

# MEMORANDUM

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

Representing City and County Governments of the San Francisco Bay Area

**Attachment A**



## SUMMARY MINUTES

**ABAG Power Executive Committee**

**Meeting 2008-03**

June 18, 2008

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

### WELCOME AND INTRODUCTIONS

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

#### Committee Representatives

Ed Buonaccorsi, Chairman  
Terry Mann  
Jennifer Mennucci  
Ron Popp  
Chris Schroeder

#### Jurisdictions

City of Santa Rosa  
County of Contra Costa  
Golden Gate Bridge District  
City of Millbrae  
City of Milpitas

#### Members Absent

John Cerini, Vice- Chairman  
Raj Pankhania

City of Vallejo  
City of Hercules

#### Staff Present

Joseph Chan  
Jerry Lahr  
Vina Maharaj  
Kenneth Moy

ABAG  
ABAG POWER  
ABAG POWER  
ABAG

### PUBLIC COMMENTS & ANNOUNCEMENTS

There were no public comments.

Request was made by staff to add a Closed Session at the end of the meeting due to late breaking information on the ongoing subject matter of Natural Gas Market Manipulation Litigation. Motion was made by Mennucci/S/Popp/C/5:0:0 to add the Closed Session as the last item to the Agenda.

### APPROVAL OF SUMMARY MINUTES OF FEBRUARY 20, 2008 MEETING

Motion was made by Popp/S/Mann/C/5:0:0 to approve the Summary Minutes of April 16, 2008 Executive Committee Teleconference Meeting.

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## **APPROVAL OF SUMMARY MINUTES OF MAY 28, 2008 MEETING**

Motion was made by Popp/S/Mann/C/5:0:0 to approve the Summary Minutes of May 28, 2008 Executive Committee Teleconference Meeting.

## **REPORT ON NATURAL GAS PROGRAM**

Jerry Lahr handed out various articles on regulatory activities. The articles included an update on LGSEC Activities as of June, 2008.

### **Monthly Summary of Operations**

Lahr provided the members with the Monthly Summary of Operations report for FY 2007-08. He reported that natural gas prices were still very high at present, however, ABAG POWER was doing reasonably well and maintained a positive cumulative savings percentage as compared to PG&E starting with the new financial year in July, 2008.

He mentioned that ABAG POWER still had a positive imbalance against PG&E. Operating Imbalance should remain within the desired parameters set by the Committee, i.e. +1.0% to -2.0% of annual usage.

### **Gas Hedge Chart**

Lahr provided a chart showing ABAG POWER's long-term gas purchases. He noted that the program recently added a two-year contract for gas beginning July 2008, with the price equal to the NGI PG&E Citygate Index minus \$0.25, with a floor of \$7.90. Although prices remain very high, the program will now be looking for opportunities to purchase additional winter gas, and longer term contracts beginning April 2009.

Lahr mentioned that ABAG POWER's new Gas scheduler, Golden Valley Gas Services, Inc. will start services on July 1, 2008.

### **Gas Price Comparison**

Lahr provided the members with a Gas Price Comparison chart. This chart illustrates a six-year data on how ABAG POWER's savings percentage compared with PG&E's.

## **FY 2008-09 ABAG POWER BUDGET**

Lahr presented the Operating Budget for Fiscal Year Ending June 30, 2009.

### **Electric Budget discussion**

The \$100,000 retained by ABAG POWER for use in ongoing Electric Program windup activities will be depleted to less than \$7,000 by the end of the current fiscal year (June 2008).

Some issues regarding the Electric Program windup remain outstanding, such as one million dollars held with the PX Bankruptcy and five hundred thousand dollars held with NCPA escrow account. An extension of the Windup Agreement states that staff will monitor these issues until December, 2008.

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Lahr suggested the Executive Committee provide a recommendation to the full ABAG POWER Board in October, whether to continue monitoring these outstanding issues or take other actions. If the Board approves staff to continue active monitoring of these outstanding issues, then additional funds will be allocated under this item on the budget.

## **Natural Gas Budget discussion**

During the last fiscal year, there was an over collection of funds from members which will be allocated back to members during the next true-up session at 2008 year end. For the FY 2008-09 Proposed Budget, there is a 20% increase in levelized collections due to the high price of gas commodity.

## **Working Capital Deposit**

Lahr mentioned that the current Natural Gas agreements with members authorizes ABAG POWER to collect "Two times the average load (therms) times the current applicable rate (\$/therm)" of working capital deposit.

Due to the projection of a 20% increase in levelized collections, the matter of working capital deposit will need to be assessed by the Executive Committee at upcoming meetings.

Several options were discussed regarding how to best distribute the true-up over collection to members and concurrently collect additional working capital deposits. One other option is to establish a revolving line of credit as a backup. Staff will present recommendations to the committee at the next meeting.

Motion was made by Schroeder/S/Popp/C/5:0:0 to approve the ABAG POWER Operating Budget for FY 2008-09 as presented.

## **NEW PROGRAMS DEVELOPMENT**

### **Green Communities Program**

Lahr provided members a Draft Scope of Work for the ABAG Green Communities Program. Lahr said ABAG will work to further the goals of the Green Communities Program; to engage local governments in creating more sustainable communities, including reducing their greenhouse gasses, and implementing comprehensive demand-side management programs in their public facilities and throughout their communities.

### **Solar Program**

ABAG POWER is moving ahead with the idea of a solar feasibility study. Energy Solutions has begun working on a feasibility study, the idea being that in this initial phase they will contract directly with the entity to do the study. The study would provide information such as solar viability for specific sites and/or other specific requirements by the entity. This study would be independent of an actual installer coming out and doing installations.

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## **Power Purchase Agreement**

Lahr said he has held discussions with the City of Milpitas, Santa Clara County and Joint Venture Silicone Valley on an idea of a joint standard power purchase agreement. The idea is to see if the PPA Agreements could be standardized specific to local governments.

## **Utility Bill Analysis**

This new program concept is to expand on what ABAG POWER already has in place for its gas billing services. To develop the capability to receive electric billing data from PG&E so that the program would have full utility information for an entity in its database to be able to do more robust analysis. John Cook of Utility Management Services believes that there is a possibility for ABAG POWER, as an established ESP, to be able to download electric data on behalf of its members, without having the liability to pay the bills. Expenses for this new program would probably include software upgrades and staff training.

Lahr added that using the proceeds from the gas litigation funds towards such an idea will be very constructive to the expansion of the ABAG POWER Program.

Staff will present several ideas to the Executive Committee regarding how best to use the gas litigation funds towards new program ideas at their next meeting in August.

## **CLOSED SESSION**

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

- Natural Gas Market Manipulation Litigation

It was reported out of closed session that a report was provided by Legal Counsel, Ken Moy to the Executive Committee on the above matter.

## **ADJOURNMENT**

Chairman Buonaccorsi adjourned the meeting at 1:40 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