



# SUMMARY MINUTES

ABAG Power Executive Committee

Meeting 2000-08

August 16, 2000

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

## WELCOME AND INTRODUCTIONS

Michael Garvey opened the meeting at 12:05 p.m.

### Committee Representatives Present

Kenneth Blackman  
Kathy Brown  
Robert Fugle  
Michael Garvey  
Wayne Green (via teleconference)  
John Lisenko

### Committee Representatives Absent

Mark Lewis  
Alan Nadrich

### Staff Present

Eugene Leong  
Jerry Lahr  
Joseph Chan  
Vina Maharaj

### Jurisdictions

City of Santa Rosa  
County of Contra Costa  
Golden Gate B.D.  
City of San Carlos  
City of Salinas  
City of Foster City

### Jurisdictions

City of Union City  
City of Benicia

ABAG  
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## PUBLIC COMMENT

There was no public comment.

## APPROVAL OF MINUTES

Motion was made by Fugle/S/Blackman/roll call vote/C/to approve the Summary Minutes for July 26, 2000 Executive Committee Meeting.

## STATUS ON NATURAL GAS PROGRAM

Jerry Lahr reviewed the August natural gas purchase indicating that in August ABAG POWER did a little better than in the past couple of months. The index price came down and even though PG&E's price came down as well, it did not fall as much as the index price, so there was some savings relative to PG&E. Lahr said that the savings for the calendar year todate is 7.4% cumulatively from January through August, 2000, although this savings figure does not include some administrative costs. He reported that ABAG POWER, through their billing agent is in the process of preparing Savings Reports for the fiscal year ending June 30, 2000.



Lahr also mentioned that ABAG POWER has revised the format of the Natural Gas Purchase Summary page to include a cumulative savings column which was requested by the Committee at the last Executive Committee Meeting.

### **REPORT ON ELECTRIC AND RENEWABLE ENERGY PROGRAMS**

Jerry Lahr reported on the energy purchases for July indicating that power was purchased from Palo Alto and Alameda through NCPA, the total cost for the month being a little more than \$2.7 million for an average cost of \$91.03 per MWh, a little more than forecasted. He said that the average cost in July was significantly closer to the forecast than in June and actually ended up being slightly better than it would have cost, had electricity been purchased directly from CalPX.

Lahr presented the monthly summary of renewable energy consumption and rebate indicating a cumulative gain for year-to-date of \$730,000 total, of which \$511,000 will end up being rebated back to members.

Lahr mentioned that the Senate Bill 1194 and Assembly bill 995, which provide for the extension of the electric public goods charge for ten years, have been amended to include a provision which states that public entities will no longer be eligible to receive customer credits for renewables. These bills will go into effect on January, 2002. He said that the City of Oakland put forward an amendment to this legislation in an attempt to enable public agencies to continue participating in the customer credit program, but it does not appear likely that a legislative effort will be made this year to include this amendment in the legislation.

Jerry Lahr presented the Committee with the latest agreement between NCPA and ABAG POWER regarding the sale and purchase of power. He explained the step-by-step account of ABAG POWER's meeting with Palo Alto and Alameda which had initially seemed to be a successful meeting showing promise of an extension of the agreement for two to three months, as was reported at the last Executive Committee Meeting. However, ABAG POWER was ultimately not able to reach an agreement with Palo Alto and Alameda by the end of July, 2000. Because ABAG POWER was not in a position to pre-pay NCPA for August energy and did not have an alternate supplier, this put ABAG POWER in default of their Scheduling Coordination Agreement with NCPA. Subsequently, NCPA suspended ABAG POWER's scheduling services which then put ABAG POWER in an "emergency" status with PG&E. ABAG POWER held further discussions with PG&E, Palo Alto and Alameda and was ultimately able to reach an agreement to purchase energy from Palo Alto and Alameda for the period August 8<sup>th</sup> – 31<sup>st</sup> for a price equal to the PX price plus \$2.00/MWh. This agreement is for the month of August only - Alameda and Palo Alto will not extend the agreement beyond its termination date of August 31, 2000.

Lahr reported that NCPA actually scheduled power for ABAG on August 1<sup>st</sup>, but for the period of August 2<sup>nd</sup> through August 7<sup>th</sup>, ABAG POWER was in a suspended mode, meaning no one was scheduling ABAG's load. ABAG POWER will pay PG&E for the power used during this period. The cost of power during this period will likely be determined using the "imbalance market" rate, which is normally higher than the standard PX rate. Starting from August 8<sup>th</sup> through the end of the month, NCPA will provide power through Alameda and Palo Alto, based on the same basic terms of the previous agreement, except with a rate of PX plus two dollars.



**DISCUSSION OF PLAN OF ACTION**

Lahr mentioned the Plan of Action put together by staff to get through the continuing cash flow difficulties. Joe Chan stated that ABAG POWER will not be in a position to pre-pay NCPA for September energy. Lahr stated that ABAG POWER does not have an alternate power supplier for September, which puts the program in a position similar to the end of July.

Eugene Leong mentioned having met with some member agencies to discuss the possibility of acquiring a bridge loan which also turned out to be unsuccessful. Leong said that he has talked to several dot.com companies who are trying to do business within the volatile and risky energy market and he finds that other strategies may be feasible for the electric pool but those would be long-term resolutions.

Motion to suspend the ABAG POWER Electric Pool service on September 1, 2000, transition all members back to PG&E, collect all amounts due, and return deposits to all Pool members, unless an alternative power supplier can be identified by August 21<sup>st</sup> who will extend service for a minimum 60-day period and give ABAG POWER favorable pricing and payment terms, was made by Fugle/S/Blackman/C/roll call vote/C to approve.

Discussion: Lisenko suggested that all communication to members be made very clear, especially about the difference between dissolving and being in the suspended mode. He suggested that a memo be written to all the members explaining the situation and also a statement be sent to the press.

Fugle added that even if the members decided to come up with larger deposits so as to keep the pool going, the prognosis of the future in this very volatile market under the current conditions doesn't seem to justify the rewards of the program.

Lahr mentioned that one downside to suspending the program was that the Renewable Rebate program would go away.

**SEPTEMBER WORKSHOP**

A short discussion followed about the benefits of holding the September workshop and several agenda items were discussed. It was decided that holding the September Update Workshop will be a very good way to explain, educate and inform the members about the suspension of the electric pool and also to answer any questions which they may have.

**ADJOURN**

Meeting adjourned at 1:10 p.m.

**A September Update Workshop (8a.m. – 12 p.m.) and the ABAG POWER Executive Committee Meeting (12p.m. – 2 p.m.) will be held on September 14, 2000, Metro Center, 101 8<sup>th</sup> Street, First Floor, Oakland CA 94607.**