\$418,449	\$456,254	\$504,338	\$470,446	\$391,390	\$279,704	\$171,635	\$76,623				
<b>Monthly Index Postings</b>														
NGI Bidweek for PG&E Citygate		\$3.42	\$3.61	\$2.92	\$4.07	\$5.29	\$5.12	\$6.37	\$5.73	\$5.15	\$4.46			
Gas Daily Avg. for PG&E Citygate		\$3.43	\$3.38	\$3.53	\$4.84	\$4.27	\$5.90	\$6.00	\$5.54	\$4.79				
NGI Bidweek for Malin		\$3.07	\$3.17	\$2.53	\$3.73	\$4.88	\$4.75	\$5.95	\$5.55	\$4.85	\$4.06			

- Notes:
- (1) All gas quantities in Dth and rates in \$/Dth. (Does not include imbalance purchases traded to storage.)
  - (2) 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. Excludes costs of Energy Data Pilot Project.
  - (5) Actual cost of PG&E charges billed to customer via EDI process. 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.

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



**ABAG POWER**  
**Operating Budget**  
 Fiscal Year Ending June 30, 2011

**Preliminary**

	<u>Electricity</u>			<u>Natural Gas</u>			<u>Total</u>
	<u>FY 2009-10</u> <u>Approved (1)</u>	<u>FY 2009-10</u> <u>Projected</u>	<u>FY 2010-11</u> <u>Proposed</u>	<u>FY 2009-10</u> <u>Approved (1)</u>	<u>FY 2009-10</u> <u>Projected</u>	<u>FY 2010-11</u> <u>Proposed</u>	<u>FY 2010-11</u> <u>Proposed</u>
<b>Revenues</b>							
Sale of Energy	\$ -	\$ -	\$ -	\$ 9,721,109		\$ 9,592,090	\$ 9,592,090
Interest Income - Banks/LAIF				60,000			-
Members Balancing Account	23,545						
Total revenues	<u>23,545</u>	<u>-</u>	<u>-</u>	<u>9,781,109</u>	<u>-</u>	<u>9,592,090</u>	<u>9,592,090</u>
<b>Cost of energy</b>							
Cost of Energy Used	-	-	-	6,584,696		6,185,946	6,185,946
PG&E Pass-Through Costs	-	-	-	2,733,750		2,960,224	2,960,224
Total cost of energy	-	-	-	9,318,446	-	9,146,170	9,146,170
<b>Other Energy Costs</b>							
Meter fees	-	-	-	-	-	-	-
Total Other Energy Costs	-	-	-	-	-	-	-
<b>Energy Data System Upgrade (2)</b>				40,000		-	-
<b>Program Expenses</b>							
Billing Costs, external				9,500		10,200	10,200
Amortized Billing Software Costs				14,221		14,221	14,221
Scheduling agent fees				36,750		37,761	37,761
ABAG fees	23,545		-	347,191		363,738	363,738
Interest Expense/Bank Charges				10,000		15,000	15,000
Legal Expenses (outside)				5,000	-	5,000	5,000
Other Expenses	-	-	-	-	-	-	-
Total Program Expenses	<u>23,545</u>	<u>-</u>	<u>-</u>	<u>422,662</u>	<u>-</u>	<u>445,920</u>	<u>445,920</u>
Total expenses	<u>23,545</u>	<u>-</u>	<u>-</u>	<u>9,781,109</u>	<u>-</u>	<u>9,592,090</u>	<u>9,592,090</u>
True-up Adjustment	-	-	-	-	-	-	-
				Core Annual Usage (Dths):		855,890	
				Noncore Annual Usage (Dths):		124,248	
				Core Gas Commodity (\$/Dth):		\$6.33	
				Noncore Gas Commodity (\$/Dth):		\$6.20	
				PG&E Pass-through (\$/Dth):		\$3.46	
				Program Expenses (3) (\$/Dth):		\$0.45	
				Core Total Rate (\$/Dth):		\$10.24	
				Noncore Total Rate (\$/Dth):		\$6.66	

Notes:

(1) Approved budget June 2009.

(2) Approved at Oct. 2008 Annual Board Meeting.

(3) Program expenses minus interest income. Rate includes cost of Energy Data System Upgrade.

# MEMORANDUM

ASSOCIATION OF BAY AREA GOVERNMENTS Agenda Item 5A  
Representing City and County Governments of the San Francisco Bay Area



DT: March 30, 2010

TO: ABAG POWER Executive Committee

FM: Jerry Lahr, ABAG POWER Program Manager  
Chris Schroeder, Purchasing Officer, City of Milpitas

RE: **City of Milpitas' Report on the Energy Data Pilot Project**

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At its February 17, 2010 meeting, the ABAG POWER Executive Committee members requested that the City of Milpitas provide a report indicating their experience with the Energy Data Pilot Project.

The Pilot Project was initiated in early 2009 with a target date of April 15, 2009 for the City of Milpitas to be able to access data through UM Online, however project setup difficulties delayed the initial data availability until July 2009. To date Milpitas has received electric and natural gas billing data,\* including validation reports for a total of nine months.

Listed below are comments from Chris Schroeder regarding the City's experiences, which includes interactions with the Consultant during the set up process of identifying sites and accounts, filtering through the validation and audit reports, and navigating around UM Online.

## Comments from Chris Schroeder:

The pilot project provided the City of Milpitas with the ability to go to Utility Manager Online, and view the City's Electric and Gas bills, as well as ABAG's Commodity Costs.

- The Utility Manager Online (UM Online) program is large and powerful, significantly better than what PG&E offers. Going through the electric accounts set up process really makes you look very closely at every single electric account you have, because right off the bat you have to make decisions about how you are going to group certain accounts or not, because it directly affects how granular you want the reporting detail to be. For example, initially we grouped all our electric pumps together, but later found that they needed to be set up individually so that we could get specific information about each one. Going through that process we discovered that there were a number of accounts which we had no idea what they were ... we do now.
- In my opinion, the UM Online program is not very user friendly. There is a lot of terminology in the Electric validation reports that you have to familiarize yourself with, some of which we still don't know exactly what it means or how to use it, such as "unit cost of electricity" or "load factor". To really take advantage of the program I feel that a lot more time needs to be dedicated to training. By which I mean taking your actual validation reports and working

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\* Milpitas is now able to view, not only their electric bills online, but their ABAG Commodity Costs and PG&E natural gas bills as well.

# MEMORANDUM

## ASSOCIATION OF BAY AREA GOVERNMENTS Agenda Item 5A

Representing City and County Governments of the San Francisco Bay Area



through them with a Utility Manager expert for three or four months, till you really understand what everything means and which reports to use to resolve the various issues, not just viewing a program overview/tour.

- Solving billing issues can be challenging. Because the program is so big and powerful we spent a lot of time just trying to figure out which report to use to resolve/understand a particular billing problem. It is kind of like “you don’t know what you don’t know until you jump in and flop around as you work through a particular billing problem” and it often requires you to use more than one report to resolve a particular issue.
- I particularly like the ability of the system to show you all of the utility costs associated with a particular address. Once you know how to do it, it is pretty easy to pull up a site by address, then drill down and look at each SAID/meter at that site, and then if you need to look at the billing or usage history.
- It took so long to get everything set up correctly that we have never really had the opportunity to learn how to do any charting of the data. I would like to have had the time to use the program to analyze how energy efficient a particular site is and perhaps come up with a set of specific city facilities that we could target for energy efficiency measures. If I understand correctly, I believe the program can do this.
- I particularly like that the program eliminates the need for separate data entry on any city based program, this is a real time saver. We used to spend a day or more each month entering all of the billing information into an Excel program. That program was extremely limited in terms of how you could view the data. Utility Manager receives all of the billing data directly from PG&E and makes it readily available and offers many opportunities (reports) to view and analyze the data.
- Having the Electric validation report from Utility Manager and the various reporting tools in the program to analyze a particular issue, coupled with the paper bill has brought a much higher level of clarity and understanding to the reconciliation process that I have to go through each month.

/vm

cc: Handout of Information on the Pilot Project



DT: April 12, 2010

TO: ABAG POWER Executive Committee

FM: Gerald L. Lahr, ABAG POWER Program Manager

RE: **Extension of Natural Gas Scheduling Services Contract with Golden Valley Gas Services**

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ABAG POWER's contract for natural gas scheduling services expires on June 30, 2010. Staff recommends extending the current contract with Golden Valley Gas Services for two additional years.

**Background.** In the Spring of 2008 Golden Valley Gas Services (GVGS) was selected through a competitive process to provide ABAG POWER a variety of services related to natural gas scheduling and balancing. The original contract period was for two years ending in June 2010.

It has been ABAG POWER's practice to competitively bid the scheduling services contract at least every five years. Because GVGS has provided excellent scheduling services to ABAG POWER during the current term of the contract, and the since the five-year limit has not exceeded, a contract extension is valid and practical.

**Recommendation.** Approve contract extension with Golden Valley Gas Services for the period July 1, 2010 to June 30, 2012.

/vm

Attachments: Letter to GVGS  
Exhibit C



April 14, 2010

Joy Young/Suzanne McFadden  
Golden Valley Gas Services  
P.O. Box 2327  
Dublin, CA 94568

**Re: Scheduling Services – Contract Extension**

Dear Ms. Young/Ms. Mcfadden:

The purpose of this letter is to extend the Scheduling Services Agreement between Golden Valley Gas Services, Inc. (GVGS) and ABAG POWER by adding the period July 1, 2010 to June 30, 2012. In addition, Exhibit C (Compensation) is replaced with the attached revised Exhibit C.

With the exception of the time extension and revised exhibit noted above, all terms and conditions shall remain the same as shown in the contract dated June 6, 2008.

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

Sincerely,

Henry Gardner  
ABAG Executive Director  
ABAG POWER President

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

Date: \_\_\_\_\_ By: \_\_\_\_\_  
Joy Young / Suzanne McFadden  
Golden Valley Gas Services, Inc.

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

**EXHIBIT C (Rev. 1)**

COMPENSATION

1. Fees - The following fee structure shall become effective as of July 1, 2008 and remain in effect for the term of this Contract unless revised or alternate pricing is agreed upon by both parties.
  - (a) A one-time fee of \$750 for start-up expenses. This fee shall be charged on the first monthly invoice.
  - (b) Monthly Billing Fees. A monthly fee for all services described herein as follows:
    - i) July 1, 2008 – June 30, 2009: \$3,000/month
    - ii) July 1, 2009 – June 30, 2010: \$3,070/month
    - iii) On July 1 of each subsequent year the prior year's monthly fee will be adjusted for the increase in the Consumer Price Index - All Urban Consumers (San Francisco – Oakland – San Jose) (CPI) based on the latest available data on June 15. The adjustment will be calculated by comparing the average of the prior year's bi-monthly CPIs (e.g. June 2009 – April 2010) against the average of the previous year's bi-monthly CPIs (e.g. June 2008 – April 2009).
2. Subscriptions – The cost of any additional trade subscriptions requested by ABAG POWER will be negotiated at the time of the request and will include provisions for prorating such costs over all other users of such subscriptions.

**Electric Direct Access 2010 – Information Sheet**

Through Direct Access (DA), eligible retail customers have the choice to purchase electric power directly from an independent electric service provider (ESP) rather than through an investor-owned utility (IOU) (e.g., PG&E). DA was first instituted as an option for retail electric service in 1998, as part of an industry restructuring program to bring retail competition to California electric power markets.

The electric industry restructuring program was cut short by the events of 2000-2001 which led to the extraordinary wholesale power costs increases. On February 1, 2001 AB1X was signed into law, implementing measures to address the energy crisis. As a result of this law, the California Public Utilities Commission (CPUC or Commission) suspended the right to enter into new contracts for DA after September 20, 2001, permitting no new DA contracts, but allowing preexisting contracts to continue in effect.

ABAG POWER implemented a DA program beginning in 1998. The program was suspended in July 2001 as a result of the energy crisis, and all accounts were returned to PG&E service.

In October 2009, SB 695 was signed into law as an urgency statute. This bill adds the following language to the Public Utilities Code:

The commission shall allow individual retail nonresidential end-use customers to acquire electric service from other providers in each electric corporation’s distribution service territory, up to a maximum allowable total kilowatt hours annual limit.

The load cap and new DA allowance for PG&E’s service territory are as follows (GWhs):

Load Cap	9,520
Existing DA	<u>5,574</u>
New DA Load Allowance <sup>1</sup>	3,946

In addition, the legislation required that within 6 months of the effective date of the legislation (i.e. April 16, 2010) the Commission must adopt and implement a schedule to begin the phase-in of authorized increases in the maximum amount of DA transactions.

Except for this express authorization for increased DA transactions in SB695, the previous enacted suspension of DA transactions remains in effect.

On March 11, 2010, the CPUC approved a decision for the phase-in of new DA transactions, as follows<sup>2</sup>:

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<sup>1</sup> The new load eligible for DA service in all IOU territories represents less than 6% of the entire load.

<sup>2</sup> Additional information for PG&E customers may be found at:

<http://www.pge.com/mybusiness/customerservice/energychoice/directaccesselectricity/index.shtml>.

- Y1 (2010): 35% of the current room available under the cap.
- Y2 (2011): An additional 35% of the current room available under the cap (or 70% of the available room under the cap).
- Y3 (2012): An additional 20% of the current room available under the cap (or 90% of the available room under the cap).
- Y4 (2013): An additional 10% of the current room available under the cap (or 100% of the available room under the cap).

To facilitate implementation of the CPUC decision, an Open Enrollment Window (OEW) has been established from April 16 – June 30, 2010. During this time, all eligible customers will be allowed to submit a Notice of Intent (NOI) to transfer to DA service. PG&E will accept the NOIs on a first-come first-served basis until the 2010 annual cap is reached. Customers then have 60 days during which time their new ESP must submit a Direct Access Service Request (DASR) confirming their switch to a new electricity provider.

Subsequent to the OEW (i.e., beginning July 1, 2010), customers must provide six months advance notice to the IOU to transfer to DA. IOUs will initially accept NOIs up to the Y2 limit (2011). A customer with an accepted NOI will be switched to DA starting in January 2011, provided the advanced notice period has been satisfied and a DASR has been timely received. Once the Y2 limit is reached the IOU will stop accepting NOIs until January 2011, at which time the IOU will begin accepting NOIs for the next year (2012).

The IOUs will use a similar enrollment process in subsequent years until the overall cap is reached.

### **ESP Requirements**

Following is a list of the general requirements for an entity (e.g. ABAG POWER) to become an electric ESP:

#### Administrative Requirements:

- Register with the CPUC
- Execute a standard ESP Service Agreement with PG&E
- Satisfy credit worthiness requirements
- Satisfy applicable CPUC Electronic Data Exchange requirements

#### Operational Requirements:

- Engage a Scheduling Coordinator (SC)
- Purchase electricity for delivery to PG&E's system (power purchase agreements)
- Arrange for billing (internal or subcontract?)