



ABAG POWER Executive Committee Meeting No. 2015-03
June 17, 2015 (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 APRIL 15, 2015
4. **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 4A – MONTHLY SUMMARY OF OPERATIONS FY 2014-15
ATTACHMENT 4B – GAS HEDGE CHART
ATTACHMENT 4C – MARKET PRICE CHART
ATTACHMENT 4D – HISTORIC STRANDED CAPACITY COSTS
5. **FY2015-16 ABAG POWER Operating Budget**
Action: Staff will present the FY2015-16 budget for approval.
ATTACHMENT 5A1 – FY2015-16 OPERATING BUDGET
ATTACHMENT 5A2 – FY2015-16 OPERATING BUDGET – LEVELIZED CHARGES
ATTACHMENT 5B – GAS PROGRAM GOALS AND PURCHASING STRATEGY
6. **Legislation**
Information: Staff will provide information on recent legislation that may affect ABAG POWER.
ATTACHMENT 6A – RENEWABLE GAS STANDARD (SB-687)
7. **Closed Session**
The following item will be discussed in closed session, pursuant to the requirements of the Ralph M. Brown Act. All reportable actions taken will be announced in open session prior to the adjournment of the meeting.
Conference With Legal Counsel—Existing Litigation, Govt. C. Sec. 54956.9(d):
 1. Application of Pacific Gas & Electric Company to Set New Core Interstate Pipeline Capacity Planning Range (A.13-06-011)
 2. Application of Pacific Gas & Electric Company Proposing Cost of Service and Rates for Gas Transmission and Storage Services for the Period 2015-2017 (A.13-12-012)
8. **Other Business**
9. **Adjournment**

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



SUMMARY MINUTES

ABAG POWER Executive Committee

Regular Meeting 2015-02

April 15, 2015

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

WELCOME AND INTRODUCTIONS

Chairman Schroeder opened the meeting with introductions at 12:05 PM.

Committee Representatives

Chris Schroeder (Chair)

Tonya Gilmore

Angela Walton

Richard Sealana

Alan Olds

Julie Bueren

Jurisdiction

City of Milpitas

City of Orinda

City of Richmond

City of Union City

Housing Authority of the City of Alameda

County of Contra Costa

Members Absent

Stephanie Hom

Richard Sealana

Town of Moraga

City of Union City

Staff Present

Jerry Lahr

Ryan Jacoby

Ken Moy

Jenny Berg

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PUBLIC COMMENTS & ANNOUNCEMENTS

There were no public comments.



APPROVAL OF SUMMARY MINUTES OF FEBRUARY 18, 2015.

Motion was made by Walton/S/Gilmore/C/4:0:0 to approve the Summary Minutes of February 18, 2015 Executive Committee Meeting.

The aye votes were: Gilmore, Schroeder, Bueren, Walton.

The nay votes were: None.

Abstentions were: None.

Absentees were: Hom, Olds, Sealana.

REPORT ON NATURAL GAS PROGRAM

Monthly Summary of Operations FY 14-15

Lahr provided members with the Monthly Summary of Operations reports for FY14-15; members were updated on the percentage savings comparisons with PG&E. The cumulative savings through February, 2015 is 1.0% including the CTA Unrecovered Pipelines Capacity costs. The program's 'Rate Comparisons excluding Pipeline Capacity Costs' calculation displayed a cumulative savings through February, 2015 of 3.5%.

Gas Hedge Chart

Lahr provided information on the various current long-term gas purchases (contracts which are greater than one month in length). Lahr recommended the purchase of a fixed-price gas contract following the expiration of the current package in October, in order to maintain a modest level of price stability.

Adhering to Lahr's recommendation, motion was made by Bueren/S/Walton/C/5:0:0 to authorize a fixed price six-month gas purchase contract beginning October 1, 2015.

The aye votes were: Gilmore, Schroeder, Bueren, Walton, Olds.

The nay votes were: None.

Abstentions were: None.

Absentees were: Hom, Sealana.

Market Price Chart

Lahr provided information on gas prices.



Historic Stranded Capacity Costs

Lahr provided a list of invoices received from PG&E for the CTA Unrecovered Pipelines Capacity costs. To date the program has paid a total of \$386,366 for these costs starting from April, 2012 (costs for FY 2014-15: \$124,649).

CONTRACT EXTENSION FOR NATURAL GAS SCHEDULING

Lahr presented a letter proposing the extension of the Natural Gas Scheduling Services Contract with DMJ Gas Marketing Consultants. In addition, Lahr recommended replacement of the compensation structure such that services rendered would constitute a fixed-price monthly fee, rather than the current usage-based variable fee structure.

Motion was made by Schroeder/S/Gilmore/C/5:0:0 to approve the scheduling services contract extension and modification of the Fee Schedule within the Scheduling Services Agreement.

The aye votes were: Gilmore, Schroeder, Bueren, Walton, Olds.

The nay votes were: None.

Abstentions were: None.

Absentees were: Hom, Sealana.

BAY AREA REGIONAL ENERGY NETWORK (BAYREN) UPDATE

BayREN Program Manager Jenny Berg summarized the programs and accomplishments to date.

OTHER BUSINESS

Lahr provided updates on regional Community Choice Aggregation (CCA) efforts as well as the current status of a Net Energy Metering (NEM) proceeding at the CPUC.

CLOSED SESSION

Conference with Legal Counsel—Existing Litigation, Govt. C. §54956.9(d):

1. Application of Pacific Gas & Electric Company to Set New Core Interstate Pipeline Capacity Planning Range (A.13-06-011)
2. Application of Pacific Gas & Electric Company Proposing Cost of Service and Rates for Gas Transmission and Storage Services for the Period 2015-2017 (A.13-12-012)

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

ADJOURNMENT

Chairman Schroeder adjourned the meeting at 1:28 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 2014-15 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
Gas Purchases⁽¹⁾														
Purchase 1	Qty	15,493	15,446	14,883	15,500	15,000	15,500	15,500	14,000	15,500	14,897	15,489	15,000	182,208
	Price	\$3.94	\$3.94	\$3.94	\$3.94	\$3.94	\$3.94	\$3.94	\$3.94	\$3.94	\$3.88	\$3.88	\$3.88	
Purchase 2	Qty	15,500	15,500	15,000	15,500	15,000	15,500	15,500	14,000	15,500				137,000
	Price	\$4.99	\$4.99	\$4.99	\$4.99	\$4.99	\$4.99	\$4.99	\$4.99	\$4.99				
Purchase 3	Qty	22,091	22,031	21,204	22,103	21,480	22,196	22,164	20,048	22,196	21,324	22,182		239,019
	Price	\$4.50	\$3.84	\$3.94	\$3.88	\$4.10	\$3.43	\$2.89	\$2.55	\$2.49	\$2.36	\$2.67		
Purchase 4	Qty	6,516	6,975	4,800	4,200	6,900	10,400	12,400	9,600	6,200	19,900	13,000		100,891
	Price	\$4.86	\$4.50	\$4.43	\$4.42	\$4.43	\$3.90	\$3.26	\$2.96	\$2.94	\$2.86	\$3.22		
Purchase 5	Qty					-4,000								-4,000
	Price					\$4.50								
Total Quantity Purchased		59,600	59,952	55,887	57,303	54,380	63,596	65,564	57,648	59,396	56,121	50,671	15,000	655,118
Total Purchase Cost		\$269,364	\$254,127	\$238,200	\$242,672	\$234,426	\$254,912	\$242,747	\$204,488	\$211,750	\$165,059	\$161,031	\$58,200	\$2,536,975
Backbone Shrinkage (Dths)		(405)	(408)	(401)	(403)	(420)	(434)	(434)	(392)	(434)	(428)			
WACOG ⁽²⁾		\$4.55	\$4.27	\$4.29	\$4.26	\$4.34	\$4.04	\$3.73	\$3.57	\$3.59	\$2.96	\$3.18	\$3.88	\$3.87
Storage/Inventory														
Total Injections/ (Withdrawals)		10,463	4,500	15,400	8,040	1,270	(12,093)	(22,744)	6,173	10,225	1,305			22,539
Total Inventory Quantity (Dths)		51,614	56,114	71,514	79,554	80,824	68,731	45,987	52,160	62,385	63,690			
Total Inventory (\$)		\$229,030	\$249,550	\$315,278	\$349,592	\$355,009	\$301,895	\$202,004	\$229,115	\$246,912	\$252,643			
Avg. Inventory Rate (\$/Dth)		\$4.44	\$4.45	\$4.41	\$4.39	\$4.39	\$4.39	\$4.39	\$4.39	\$3.96	\$3.97			
Gas Program Monthly Expenses (from Financial Reports)														
Cost of Energy Used ⁽³⁾		\$ 248,521	\$ 263,343	\$ 202,120	\$ 238,935	\$ 259,317	\$ 342,063	\$ 379,923	\$ 214,069	\$ 227,218	\$ 193,006			\$ 2,568,515
Program Operating Expenses ⁽⁴⁾		34,247	29,771	32,651	37,027	29,217	26,990	32,860	31,214	32,766	31,953			318,697
Subtotal		\$ 282,767	\$ 293,114	\$ 234,772	\$ 275,962	\$ 288,534	\$ 369,053	\$ 412,783	\$ 245,283	\$ 259,984	\$ 224,959	\$ -	\$ -	\$ 2,887,211
Rate (\$/Dth)		\$6.08	\$6.50	\$5.40	\$5.52	\$4.93	\$4.74	\$4.86	\$3.94	\$4.40	\$4.17			\$4.96
PG&E Pass-through costs ⁽⁵⁾		152,189	142,623	130,734	181,023	177,184	212,756	449,627	391,372	307,210	207,113			2,351,830
Total ABAG POWER Cost		\$ 434,957	\$ 435,737	\$ 365,505	\$ 456,985	\$ 465,718	\$ 581,809	\$ 862,410	\$ 636,655	\$ 567,194	\$ 432,072			\$ 5,239,041
Actual (metered) Gas Usage														
Core ⁽⁶⁾		40,996	40,075	38,561	44,003	55,036	72,137	78,215	56,883	53,170	47,675			526,751
Non Core		5,507	5,050	4,940	6,029	3,540	5,726	6,676	5,304	5,862	6,269			54,902
Total Program Usage		46,503	45,125	43,501	50,032	58,576	77,863	84,891	62,186	59,031	53,944	0	0	581,653
ABAG POWER Total Core Rate		\$ 9.79	\$ 10.05	\$ 8.79	\$ 9.63	\$ 8.15	\$ 7.69	\$ 10.61	\$ 10.82	\$ 10.18	\$ 8.51			
PG&E Rate⁽⁷⁾														
Procurement Charge ⁽⁸⁾		6.00	5.63	6.05	5.21	4.65	5.36	4.89	4.64	3.80	3.34	2.86	3.85	
Transportation/Other Charge ⁽⁹⁾		3.71	3.56	3.39	4.11	3.22	2.95	5.75	6.88	5.78	4.34			
Total PG&E Rate		\$ 9.72	\$ 9.19	\$ 9.44	\$ 9.32	\$ 7.87	\$ 8.31	\$ 10.64	\$ 11.52	\$ 9.58	\$ 7.69	\$ 2.86	\$ 3.85	

ABAG POWER Natural Gas Program

FY 2014-15 Monthly Summary of Operations

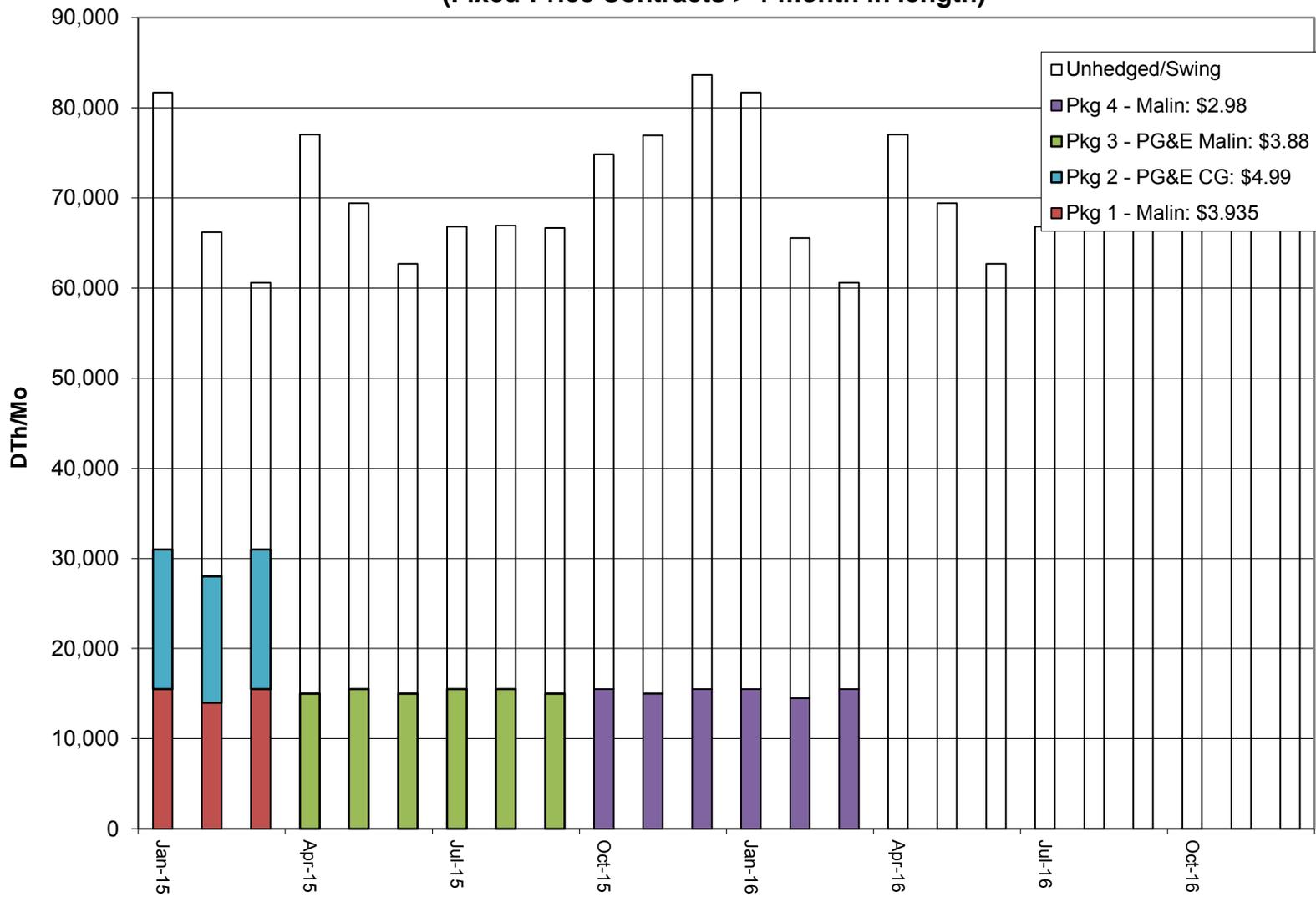
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total
<u>Rate Comparison</u>													
Monthly Rate Difference (\$/Dth)	0.08	0.87	(0.65)	0.31	0.28	(0.62)	(0.03)	(0.69)	0.60	0.83			
Monthly Savings (\$)	(3,191)	(34,668)	24,999	(13,581)	(15,293)	44,972	1,963	39,402	(31,885)	(39,485)			
Cumulative 'Savings' (\$)	(3,191)	(37,859)	(12,860)	(26,441)	(41,734)	3,238	5,201	44,603	12,718	(26,767)			
Cumulative 'Savings' (%)	-0.8%	-4.9%	-1.1%	-1.7%	-2.1%	0.1%	0.2%	1.1%	0.3%	-0.5%			
<u>Rate Comparison excluding Stranded Pipeline Capacity Costs</u>													
Standed Pipeline Capacity Costs	\$ 11,827	\$ 11,575	\$ 11,522	\$ 12,298	\$ 12,094	\$ 15,740	\$ 17,788	\$ 17,758	\$ 14,049	\$ 15,707	\$ 15,184		
Monthly Savings	7,235	(24,388)	35,212	(2,765)	(3,930)	59,555	18,352	55,646	(19,231)	(25,603)			
Cumulative Savings (\$)	7,235	(17,154)	18,059	15,294	11,363	70,918	89,270	144,915	125,684	100,081			
Cumulative Savings (%)	1.8%	-2.2%	1.6%	1.0%	0.6%	2.8%	2.6%	3.6%	2.8%	2.0%			
<u>Monthly Index Postings</u>													
NGI Bidweek for PG&E Citygate	\$5.12	\$4.48	\$4.55	\$4.42	\$4.17	\$4.69	\$3.48	\$3.17	\$3.17	\$2.92	\$2.88	\$3.20	
Gas Daily Avg. for PG&E Citygate	\$4.70	\$4.49	\$4.43	\$4.29	\$4.50	\$4.34	\$3.25	\$2.95	\$2.93	\$2.86	\$3.20		
NGI Bidweek for Malin	\$4.49	\$3.83	\$3.93	\$3.87	\$3.58	\$4.45	\$3.16	\$2.67	\$2.71	\$2.38	\$2.32	\$2.64	

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.

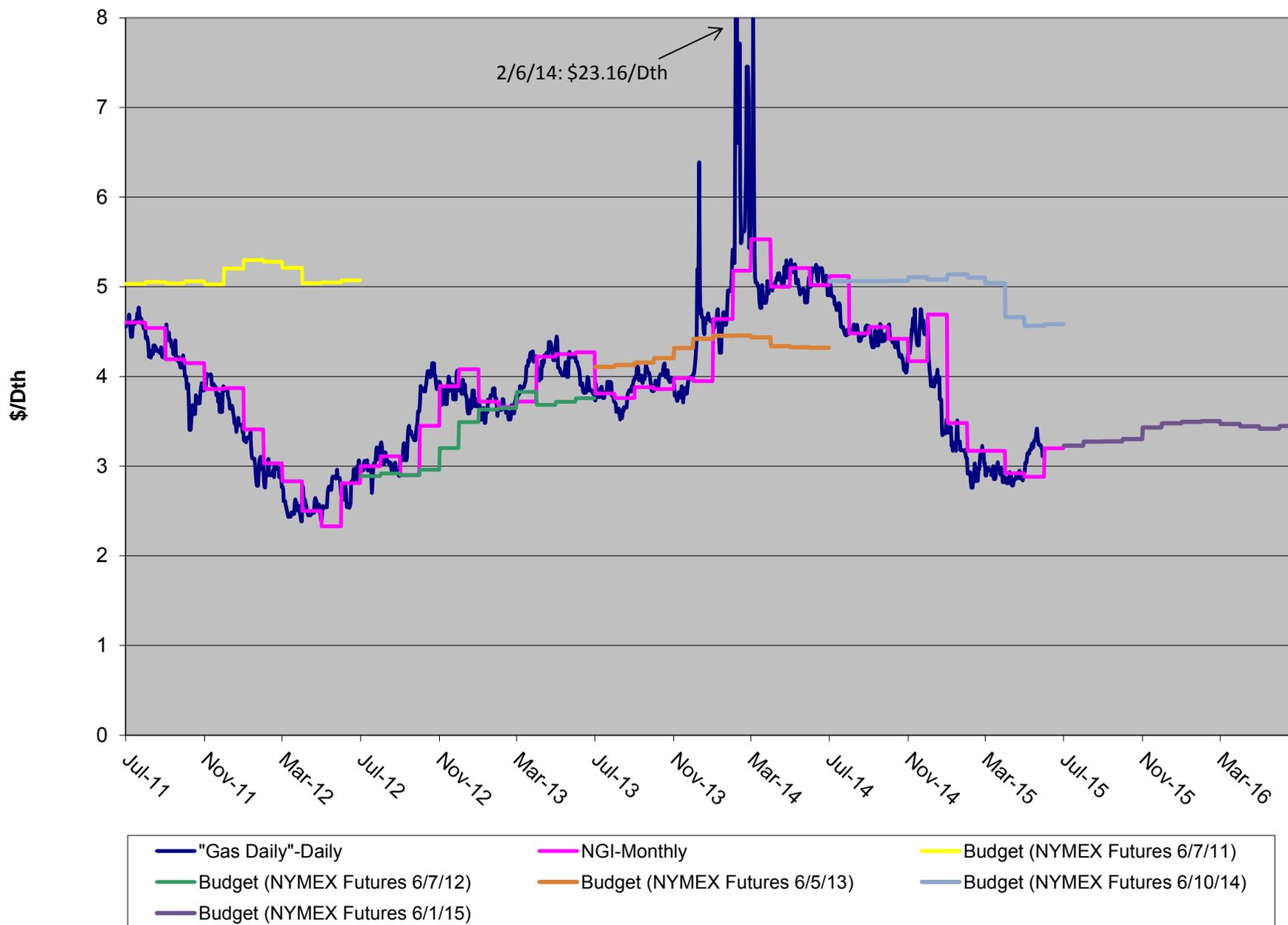
Gas Hedge Chart

**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



ABAG POWER

CTA Unrecovered Capacity - Invoices

<u>Bill Period</u>	<u>Amount</u>	Projected 8/13 <u>Estimate</u>	Projected 6/15 <u>Estimate</u>
Apr-12	\$ 616		
May-12	614		
Jun-12	663		
<u>Total FY 2011-12:</u>	\$ 1,892		
Jul-12	\$ 3,358		
Aug-12	3,366		
Sep-12	3,387		
Oct-12	3,692		
Nov-12	2,704		
Dec-12	3,408		
Jan-13	3,771		
Feb-13	4,022		
Mar-13	4,687		
Apr-13	11,446		
May-13	11,683		
Jun-13	12,065		
Total FY 2012-13:	\$ 67,587		
Jul-13	\$ 15,043	\$ 15,042	
Aug-13	15,539	15,042	
Sep-13	15,163	15,042	
Oct-13	15,439	15,042	
Nov-13	14,152	14,857	
Dec-13	18,186	14,993	
Jan-14	18,991	14,993	
Feb-14	18,759	14,993	
Mar-14	14,275	13,732	
Apr-14	15,999	18,657	
May-14	15,319	18,657	
Jun-14	15,372	18,657	
Total FY 2013-14:	\$ 192,238	\$ 189,707	

<u>Bill Period</u>	<u>Amount</u>	Projected 8/13 <u>Estimate</u>	Projected 6/15 <u>Estimate</u>
Jul-14	\$ 11,827	\$ 18,657	
Aug-14	11,575	18,657	
Sep-14	11,522	18,657	
Oct-14	12,298	18,657	
Nov-14	12,094	18,657	
Dec-14	15,740	20,451	
Jan-15	17,788	20,451	
Feb-15	17,758	20,451	
Mar-15	14,049	18,657	
Apr-15	15,707	25,223	
May-15	15,184	25,223	
Jun-15		25,223	
Total FY 2014-15:	\$ 155,541	\$ 248,961	
Jul-15		\$ 25,223	\$ 14,600
Aug-15		25,223	14,600
Sep-15		25,223	14,600
Oct-15		25,223	14,600
Nov-15		25,223	14,600
Dec-15		27,728	16,400
Jan-16		27,728	16,400
Feb-16		27,728	16,400
Mar-16		25,223	14,600
Apr-16		25,223	14,600
May-16		25,223	14,600
Jun-16		25,223	14,600
Total FY 2015-16:	\$ -	\$ 310,189	\$ 180,600
Total to date:	\$ <u>417,257</u>		

ABAG POWER
Operating Budget
Fiscal Year Ending June 30, 2016

	<u>Natural Gas</u>			
	<u>FY 2014-15</u> <u>Approved (1)</u>	<u>FY 2014-15</u> <u>Projected (2)</u>	<u>FY 2015-16</u> <u>Proposed</u>	
Revenues				
Sale of Energy	\$ 8,383,243	\$ 8,391,910	\$ 7,289,784	
Interest Income - Banks/LAIF	9,000	5,273	9,000	
Total revenues	<u>8,392,243</u>	<u>8,397,183</u>	<u>7,298,784</u>	
Cost of energy				
Cost of Energy Used (3)	4,671,091	2,954,527	3,216,688	
PG&E Pass-Through Costs	<u>3,281,164</u>	<u>2,766,056</u>	<u>3,640,504</u>	
Total cost of energy	7,952,255	5,720,583	6,857,192	
Other Energy Costs				
Meter fees	-	-	-	
Total Other Energy Costs	-	-	-	
Program Expenses				
Billing Costs, external	10,500	(3,186)	10,500	
Scheduling agent fees	16,288	14,198	16,800	
ABAG fees	389,199	360,662	390,292	
Interest Expense/Bank Charges	9,000	9,424	9,000	
Legal Expenses (outside)	15,000	10,000	15,000	
Other Expenses	-	-	-	
Total Program Expenses	<u>439,987</u>	<u>391,098</u>	<u>441,592</u>	
 Total expenses	<u>8,392,243</u>	<u>6,111,681</u>	<u>7,298,784</u>	
True-up Adjustment	-	2,285,502	-	
Core Annual Usage (Dths):	757,313	606,698	686,877	
Noncore Annual Usage (Dths):	57,081	66,902	64,529	
Core Gas Commodity (4) (\$/Dth):	\$5.76	\$4.41	\$4.31	
Noncore Gas Commodity (4) (\$/Dth):	\$5.43	\$4.21	\$4.02	
PG&E Pass-through (\$/Dth):	\$4.33	\$4.56	\$5.30	
Program Expenses (5) (\$/Dth):	\$0.53	\$0.57	\$0.58	<u>% Chg</u>
Core Total Rate (\$/Dth):	\$10.62	\$9.54	\$10.18	-4.1%
Noncore Total Rate (\$/Dth):	\$5.96	\$4.78	\$4.60	-22.8%

Notes:

- (1) Approved budget June 2014
- (2) Actual April 2015 financials projected through June
- (3) Includes estimate for stranded pipeline capacity cost: \$220,000
- (4) Storage costs allocated to core accounts only
- (5) Program expenses minus interest income

ABAG POWER - Levelized Charges

Customer	Estimated Annual Usage	Gas Cost	Distribution Shrinkage	Storage Costs	PG&E Pass-through Costs (1)	Program Expenses (2)	Total Cost	FY2015-16 Monthly Levelized Charge	FY2014-15 Monthly Levelized Charge
						\$432,592			
rate (\$/th):		\$0.402	2.3%	\$0.019	\$0.529	\$0.058			
Core									
<u>Alameda, City</u>									
Alameda, City	135,557	\$54,482	\$1,277	\$2,600	\$71,742	\$7,804	\$137,905	\$11,500	\$13,150
Alameda Municipal Power	1,490	\$599	\$14	\$29	\$788	\$86	\$1,515	\$130	\$160
Alameda Total	137,047	\$55,080	\$1,291	\$2,628	\$72,530	\$7,890	\$139,420	\$11,630	\$13,310
Alameda City Housing Authority	49,940	\$20,071	\$471	\$958	\$31,716	\$2,875	\$56,091	\$4,680	\$5,390
Albany, City	12,034	\$4,837	\$113	\$231	\$6,369	\$693	\$12,243	\$1,030	\$1,260
Atherton, Town	3,833	\$1,541	\$36	\$74	\$2,029	\$221	\$3,900	\$330	\$390
Benicia, City	63,512	\$25,526	\$598	\$1,218	\$33,613	\$3,656	\$64,612	\$5,390	\$6,230
Contra Costa County GSD	1,331,613	\$535,188	\$12,547	\$25,538	\$704,741	\$76,662	\$1,354,676	\$112,890	\$127,220
Cupertino, City	37,083	\$14,904	\$349	\$711	\$19,626	\$2,135	\$37,725	\$3,150	\$3,510
Fremont, City	193,875	\$77,920	\$1,827	\$3,718	\$102,606	\$11,162	\$197,233	\$16,440	\$20,570
Gonzales, City	8,176	\$3,286	\$77	\$157	\$4,327	\$471	\$8,318	\$700	\$1,030
Golden Gate Bridge	54,692	\$21,981	\$515	\$1,049	\$28,945	\$3,149	\$55,639	\$4,640	\$5,860
Half Moon Bay, City	5,012	\$2,014	\$47	\$96	\$2,652	\$289	\$5,099	\$430	\$590
Hercules, City	29,710	\$11,941	\$280	\$570	\$15,724	\$1,710	\$30,224	\$2,520	\$3,900
Los Altos, City	25,280	\$10,160	\$238	\$485	\$13,379	\$1,455	\$25,718	\$2,150	\$2,300
Mill Valley, City	56,984	\$22,902	\$537	\$1,093	\$30,158	\$3,281	\$57,971	\$4,840	\$6,490
<u>Millbrae, City</u>									
Millbrae, City	41,619	\$16,727	\$392	\$798	\$22,027	\$2,396	\$42,340	\$3,530	\$3,650
Millbrae WWTP	134,787	\$54,172	\$1,270	\$2,585	\$71,335	\$7,760	\$137,122	\$11,430	\$12,250
Millbrae Total	176,407	\$70,900	\$1,662	\$3,383	\$93,361	\$10,156	\$179,462	\$14,960	\$15,900
Milpitas, City	181,419	\$72,914	\$1,709	\$3,479	\$96,014	\$10,444	\$184,561	\$15,390	\$17,560
Monte-Sereno, City	801	\$322	\$8	\$15	\$424	\$46	\$815	\$70	\$100
Moraga, Town	4,608	\$1,852	\$43	\$88	\$2,439	\$265	\$4,688	\$400	\$490
<u>Napa County</u>									
Napa County001	1,204	\$484	\$11	\$23	\$637	\$69	\$1,225	\$110	\$130
Napa County002	18,799	\$7,555	\$177	\$361	\$9,949	\$1,082	\$19,125	\$1,600	\$1,890
Napa County004	9,201	\$3,698	\$87	\$176	\$4,869	\$530	\$9,360	\$790	\$890
Napa County005	76,865	\$30,893	\$724	\$1,474	\$40,680	\$4,425	\$78,196	\$6,520	\$7,750
Napa County Total	106,069	\$42,630	\$999	\$2,034	\$56,136	\$6,106	\$107,906	\$9,020	\$10,660

ABAG POWER - Levelized Charges

Customer	Estimated Annual Usage	Gas Cost	Distribution Shrinkage	Storage Costs	PG&E Pass-through Costs (1)	Program Expenses (2)	Total Cost	FY2015-16 Monthly Levelized Charge	FY2014-15 Monthly Levelized Charge
						\$432,592			
rate (\$/th):		\$0.402	2.3%	\$0.019	\$0.529	\$0.058			
<u>Oakland, City</u>									
Oakland, City	676,722	\$271,981	\$6,377	\$12,978	\$358,147	\$38,960	\$688,443	\$57,380	\$65,920
Oakland Zoological	11,546	\$4,640	\$109	\$221	\$6,111	\$665	\$11,746	\$980	\$1,200
Oakland, City Total	688,268	\$276,622	\$6,485	\$13,200	\$364,258	\$39,624	\$700,189	\$58,360	\$67,120
Orinda, City	10,625	\$4,270	\$100	\$204	\$5,623	\$612	\$10,809	\$910	\$1,140
Pacifica, City	24,622	\$9,896	\$232	\$472	\$13,031	\$1,418	\$25,048	\$2,090	\$2,510
Petaluma, City	20,836	\$8,374	\$196	\$400	\$11,027	\$1,200	\$21,197	\$1,770	\$2,140
Pleasanton, City	158,705	\$63,785	\$1,495	\$3,044	\$83,993	\$9,137	\$161,454	\$13,460	\$14,760
Regional Admin. Facility	61,078	\$24,548	\$576	\$1,171	\$32,325	\$3,516	\$62,135	\$5,180	\$5,510
Richmond, City	328,168	\$131,894	\$3,092	\$6,294	\$173,679	\$18,893	\$333,852	\$27,830	\$33,740
Salinas, City	73,049	\$29,359	\$688	\$1,401	\$38,660	\$4,205	\$74,314	\$6,200	\$7,070
San Carlos, City	52,338	\$21,035	\$493	\$1,004	\$27,699	\$3,013	\$53,245	\$4,440	\$5,060
<u>San Mateo County</u>									
San Mateo County006	579,175	\$232,776	\$5,457	\$11,108	\$306,522	\$33,344	\$589,206	\$49,110	\$62,200
San Mateo County007	683,230	\$274,597	\$6,438	\$13,103	\$361,591	\$39,334	\$695,063	\$57,930	\$62,400
San Mateo County008	4,988	\$2,005	\$47	\$96	\$2,640	\$287	\$5,074	\$430	\$510
San Mateo County009	3,271	\$1,315	\$31	\$63	\$1,731	\$188	\$3,327	\$280	\$360
San Mateo County011	27,534	\$11,066	\$259	\$528	\$14,572	\$1,585	\$28,011	\$2,340	\$2,770
San Mateo County013	54,462	\$21,889	\$513	\$1,044	\$28,823	\$3,135	\$55,405	\$4,620	\$4,950
San Mateo County015	48,999	\$19,693	\$462	\$940	\$25,932	\$2,821	\$49,847	\$4,160	\$4,360
San Mateo County016	7,298	\$2,933	\$69	\$140	\$3,862	\$420	\$7,424	\$620	\$680
San Mateo County Total	1,408,956	\$566,273	\$13,276	\$27,021	\$745,674	\$81,115	\$1,433,359	\$119,490	\$138,230
San Rafael, City	75,818	\$30,472	\$714	\$1,454	\$40,126	\$4,365	\$77,131	\$6,430	\$6,440
Santa Clara County	795,485	\$319,713	\$7,496	\$15,256	\$421,002	\$45,797	\$809,263	\$67,440	\$74,290
Santa Rosa, City	288,700	\$116,031	\$2,720	\$5,537	\$152,791	\$16,621	\$293,700	\$24,480	\$28,360
Saratoga, City	10,230	\$4,112	\$96	\$196	\$5,414	\$589	\$10,408	\$870	\$1,070
Union City	7,706	\$3,097	\$73	\$148	\$4,078	\$444	\$7,840	\$660	\$910
Vallejo, City	213,281	\$85,720	\$2,010	\$4,090	\$112,877	\$12,279	\$216,975	\$18,090	\$24,110
Vallejo Sani. & Flood Control Dist	106,797	\$42,923	\$1,006	\$2,048	\$56,521	\$6,148	\$108,646	\$9,060	\$9,730
Watsonville, City	63,809	\$25,645	\$601	\$1,224	\$33,770	\$3,674	\$64,914	\$5,410	\$6,110
Winters, City	2,207	\$887	\$21	\$42	\$1,168	\$127	\$2,245	\$190	\$220

ABAG POWER - Levelized Charges

Customer	Estimated Annual Usage	Gas Cost	Distribution Shrinkage	Storage Costs	PG&E Pass-through Costs (1)	Program Expenses (2)	Total Cost	FY2015-16 Monthly Levelized Charge	FY2014-15 Monthly Levelized Charge
						\$432,592			
rate (\$/th):		\$0.402	2.3%	\$0.019	\$0.529	\$0.058			
TOTAL - Core	6,868,771	\$2,760,625	\$64,722	\$131,731	\$3,640,504	\$395,442	\$6,993,024	\$583,020	\$671,280
Rate (\$/th)		\$0.402	\$0.009	\$0.019	\$0.530	\$0.058	\$1.018		
	Total ABAG POWER Commodity Cost - Core:			\$0.431					
	Member Rate - Core:			\$0.488					
<u>Non-Core</u>									
			0.1%						
San Mateo County	363,210	\$145,978	\$146			\$20,910	\$167,034	\$13,920	\$16,040
Santa Rosa, City (Co-gen)	67,200	\$27,008	\$27			\$3,869	\$30,904	\$2,580	\$2,090
Watsonville, City (Co-gen)	214,885	\$86,364	\$86			\$12,371	\$98,822	\$8,240	\$10,220
TOTAL - Non-core	645,294	\$259,350	\$259	\$0	\$0	\$37,150	\$296,760	\$24,740	\$28,350
Rate (\$/th)		\$0.402	\$0.000	\$0.000	\$0.000	\$0.058	\$0.460		
	Total ABAG POWER Commodity Cost - Non-core:			\$0.402					
	Member Rate - Non-core:			\$0.460					
GRAND TOTAL (Core + Non-core)	7,514,066	\$3,019,975	\$64,981	\$131,731	\$3,640,504	\$432,592	\$7,289,784	\$607,760	\$699,630
							% Change:	-13.1%	
							Working Capital Deposits:	\$ 2,020,437	
							Months:	3.32	

Notes:

- (1) Includes estimates for: Customer Charge, Transportation Charge, Public Purpose Programs surcharge, and franchise fee.
- (2) Program expenses less interest income.

MEMORANDUM

ASSOCIATION OF BAY AREA GOVERNMENTS

Representing City and County Governments of the San Francisco Bay Area



DATE: June 17, 2015

TO: ABAG POWER Executive Committee

FROM: Gerald L. Lahr, Manager, ABAG POWER

RE: **Natural Gas Program Goals & Gas Purchasing Strategy**

Below represents the current goals and purchasing strategy for the ABAG POWER natural gas aggregation program.

Program Goals

Since 2002 the ABAG POWER Natural Gas Program has operated with the dual, and often competing, goals of *Cost Savings* and *Price Stability*.

- **Price Stability.** It is desirable that the Program's purchasing strategy and costs allocation methods be such that will provide members a reasonable degree of certainty of the costs to be shared within any given program year.
- **Cost Savings.** Given the desire for price stability, the Program shall attempt to provide gas procurement services for less than the equivalent services provided by the default provider (i.e. PG&E).

Gas Purchasing Strategy

Historically, the program has strived to achieve these goals through implementing a gas purchasing strategy that emphasizes multiple layers of long-term, fixed-price contracts for a majority of its gas load, while the remaining portion of gas is purchased with short-term, indexed-based contracts. This strategy has generally resulted in positive savings during times of rising markets, and negative savings during falling markets, while maintaining price stability.

During the last fiscal year, ABAG POWER's Executive Committee voted to alter its gas purchasing strategy by shifting its emphasis from long-term, fixed-price contracts to short-term, indexed-based contracts. The decision hoped to capitalize on comparatively low market prices of natural gas and served as an effort to combat increased costs related to the pipeline capacity issues currently being decided by the California Public Utilities Commission (CPUC).

The revised gas purchasing strategy established by the Executive Committee is as follows:

- The program will purchase the majority of its gas requirements based on a monthly or daily index that will float with the market price of gas.
- The program will attempt to have a maximum of 500 Dth/day in long-term, fixed-price contracts.
- Staff will monitor the price volatility of the overall portfolio and recommend actions necessary to ensure adequate cash flow, including changes to members' monthly levelized payments.

During the past year ABAG POWER purchased approximately 45% of its gas in long term,¹ fixed price contracts.

¹ Contracts longer than one month in length.



DT: June 8, 2015

TO: ABAG POWER Executive Committee

FM: Gerald L. Lahr, ABAG POWER Program Manager

RE: **SB-687 Renewable Gas Standard**

Background. Currently, California's natural gas sector causes one-quarter of the state's greenhouse gas emissions, and is a major contributor to global warming. To help combat this, Senator Allen introduced SB-687 during the current legislative session. The bill would require the California Air Resources Board (ARB) to adopt a carbon-based renewable gas standard (RGS) that would further require each gas seller to provide certain percentages of renewable gas¹ to retail end-use customers.

Timeline. In addition to requiring the ARB to adopt a RGS by June 30, 2017, SB-687 would require gas sellers to make reasonable progress to ensure that by the end of the compliance period they comply with the following RGS portfolio percentages:

- 2017 – 2019: 1%
- 2020 – 2022: 3%
- 2023 – 2024: 5%
- 2025 – 2029: 10%
- 2030+: 10%

Current Status. Held in committee and under submission. (The deadline to move this bill out of its house of origin has passed.)

Arguments in Support:

- California imports 91% of its natural gas² – moving to in-state renewable gas could provide significant economic benefits and job creation, as well as diversifying and decarbonizing its gas supply.
- GHG reduction

Arguments in Opposition:

- Significant increase in gas costs
- Significant barriers to biomethane³ production; technically available organic waste ≠ readily available

¹ Gas generated from organic waste (biogas) or other renewable sources, including electricity generated by an eligible renewable energy source meeting RPS requirements.

² California Energy Commission (CEC) (2014), Overview of Natural Gas in California. CEC Energy Almanac. <http://energyalmanac.ca.gov/naturalgas/overview.html>.

³ Biomethane is a naturally occurring gas which is produced by the so-called anaerobic digestion of organic matter such as dead animal and plant material, manure, sewage, organic waste, etc. Chemically, it is identical to natural gas which is stored deep in the ground and is also produced from dead animal and plant material.