



# SUMMARY MINUTES

**ABAG Power Executive Committee**

**Meeting 2001-07**

June 20, 2001

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

## WELCOME AND INTRODUCTIONS

Robert Fugle (Chair) opened the meeting with introductions at 12:00 p.m.

### Committee Representatives Present

Robert Fugle  
Michael Garvey  
Wayne Green  
Terry Mann  
Natasha Merkuloff Nichols  
Steve Sprotte

### Jurisdictions

Golden Gate B.D.  
City of San Carlos  
City of Salinas  
County of Contra Costa  
County of Napa  
City of Union City

### Committee Representatives Absent

Jeff Kolin  
John Lisenko  
Alan Nadritch

City of Santa Rosa  
City of Foster City  
City of Benicia

### Staff Present

Joseph Chan  
Dave Finigan  
Jerry Lahr  
Vina Maharaj  
Kenneth Moy

ABAG  
ABAG POWER  
ABAG POWER  
ABAG POWER  
ABAG

### Staff Absent

Eugene Leong

ABAG

## PUBLIC COMMENT

There were no public comments.

## APPROVAL OF SUMMARY MINUTES OF MAY 14, 2001 MEETING

Motion was made by Green/S/Mann/C/ to approve the Summary Minutes of May 14, 2001 Executive Committee Meeting.



### **EXECUTIVE COMMITTEE LEADERSHIP**

Jerry Lahr thanked Robert Fugle for an outstanding and exemplary performance as Chairman of the Executive Committee in 2001. Robert Fugle has retired and consequently resigned as the Chairman and member of the Executive Committee. As a result Jeff Kolin, Vice Chairman, will assume the duties of Chairman of the Executive Committee as of July 1<sup>st</sup>, vacating the Vice Chairman position. The Vice Chairman position will remain open until filled.

### **CTC CREDIT RECOVERY**

Daniel W. Douglass, the attorney representing ABAG POWER on several CPUC issues, presented an extensive report with regard to the proceedings of the draft decisions by CPUC to suspend Direct Access Programs, stop payments of PX credits to DA customers and issues related to the three cent per kWh rate increase.

Douglass recommended filing comments that opposes both the draft decision of Barnett and the alternate decision of Bilas with regard to the PX credit issue but supports Bilas' decision with regard to not suspending Direct Access and moving to a bottoms up calculation. Douglass suggested that ABAG POWER members approach commissioners and/or legislators and let them know that they oppose what the commission is doing with regard to the PG&E's suspension of the PX credit payment and the suspension of Direct Access programs.

On the issue of the three cent per kWh rate increase, Douglass said that the Commission had approved this rate increase in March without any kind of rate design in terms of determining to whom these costs would be allocated. There were proceedings held in April and May after which a decision was issued in mid May asserting how the three cents per kWh rate increase would be apportioned amongst the different customer classes. Since the rate increase was effective March 1<sup>st</sup>, the May decision says that the utilities should be able to collect a surcharge for 12 months to pick up the three cents that they didn't collect during that period from March through early June. ABAG POWER will file a petition for modification to clarify that surcharge should not be collected from members of ABAG POWER who were involved in Direct Access during that period of time.

Ken Moy stated that the complaint which ABAG POWER filed before the CPUC with regard to the PX credit issue has been stayed by the Bankruptcy Court. ABAG POWER has not filed a creditor's claim and has not moved to lift the stay. In a recent conversation with PG&E, Moy proposed stipulated settlement to take the matter out of the bankruptcy court, agree on the amount of the credit to be given to ABAG POWER members and payment schedule. Moy said that he did not expect a positive response to his proposal since PG&E is concentrating their attention on creating a reorganization plan to be submitted to the bankruptcy court.

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

Lahr said that ABAG POWER has entered into a fixed rate of \$7.63/Dth for 75% of the members' loads. Based on this fixed rate, ABAG POWER has revised its levelized payments which will go into effect starting from the July billing.



ABAG POWER has filed a petition before the CPUC which requests a change to the rules that apply with respect to the assignment of PG&E's upstream Canadian transportation capacity. This would enable core aggregators to provide their core customers with commodity and transportation service that is comparable to the core portfolio gas sales service that PG&E provides to its core procurement customers.

Gerard Worster of TXU Energy Services provided a report to the Committee regarding the price fluctuations in the gas prices last year.

Dave Finigan indicated that the City of Richmond has recently joined the gas program. He said that two jurisdictions, County of Santa Clara and the Town of Hillsborough still haven't sent in their signed gas amendments which are long overdue.

### **STATUS REPORT ON THE SUSPENSION OF THE ELECTRIC PROGRAM**

Lahr said that ABAG POWER is continuing to return customers to PG&E and expects to have all accounts returned to PG&E by the end of June, 2001. He said that there have been some issues with interval meter accounts. PG&E is either reprogramming the meters that are currently in place or they are putting in another type of meter that at least has the ability to access interval meter type information.

Lahr said that ABAG POWER is continuing to apply for renewable energy credits until all the accounts are transitioned back to PG&E. He mentioned that for the last couple of months, there has been a significant difference in the amount that was applied for versus the amounts that are being received. It is because of the restriction that CEC has put on large accounts and the amount of funding that is available.

#### Sale of Power Contract

Lahr said that NCPA is estimating the reduction of ABAG POWER's load as the accounts are being returned to PG&E. ABAG POWER has had excess power since the beginning of June and NCPA is selling this excess into their pool. Lahr said that both the spot market and forward electric energy prices have been dropping rapidly over the past few weeks, and that the price of power sold into NCPA's pool has ranged from \$169/MWh at the beginning of the month down to \$40 - \$65/MWh at present, with a weighted average of approximately \$67/MWh.

Lahr said that regarding selling the remainder of the power contract (i.e. July - December), ABAG POWER sent out a request for proposal and ultimately chose to hire a consultant who will work on an incentive basis to aid ABAG POWER in maximizing the value of the contract. Lahr said that a contract was signed with Peterson Consulting who will be paid a percentage of any net proceeds.

The consultant has suggested that ABAG POWER approach Calpine to retake the power, with a price to be set at the Enron On-Line (EOL) price, which is what most marketers are currently using as the market price for energy. The consultant also suggests that rather than selling the entire six months of power all at once it might be better to sell it on a month-to-month basis.



Ken Moy pointed out to the members that there are two primary segments involved in the final disposition of the Electric Program. Moy explained that there are two sources of potential revenue, one is from the resale of the Calpine contract and the other is the recovery of the PX/CTC credits from PG&E. There needs to be a balance between the risks and rewards of trying to recover this revenue. That is, what risks are the members willing to take in order to achieve a position of being “made whole.”

Members generally agreed that the goal would be to sell the Calpine contract for a price of \$145/MWh or greater in order to make members whole, although based on current market prices, the best available price may be below this number. At the same time staff should continue to pursue recovery of the PX/CTC credits from PG&E.

**ADJOURN**

The meeting adjourned at 2:00 p.m.

**Next Executive Committee Meeting is scheduled for July 18, 2001 (12:00 p.m. – 2 p.m.), Metro Center, 101 8<sup>th</sup> Street, First Floor, Oakland CA 94607.**

/vm