



SUMMARY MINUTES

ABAG POWER Annual Board Meeting 00-10
October 19, 2000 ■ Joseph P. Bort MetroCenter, ABAG Offices
101 Eighth Street, Oakland, California

WELCOME

Chairman Michael Garvey called the meeting of the ABAG POWER Board of Directors to order at 9:10 a.m.

The agencies having representative/s at this meeting and constituting a quorum were as follows:

Jurisdictions Represented:

City of Antioch
City of Berkeley
City of Benicia
City of Daly City
City of Foster City
City of Half Moon Bay
City of Menlo Park
City of Menlo Park
City of Newark
City of Orinda
City of Pacifica
City of Petaluma
City of Salinas
City of San Carlos
City of San Carlos
City of San Mateo
City of Santa Rosa
City of Union City
City of Union City
City of Watsonville
County of Contra Costa
County of Monterey
County of Napa
County of San Mateo
County of Sonoma
Town of Hillsborough
Town of Hillsborough
H.A.R.D.
Housing Authority

Committee Representatives:

John Tasker
Neal DeSnoo
Alan Nadritch
Don McVey
John Lisenko
Blair King
Uma Chokkalingam
John McGirr
Pam deMello
Radha Wood
Jerry Conner
Steve Simmons
Wayne Green
Richard Averett
Michael Garvey
John deRussy
Tom Struthers
Mark Lewis
Christine Tien
Gabe Gordo
Kathy Brown
Steve Larson
Natasha Merkuloff Nichols
George Haines
Ardath Andrews
Patrick Kelly
Kevin O'Connell
Eric Willyerd
Tom Makin

**Jurisdictions Represented:**

Los Trancos Water District
R.A.F.C.

Committee Representatives:

Stanley Gage
Robert Hoffman

Guests:

Bill Ross
Gerard Worster

Calpine Corporation
TXU Energy Services

Staff:

Eugene Leong
Jerry Lahr
Ken Moy
Joseph Chan
Dave Finigan
Vina Maharaj

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EXECUTIVE COMMITTEE REPORT ON ELECTRIC AND NATURAL GAS PROGRAMS

Michael Garvey presented the members with an overview of the structure, functions, history and goals of the ABAG POWER Program. The information is summarized as follows:

Board of Directors

Every member jurisdiction appoints two members (primary and alternate) to the Board of Directors of the ABAG POWER.

Executive Committee for 1999 – 2000 Program Year

Michael Garvey, Chairman
Mark Lewis, Vice Chairman
Alan Nadrich, City of Benicia
John Lisenko, City of Foster City
Jeff Kolin, City of Santa Rosa
Kathy Brown, Contra Costa County
Robert Fugle, Golden Gate Bridge, Highway and Transportation District
Wayne Green, City of Salinas

ABAG POWER Staff

Eugene Leong, Executive Director of ABAG
Jerry Lahr, ABAG POWER Program Manager
Dave Finigan, ABAG POWER Program Advisor
Kenneth Moy, ABAG Legal Counsel
Joseph Chan, ABAG Financial Director
Vina Maharaj, ABAG POWER Administrative Secretary



ABAG POWER Services and Goals

Electric Program:

- Comprised of 56 Member Jurisdictions
- Approximately 52 million dollars per year
- Provides renewable energy and rebates to members
- Goals for 2000:

Goals

- Obtain a 3% savings on energy
- Improve communications with members

- Increase membership by 10%

Results

- 1.4% savings on energy
- Improved Communications
 - Workshop
 - Member Visits
 - Info. memos
- Lost 4 members, gained 1

Gas Program:

- Comprised of 43 Member Jurisdictions
- A 3.9 million-dollar program.
- Goals for 2000:

Goals

- Increase savings by 2%
- Increase membership by 15%

Results

- 11% savings for members
- 3 new members (8% increase)

Program Contractors

- **Energy Supplier**
 - Electricity: Calpine Corporation
 - Natural Gas: TXU Energy Services

- **Scheduling Coordinator**
 - Electricity: Northern California Power Agency
 - Natural Gas: TXU Energy Services

- **Billing Agent**
 - Electricity: Arizona Public Service (APS)
 - Natural Gas: IQ Solutions

- **Metering Agent**
 - Electricity: PG&E/Teldata Solutions
 - Natural Gas: PG&E



Garvey strongly recommended that members stay with the ABAG POWER Program as there was a savings and growth potential for the future. Even though the electric market had shown extreme volatility during the past several months, ABAG POWER provided its members with a 1.4% savings in energy and a stable fixed price contract for the future. For the gas program, ABAG POWER provided its members with a 11% savings and an 8% growth in membership. Garvey stated that the ABAG POWER Electric Program provides its members a platform for future programs and improvements and the ability to participate effectively in the electric market when the rate freeze ends.

OVERVIEW OF THE PAST YEAR

Eugene Leong presented a brief outline of the impact the deregulated electric market had on California, and spoke about the challenges ABAG POWER faced this past year. He indicated that the gas pool was completing its fourth successful year providing accumulated savings of \$501,084 or four-year average savings of 6.5% for its members. The Electric Program through its new contract with Calpine Corporation provided nearly 100% green energy in September 2000 and now has a fixed price for energy through December 2001 which will be passed through to members.

FY 99-00 FINANCIAL REVIEW

Joseph Chan presented the Preliminary Financial Reports for fiscal year ending June 30, 2000 to the Board. Based upon his initial review, it appears that the fiscal year has ended with total electricity revenues of approximately \$32.5 million and a deficit of about \$953,000. Chan said the shortfall was primarily due to the timing differences in meter readings and payment of energy costs which seems to give rise to fluctuations in the bottom line from year to year. The electric program has broken even during its first two years of operation, which is consistent with the objective of breaking even over the long run.

STAFF REPORT ON NATURAL GAS POOL PROGRAM

Dave Finigan presented a breakdown of savings and costs of the Natural Gas Program. He reported that the program savings for all members was 11% for the 1999-2000 fiscal year compared to 6% the prior year. The average savings for the first four years of the program was 6.5% for a total savings of \$501,084. The savings for individual agencies varies depending upon their usage of gas during the year. The total interest credit for members for the 1999-2000 fiscal year was \$66,762 which will be credited to members' bills in December. The forecast for Fiscal Year 2000-2001 shows significantly higher gas commodity prices resulting from increased oil prices and market demand.

STAFF REPORT ON ELECTRIC PROGRAM

Jerry Lahr presented a detailed report, extensively covering all components of the Electric Aggregation Program. Items discussed included: ABAG POWER's position in the current volatile electric market, program expenses, information on meter replacements, renewable energy and rebates program, member deposits, program savings, program benefits, new power purchase contract and



potential energy efficiency programs. Some of the highlights of his presentation included the following information:

- 56 member agencies, representing 5,300 meters
- \$32.5 million in total FY 1999-2000 program costs
- Aggregated annual load of 358,000 megawatt hours with a peak demand of 60 megawatts
- 2.5 years in operation
- Renewable Energy Credit:
 - ABAG POWER participates in the CEC's Customer Credit Program for renewable energy
 - Total rebate collected for period 5/99-6/00: \$1,474,636
 - Feb.00: \$749,087 paid to members for period 5/99-10/00
 - Remaining rebate: \$725,549 to be distributed to members prior to end of the year
- Electric Program Savings 1999-2000:
 - Energy costs roughly equivalent to PG&E
 - Estimated 1.4% energy savings resulting from
 - Reduction program expense fee from 8% to 4%
 - Renewable rebates
- New POWER Purchase contract with Calpine Corporation
 - Price: \$81.00/MWh (\$.081/kWh), 24x7
 - Term: Sept.'00 – Dec.'01
 - Currently receiving 100% renewable power (geothermal)
- Program Benefits – FY 2000-01
 - Potential energy savings
 - Calpine contract
 - Renewable credits
 - Program stability with fixed-price contract
 - Renewable energy
 - Position members for fully deregulated market

APPROVAL OF MINUTES

Motion was made by Nadritch/S/Green/C/with one abstention to approve the Summary Minutes of the October 28, 1999 Special Meeting of the Board of Directors of ABAG POWER.



ELECTION OF OFFICERS

For the office of Chair for 2001, it was moved by Brown/S/Struthers/C/ to nominate Mark Lewis of the City of Union City. For the office of Vice Chair for 2001, it was moved by Brown/S/Struthers/C/ to nominate Robert Fugle of the Golden Gate Highway and Transportation District.

The selection of members for the Executive Committee for 2001 was still in progress. Garvey invited members of the board to contact Jerry Lahr if anyone was interested in serving on the committee for the next program year.

PUBLIC COMMENTS

There were no public comments.

ADJOURN

The meeting adjourned at 11:00 a.m.

/vm