



SUMMARY MINUTES

ABAG POWER Annual Board Meeting 2005

October 24, 2005

Joseph P Bort MetroCenter

101 Eighth Street, Oakland, CA 94607-4756

WELCOME

Chairman Richard Averett opened the meeting of the ABAG POWER Board of Directors with introductions at 10:30 a.m.

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

Jurisdictions Represented

City of Alameda
 City of Albany
 City of Benicia
 City of Fremont
 City of Hercules
 City of Los Altos
 City of Millbrae
 City of Milpitas
 City of Oakland
 City of Pleasanton
 City of Pinole
 City of Richmond
 City of San Carlos
 City of Santa Rosa
 City of Saratoga
 City of Union City
 City of Vallejo
 County of Contra Costa
 County of Santa Clara
 Golden Gate Bridge, Highway & Transport. Dist.
 H.A.R.D.
 Housing Auth. Co. of Alameda
 R.A.F.C.
 Town of Moraga

Committee Representatives

Marge McLean
 Charles Adams
 Robert Sousa
 Lisa Goldman
 Raj Pankhania
 Jim Porter
 Ron Popp
 Emma Karlen
 Scott Wentworth
 Scott R. Baker
 Jim Schutz
 Ralph Lloyd
 Richard Averett
 Ed Buonaccorsi
 Thomas Scott
 Steve Sprotte
 Mark Akaba
 Terry Mann
 Lin Ortega
 Jennifer Mennucci
 Karl Zabel
 Tom Makin
 Teri Green
 Janine Gregory

Other Members/Guests Present

County of Santa Clara
 County of Santa Clara
 Severin Borenstein

Joseph Chou
 Karen Hall
 University of Calif. Energy Institute



Staff:

Joseph Chan	ABAG
Henry L. Gardner	ABAG
Jerry Lahr	ABAG POWER
Vina Maharaj	ABAG POWER
Kenneth Moy	ABAG

PUBLIC COMMENTS

There were no public comments.

CHAIRMAN'S OPENING REMARKS

Chairman Averett welcomed the board members and provided a brief history and a general overview of the ABAG POWER Program. He introduced and extended a special acknowledgment to the 2004-05 Executive Committee and the ABAG POWER Staff.

APPROVAL OF SUMMARY MINUTES OF NOVEMBER 9, 2004 ANNUAL BOARD MEETING

Motion was made by Mennucci/S/Popp/23:0:0/C/ to approve the Summary Minutes of November 9, 2004 ABAG POWER Annual Board of Directors' meeting.

ELECTION OF ABAG POWER OFFICERS (CHAIR AND VICE CHAIR)

Motion was made by Mann/S/Akaba/23:0:0/C/ to elect Steve Sprotte of the City of Union City as Chairman and Ed Buonaccorsi of the City of Santa Rosa as Vice-Chairman of the ABAG POWER Executive Committee for program year 2005-2006.

CONFIRMATION OF EXECUTIVE COMMITTEE MEMBERS

Motion was made by Goldman/S/Karlen/23:0:0/C/ to approve the proposed ABAG POWER Executive Committee for program year 2005-2006 as follows:

Mark Akaba, City of Vallejo
Ed Buonaccorsi, City of Santa Rosa
Terry Mann, County of Contra Costa
Jennifer Mennucci, Golden Gate Bridge, Highway & Transportation District
Ron Popp, City of Millbrae
Steve Sprotte, City of Union City

STATUS OF ELECTRIC PROGRAM FUNDS

Jerry Lahr provided the members with a background, prior year actions and outstanding issues of the electric program wind-up process.

**STAFF REPORT ON NATURAL GAS PROGRAM**

Lahr provided the members with an overview of the Natural Gas Aggregation Program including a brief history, pricing strategy, gas consumption, rate comparison and opportunities and challenges. He mentioned that the ABAG POWER Natural Gas Program has been in operation since 1996.

Lahr said that the 2004-05 program year was the final year of the three-year program cycle ending on June 30, 2005. He said that during the past year ABAG POWER sustained its efforts to stabilize gas commodity costs and provide cost savings to members by engaging in a mixture of long-term, fixed-price gas purchase contracts and short-term monthly and daily contracts. Ultimately, this strategy produced an end-of-year average price that was approximately 11.5% lower than PG&E's.

FY 04-05 FINANCIAL REVIEW

Joseph Chan presented the preliminary financial reports for fiscal year ending June 30, 2005. Chan said that the auditors were in the process of auditing the financial statements and the Audited Financial Statements would be available in December, 2005.

LOCAL GOVERNMENT ENERGY PARTNERSHIP (LGEP)

Lahr provided a status update and a review of the LGEP Program. He said that LGEP provides free expert assistance to help local governments save energy and money in local government facilities and within the local community. Lahr provided an overview, organizational structure, services provided by LGEP and a list of the current participants in the program.

COMMUNITY CHOICE AGGREGATION

Lahr provided an update on the status of Community Choice Aggregation implementation proceeding before the CPUC. Community Choice Aggregation (CCA) legislation, AB 117 was signed into law by Governor Davis in September 2002, and authorizes cities or counties to supply electricity to all entities within their jurisdiction upon approval of an "Implementation Plan". There was a discussion on the implementation issues. Currently no local government within California has completed the process to becoming a Community Choice Aggregator.

GUEST SPEAKER – SEVERIN BORENSTEIN, DIRECTOR, UNIVERSITY OF CALIFORNIA ENERGY INSTITUTE

Guest speaker Severin Borenstein, the Director of the University of California Energy Institute, spoke about the energy challenges and efforts to move past recovery to reconstruction. He began by explaining how California's electricity crises was an expensive mistake. By 2002, California had finally started buying a lot of power on long-term contracts; something, he said, that should have been done all along. He said the key for going forward is to find a way to finance new capacity. Some questions are, what will the structure of the industry be as it moves forward, how much deregulation will occur, how much will we return to the other extreme – the full vertical integrated utility model.

Regarding Community Choice Aggregation, he said it should be done with an understanding that it is a very risky endeavor. Energy markets are very complex and a lot of people who got into them got badly burned. Borenstein concluded by emphasizing "I have to say that this is not an industry you want to dabble in without a lot of expertise."



CLOSED SESSION

Conference with Legal Counsel – Existing Litigation [Govt. C. Sec. 54956.9(a)]

At the reconvene of the Annual Board Meeting, it was announced that no action was taken in Closed Session.

ADJOURN

Chairman Averett adjourned the meeting at 1:05 p.m.

/vm

*Example of a motion – *[Member No. 1/S/Member No. 2/O/Member No. 3/roll call vote/C/8:0:0]* means Member No.1 motions, seconded by Member No.2, Opposed by Member No. 3, after roll call vote, motion carries, 8 = “yes” votes, 0 = “no” votes and 0 = abstentions.