



SUMMARY MINUTES

ABAG Power Executive Committee

Teleconference Meeting 2001-08

July 18, 2001

Metro Center 101 8th Street, Oakland CA 94607

WELCOME AND INTRODUCTIONS

Jeff Kolin (Chair) opened the meeting with introductions at 12:00 p.m.

Committee Representatives Present

Michael Garvey
Wayne Green
Jeff Kolin
John Lisenko (present at ABAG offices)
Terry Mann
Natasha Merkuloff Nichols
Alan Nadritch

Jurisdictions

City of San Carlos
City of Salinas
City of Santa Rosa
City of Foster City
County of Contra Costa
County of Napa
City of Benicia

Committee Representatives Absent

Steve Sprotte

City of Union City

Staff Present

Joseph Chan
Dave Finigan
Jerry Lahr
Vina Maharaj

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Staff Absent

Eugene Leong
Kenneth Moy

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PUBLIC COMMENT

There were no public comments.

APPROVAL OF SUMMARY MINUTES OF JUNE 20, 2001 MEETING

Motion was made by Green/S/Nichols/Abstention/Kolin/Lisenko/C/ to approve the Summary Minutes of June 20, 2001 Executive Committee Meeting. Garvey and Nadritch were absent during the approval of minutes.



EXECUTIVE COMMITTEE LEADERSHIP

Motion was made by Green/S/Garvey to nominate Alan Nadritch to the position of Vice Chair of the Executive Committee. Nadritch accepted the nomination and assumed the duties of Vice Chairman of the Executive Committee effective immediately.

STATUS REPORT ON NATURAL GAS PROGRAM

Jerry Lahr referred to the Summary of Natural Gas Program spreadsheet which shows the fixed gas price of \$7.630/Dth for 75% of member's load and the remaining 25%, which was a relatively low price of \$4.40/Dth for the month of July.

Lahr reviewed the joint petition that ABAG POWER and SPURR had filed with the CPUC requesting 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.

Lahr said that comments were submitted by PG&E and TURN during the thirty-day comment period. While TURN opposed the petition, PG&E did not outright oppose but had concerns about the petition. ABAG POWER has submitted a reply to the comments and is now awaiting action by CPUC which is expected to come late August or early September.

STATUS REPORT ON THE SUSPENSION OF THE ELECTRIC PROGRAM

Update on Meters

Lahr reported that all ABAG POWER electric accounts were returned to PG&E prior to the beginning of July. Finigan said that after a series of discussions with PG&E, they have agreed to put in full interval meters for accounts over 200 kW. For accounts below 200 kW, PG&E has agreed to put in meters which provide pulses for interpretation towards interval meter information.

Finigan said that ABAG POWER had 57 interval meters with over 200 kW usage. PG&E is developing a program to post the interval meter data to a website for use by the customers without any charge. However, for meters below 200 kW usage, jurisdictions will have to reconnect the meter interface units (MIU's) which were previously installed by Teldata to the meter to record pulse information. Teldata has a program for agencies to access pulse data information on a website with a monthly service charge of \$20. Global Energy is also providing this service to agencies through a CEC grant at no cost through May, 2002.

Renewable Energy Credits

Lahr said that ABAG POWER is continuing to apply for renewable energy credits and hopes to receive a final check for the June period sometime in October when rebates will be mailed out to members. He mentioned that during 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. This difference is due to depleted funding levels at the CEC.



Sale of Power Contract

Lahr reported that after much concern at the dramatic drop in electric prices, ABAG POWER at last finalized the resale of the power contract. He said that both the spot market and forward electric energy prices were dropping very rapidly. The price of power sold into NCPA's pool had ranged from \$169/MWh at the beginning of June down to \$40 - \$65/MWh at the end June with a weighted average of approximately \$67/MWh. NCPA informed ABAG POWER that it would not remain their Scheduling Coordinator past the end of June. Ultimately ABAG POWER sold July power for a price of \$70/MWh. This resulted in ABAG POWER owing Calpine approximately \$290,000 for the difference between \$81/MWh and \$70/MWh.

For the remainder of the power contract (August to December, 2001), ABAG POWER sold to the State for a price of \$84/MWh. Calpine released ABAG POWER from the agreement with them and will pay the difference between \$84/MWh and \$81/MWh (totaling approximately \$390,000) at the end of the term of the contract. Lahr also mentioned that as electric prices came down, so did the estimated ISO costs which ABAG POWER owes to NCPA.

Filings with CPUC

Lahr updated the members on the proceedings of the draft decisions by the 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. Lahr said ABAG POWER joined together with other entities to file comments with the CPUC, opposing the draft decisions. The CPUC, after receiving many negative comments, has now deferred the decision to mid August.

ABAG POWER has not officially filed its claim of the PX credit and has until early September to do that. Lahr advised the members that only if the Bankruptcy Filing forms, which the cities are receiving, relate to the PX credit issue, then they need to send those to ABAG POWER.

Lahr mentioned that a group of ESPs is putting together some legislative lobbying efforts to propose language in a specific bill to try to resolve the PX credit claim issue. Members agreed that ABAG POWER members would benefit from joining the lobbying efforts and took staff's recommendation of adding the lobbying expenses as part of legal expenses as proposed in the Operating Budget for Fiscal Year ending June 30, 2002.

Fiscal Year 2001-2002 Budget and Program Cash Flow

Lahr presented the proposed Operating Budget for Fiscal Year Ending June 30, 2002 and the Electrical Program Cash Flow.

Lahr said that he expects to see the Electric program wrapped up by the end of the Calendar Year 2001. Regarding members' deposits with ABAG POWER, Lahr mentioned that approximately 6.2 million dollars was received which represented the PX, ISO and working capital deposits. Approximately 2 million dollars of the member's deposits went towards paying deposits to the PX and ISO. ABAG POWER expects to receive the ISO deposit back once the costs are settled, but as for the PX deposit, while ABAG POWER will continue to fight for it, receipt of the deposit is questionable due to PX's bankruptcy situation.



Lahr said that during September/October 2000 ABAG POWER started receiving CTC credit payments from PG&E but after a couple of payments, they stopped paying. During the period when PG&E stopped these payments, ABAG POWER continued to pass through the credits to members for a certain period before initiating the CTC credit reversal charge. Lahr said that approximately 4.4 million dollars was passed through to members during that interim period.

Motion was made by Alan Nadritch/S/Nichols/C to accept the Fiscal Year 2001 – 2002 Operating Budget as presented.

ADJOURN

The meeting adjourned at 2:00 p.m.

Next Executive Committee Meeting is scheduled for August 15, 2001 (12:00 p.m. – 2 p.m.), Metro Center, 101 8th Street, First Floor, Oakland CA 94607.

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