

# MEMORANDUM

## ASSOCIATION OF BAY AREA GOVERNMENTS

Representing City and County Governments of the San Francisco Bay Area



# SUMMARY MINUTES

**ABAG Power Executive Committee**

**Regular Meeting 2014-03**

**June 18, 2014**

MetroCenter, ABAG's Conference Room C  
101 8<sup>th</sup> Street, Oakland, CA 94607

### WELCOME AND INTRODUCTIONS

Chairman Richard Sealana opened the meeting with introductions at 12:03 PM.

#### Committee Representatives

Richard Sealana (Chair)

Chris Schroeder

Angela Walton

Alan Olds

Stephanie Hom

#### Jurisdictions

City of Union City

City of Milpitas

City of Richmond

Housing Authority of the City of Alameda

Town of Moraga

#### Members Absent

Daniel Smith

Julie Bueren

City of Pleasanton

County of Contra Costa

#### Staff Present

Jerry Lahr

Ryan Jacoby

Kenneth Moy

Herbert Pike

ABAG POWER

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### PUBLIC COMMENTS & ANNOUNCEMENTS

There were no public comments.

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### **APPROVAL OF SUMMARY MINUTES OF APRIL 16, 2014.**

Motion was made by Schroeder/S/Walton/C/5:0:0 to approve the Summary Minutes of April 16, 2014 Executive Committee Meeting.

Votes:

Julie Bueren - Absent

Stephanie Hom - Yes

Alan Olds - Yes

Chris Schroeder – Yes

Richard Sealana – Yes

Daniel Smith - Absent

Angela Walton - Yes

### **ABAG POWER EXECUTIVE COMMITTEE MEMBERSHIP**

Lahr reported that Daniel Smith (Pleasanton) resigned from the Executive Committee due to conflicting obligations, effective immediately. Chairman Sealana appointed Scott Lines, Assistant Director of Operations Services, City of Pleasanton, to the Executive Committee.

### **REPORT ON NATURAL GAS PROGRAM**

#### **Monthly Summary of Operations FY 13-14**

Lahr provided the members with the Monthly Summary of Operations reports for FY13-14; members were updated on the percentage savings comparisons with PG&E. The cumulative savings through April, 2014 is -1.1% including the CTA Unrecovered Pipelines Capacity costs. The program's 'Rate Comparisons excluding Pipeline Capacity Costs' calculation displayed a cumulative savings through April, 2014 of 1.6%.

#### **Gas Hedge Chart**

Lahr provided information on the various current long-term gas purchases (contracts which are greater than one month in length). He specifically pointed out a new 9-month contract (July-March) for gas supplied to the PG&E Citygate for \$4.99/Dth. Group discussion reinforced the prior consensus that future gas purchase contracts would not extend further than March 2015 in light of rising Pipeline Capacity Costs endangering the gas program's viability.

#### **Market Price Chart**

Lahr provided a comparison of gas prices with an emphasis on extremely volatile prices during February 2014. Gas prices are generally expected to remain steady throughout the 2014-15 winter season before declining for summer.

#### **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 \$246,344 for these costs starting from April, 2012. Members requested a chart or similar visual representation displaying the rising costs as a percentage impact the cost has on cumulative savings for program members. The intent of this representation is to clearly present to the Board that this cost is of growing concern.

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### **FY2014-15 ABAG POWER OPERATING BUDGET**

#### **FY2014-15 Operating Budget**

Lahr presented members with an Operating Budget for Fiscal Year 2014-15 indicating a total core rate increase of 15.4%. The projected increase in rates generated discussion about potentially changing the gas purchasing strategy to more closely mirror the daily market, although further discussion was postponed until results from the ABAG POWER member survey have been received.

#### **FY2014-15 Operating Budget – Levelized Charges**

Lahr presented a worksheet displaying the calculation of the monthly levelized charges for each of POWER's master accounts for FY 2014-15. Hom noticed mislabeled headings for two monthly levelized charges columns; the error was acknowledged by staff and a corrected revision was later sent to Executive Committee members. The revision showed the total Core and Non-core member levelized charges increased 7.5% from FY 2013-14 to FY 2014-15. (These corrections did not change the budget.)

Motion was made by Schroeder/S/Hom/C/5:0:0 to approve the Operating Budget (including levelized charges) for Fiscal Year 2014-15.

#### Votes:

Julie Bueren - Absent

Stephanie Hom - Yes

Alan Olds - Yes

Chris Schroeder – Yes

Richard Sealana – Yes

Daniel Smith - Absent

Angela Walton - Yes

#### **Gas Program Goals and Purchasing Strategy**

Lahr recapitulated the natural gas program's goals - price stability and cost savings - and the gas purchasing strategy. Discussion led by Sealana revolved around the feasibility of alternative strategies for effectively utilizing gas storage to leverage daily purchases.

The discussion resulted in a request made by Schroeder to create a projection showing the impact of gas purchase packages that more aggressively follow daily indices.

#### **ABAG POWER MEMBER SURVEY**

Lahr led discussion about the current draft of the POWER member survey with the objective of gauging members' interests. Questions #2 & #5 were of particular interest during the discussion, which resulted in the rewording of Question #2, as suggested by Hom. Executive Committee members agreed the survey would be sent the following week and results would be discussed during the rescheduled August meeting.

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### CLOSED SESSION

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)

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

### CALIFORNIA PUBLIC UTILITIES COMMISSION (CPUC) REGULATORY ISSUES

#### **Order Instituting Rulemaking to Implement Registration of Third Party Natural Gas Procurement Service Providers... (R14-03-002)**

Lahr reminded members that specific language in the legislation that led to this order exempts public agencies from most requirements of the new code. ABAG POWER filed comments with the CPUC requesting confirmation that ABAG POWER is exempt from the new regulations.

#### **Order Instituting Rulemaking to Consider Single Methodology to Calculate Remittance Under Municipal Surcharge Act (R14-03-016)**

Lahr informed members that this issue does not directly affect the ABAG POWER gas program, and in addition, any likely outcome will affect different agencies differently. It was agreed that ABAG POWER would take no formal position on this issue.

### OTHER BUSINESS

**August Meeting.** The proposed reschedule of the August Executive Committee meeting was finalized; the new date is confirmed to be August 28, 2014, 12 Noon to 2:00 P.M.

**Solar Power.** Schroeder presented ideas related to net-energy metering and feed-in tariffs for solar power with the objective of solar power becoming more widespread in the residential and commercial markets.

**Community Choice Aggregation (CCA).** Lahr briefed members on the current status of an emerging possibility of an Alameda County Community Choice Aggregation Program and his desire to be appointed to the steering committee of said program. It was agreed that Lahr's knowledge and expertise obtained through the POWER program could be of great assistance to the potential CCA.

### ADJOURNMENT

Chairman Sealana adjourned the meeting at 2:15 pm.

/rj

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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 = abstention.