



SUMMARY MINUTES

ABAG Power Executive Committee

Meeting 2001-10

November 14, 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

Wayne Green
Jeff Kolin
Natasha Merkuloff Nichols
Steve Sprotte

Jurisdictions

City of Salinas
City of Santa Rosa
County of Napa
City of Union City

Alternates Present

Richard Averett (for Mike Garvey)

City of San Carlos

Committee Representatives Absent

Michael Garvey
John Lisenko
Terry Mann
Alan Nadritch

City of San Carlos
City of Foster City
County of Contra Costa
City of Benicia

Staff Present

Joseph Chan
Jerry Lahr
Vina Maharaj

ABAG
ABAG POWER
ABAG POWER

Staff Absent

Eugene Leong

ABAG

Guests Present

Rich Menar
Paul Winnicki

Capstone Turbine Corporation
West County Wasterwater District

PUBLIC COMMENTS

There were no public comments.

**APPROVAL OF SUMMARY MINUTES OF SEPTEMBER 19, 2001 MEETING**

Motion was made by Green/S/Sprotte/C/ to approve the Summary Minutes of September 19, 2001 Executive Committee Meeting.

PRESENTATION ON DISTRIBUTED GENERATION AND MICROTURBINE TECHNOLOGY

Rich Menar, Sales Director of Capstone Turbine Corporation gave a brief presentation on the potential advantages of distributed generation and Micro Turbines. Capstone Turbine Corporation manufactures and sells Micro Turbine generators with natural gas fired engines which have the potential to generate energy at a lower cost than peak utility power. Menar said Capstone's generators provide various options for distributed power applications. These applications are particularly effective at sites with additional heating requirements. Menar provided a chart showing how the cost of generation varies as a function of the fuel cost and how it affects the end cost of electricity. Menar said that distributed generation is a cost-effective, viable alternative for members, and is clean and available today.

STATUS REPORT ON NATURAL GAS PROGRAM

Jerry Lahr presented a Summary of Natural Gas Program for the month of November, 2001. Lahr pointed out that PG&E's gas price remains low compared to ABAG POWER's rate. He said that ABAG POWER is purchasing 25% of its load on the spot market, which currently has lower rates, thus reducing the overall price to members.

Lahr said that in a pending decision before the CPUC, ABAG POWER and the School Project for Utility Rate Reduction (SPURR) were granted, in part, the request to require PG&E to offer natural gas aggregators serving core customers an assignment of a proportionate share of the gas transmission capacity on the Canadian pipelines. Lahr said that ABAG POWER will continue to file comments with CPUC on this decision.

Lahr said that at the request of members at the last executive committee meeting and the annual board meeting, ABAG POWER intends to provide members with a complete review of the gas program. He said that the review will contain items such as follows:

- *Recommendation on Continuation of the Gas Program;*
- *Contractual considerations;*
- *Goals of the Gas Program;*
- *Advantages and Disadvantages of the Gas Aggregation Program.*



STATUS REPORT ON THE SUSPENSION OF THE ELECTRIC PROGRAM

Renewable Credit Summary & Credit Distribution

Jerry Lahr presented the members with a monthly summary of renewable energy consumption and rebate together with a summary showing allocation of CEC's green power rebates to members. Lahr said that a total of \$469,764.14 was rebated to ABAG Members as green energy rebates since July 2000. The latest rebate checks were mailed out to members on November 9, 2001, bringing the green energy renewable rebate program to a completion for the entire period.

Electric Program Estimated Cash Flow

Jerry Lahr provided the members with an update on the Electrical Program Cash Flow table which gives an estimated cash in and cash out explanation of various segments of the Electric Program.

NCPA Memo Re: Deposits/ISO charges

Jerry Lahr provided the members with a copy of a memo received from NCPA regarding a potential liability that may result in refunds for power which ABAG POWER sold to the CalISO from 10/02/00 through 6/20/01. Lahr said that ABAG POWER does not dispute the amount of \$1.8 million dollars which NCPA mentions is part of the FERC investigation, but he feels it is very unlikely that the full amount would be subject to refund. Lahr said that ABAG POWER is requesting NCPA to return the ISO and PX deposit monies as soon as it is available to them. He said that ABAG POWER realizes NCPA's liability risk, therefore, suggests an amount of \$500,000 be placed in escrow to cover possible ISO costs in the future with an end/cut off date of June 30, 2002.

Other Updates

Jerry Lahr reminded the members about the long outstanding petition which still remains before the CPUC regarding the modification of the rate increase decision. Lahr said he is not able to get any response from CPUC regarding the status of this petition but will continue to follow-up.

ABAG POWER, together with its billing agent, APS is working on getting the final Audit Invoice out to members. Lahr said he has informed PG&E that ABAG POWER will continue to receive rebilling data from them through the end of November, 2001. APS is trying to include all data received from PG&E through November 30, 2001 in the audit invoice and the remaining data to be sent out under one more final invoice to members, just before ABAG POWER's final reconciliation date of December 31, 2001. Lahr said that PG&E could rebill data for three years after the transaction date.

Jerry Lahr said ABAG POWER is waiting to hear the CPUC decision on the Energy Efficiency Proposal. ABAG POWER had submitted a proposal to CPUC, requesting that the commission fund a \$1.9 million program to offer local governments to participate in the Governor's electricity use reduction program. This program would provide outreach and technical assistance to 30-50 local government agencies over a two-year period.



EXECUTIVE COMMITTEE MEETING SCHEDULE FOR 2002

Jerry Lahr presented the members with a schedule of meeting dates for 2002.

ADJOURN

The meeting adjourned at 1:15 p.m.

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

/vm