



ABAG POWER Executive Committee Meeting No. 2009-06
December 16, 2009 (12 Noon - 2:00 p.m.)

Association of Bay Area Governments
101 Eighth Street, Conference Room B
Oakland, CA 94607

AGENDA*

1. Welcome and Introductions

2. Public Comments

3. Approve Summary Minutes of Executive Committee Meetings

Action:

ATTACHMENT 3A – SUMMARY MINUTES OF AUGUST 19, 2009

ATTACHMENT 3B – SUMMARY MINUTES OF SEPTEMBER 22, 2009

4. Report on Natural Gas Program

Information: Staff will review recent gas operation, including gas purchases; the program's long-term hedge position; gas imbalances; and other miscellaneous program items.

ATTACHMENT 4A – MONTHLY SUMMARY OF OPERATIONS FY 09-10

ATTACHMENT 4B – MARKET PRICE CHART

5. Gas Over-delivery Penalty

Information/**Action:** Staff will discuss a recent penalty charged to ABAG POWER that resulted from over-delivered gas during one day in October.

ATTACHMENT 5A – ESTIMATED GAS PENALTY CALCULATION

6. Natural Gas Program Goals and Purchasing Strategy

Information: Staff will discuss the current gas program goals and the associated purchasing strategy intended to meet those goals.

ATTACHMENT 6A – GAS HEDGE CHART

ATTACHMENT 6B – ABAG POWER / PG&E CORE GAS RATE COMPARISON

ATTACHMENT 6C – HISTORICAL ANALYSIS OF SHORT TERM PURCHASE STRATEGY

7. 2007-08 Natural Gas Program True-up

Information: Staff will review the 2007-08 true-up calculation.

ATTACHMENT 7A – FY 2008-09 TRUE-UP CALCULATION

8. 2009-10 Budget Update

Information: Staff will present the status of the current fiscal year's budget.

ATTACHMENT 8A – NATURAL GAS INCOME STATEMENT

ATTACHMENT 8B – BUDGET TO ACTUAL GRAPH

9. Energy Data Pilot Update

Information: Staff will provide an update on the status of the Energy Data Pilot Project.



- 10. SEP 2 Application & Energy Financing District Update**
Information: Discussion of ABAG's interest in developing a regional solar financing district.
ATTACHMENT 10A – STAFF REPORT TO ABAG EXECUTIVE BOARD 11/19/09
- 11. 2010 Meeting Schedule**
Action: Approve meeting schedule for calendar year 2010
ATTACHMENT 11A - PROPOSED 2010 MEETING SCHEDULE

*The Committee may take action on any item on this agenda

MEMORANDUM

ASSOCIATION OF BAY AREA GOVERNMENTS

Representing City and County Governments of the San Francisco Bay Area

Attachment 3A



SUMMARY MINUTES

**ABAG Power Executive Committee
Regular Meeting and Teleconference 2009-04**

August 19, 2009

Metro Center, 101 8th Street, Oakland, CA 94607

WELCOME AND INTRODUCTIONS

Vice Chairwoman Jennifer Mennucci opened the meeting with introductions at 12:00 p.m.

Committee Representatives

Becky Eaton (via teleconference)
Chris Schroeder
Jennifer Mennucci, Vice-Chairwoman
Raj Pankhania (via teleconference)
Ron Popp

Jurisdictions

County of Contra Costa
City of Milpitas
Golden Gate Bridge District
City of Hercules
City of Millbrae

Members Absent

Ed Buonaccorsi
John Cerini, Chairman
Terry Mann

City of Santa Rosa
City of Vallejo
County of Contra Costa

Staff Present

Henry Gardner
Herbert Pike
Kenneth Moy
Jerry Lahr
Michelle McDaniels

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PUBLIC COMMENTS & ANNOUNCEMENTS

There were no public comments.

APPROVAL OF SUMMARY MINUTES OF JUNE 17, 2009 MEETING

Motion was made by Schroeder/S/Popp/C/5:0:0 (unanimous roll call vote, all ayes) to approve the Summary Minutes of June 17, 2009 Executive Committee Meeting.

REPORT ON NATURAL GAS PROGRAM

Monthly Summary of Operations FY 08-09 and FY 09-10

Lahr provided the members with the Monthly Summary of Operations reports for FY 2008-09 and FY 2009-10. He reported on the cumulative savings, gas inventory and the operating imbalance. He said that the cumulative savings in comparison with PG&E, has dropped down to -7.5% as of

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Attachment 3A



June, 2009 due to the decline in market-rate gas prices as compared to ABAG POWER's higher priced locked-in gas. As an example, PG&E's core procurement charge climbed as high as \$14.80/Dth in July 2008 and then fell to \$3.71 in May, 2009, while ABAG POWER's rate varied between a high of approximately \$10.00 to a low of \$5.50.

The preliminary 2008-09 True-up revealed that ABAG POWER over-collected funds by approximately \$3 million. These funds will be refunded to members starting with the November, 2009 invoices.

Last year the program collected additional funds from members for working capital deposits due to high gas prices, however, based on current gas prices there is enough working capital deposits at present and so the program is well covered, and no additional working capital is needed at this time.

Market Price Chart

Lahr provided a chart showing recent market and futures prices.

Electronic Natural Gas Billing

Lahr said the program is not ready to offer electronic billing to its members at this time. However, the program may eventually be able to offer this option of an electronic billing depending on the member interest. A recent change in the way ABAG's Accounting Department produces invoices, makes it easier to send a PDF file to the member, without having to scan the document. A recent survey to the member's billing personnel has revealed mixed responses, some in favor and others not due to a variety of reasons.

True-up Calculation of Gas Accounts

Recently members have expressed interest in having the true-up calculated on an account by account level, rather than a member by member basis as it is done presently. Lahr said that ABAG POWER has an agreement with each member, not with each account to provide them information. However, calculating true-ups on an account level may end up solving several other problems. The downside is that the effort required in setting up will be broad at first, however, may not be as labor-intensive on an ongoing basis.

ABAG POWER Long-Term gas purchases

There was a discussion on the various long-term options, pricing and timing of purchasing additional long-term gas.

ENERGY DATA PILOT UPDATE

Members watched a visual presentation of the ABAG POWER Utility Manager Online site for the City of Milpitas, which is the subject of the pilot project. Schroeder provided a report indicating that they had gained a lot of good information during the set-up of the electric accounts. He said that the Validation Reports provided to his agency by ABAG POWER has the potential to eliminate a lot of man hours that his agency currently puts into electric billing.

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Attachment 3A



DISCUSSION OF DISTRIBUTION AND USES OF GAS LITIGATION PROCEEDS

Lahr provided the members with a Gas Litigation Proceeds Allocation table, indicating that all the gas litigation proceeds had now been received by the program. He intended on sending out the checks to the gas opt-out members, by the end of August, 2009.

He pointed to the motion which had passed at the 2008 Annual Board meeting. The motion was to retain the settlement proceeds until given further direction by the Executive Committee. The Board members had discussed the costs and benefits of the proposed Energy Data System Upgrade at that time.

The pros and cons of keeping the money for ABAG POWER system upgrades were discussed. It was decided that Lahr would come back with a recommendation to the Executive Committee, before the annual board meeting.

SOLAR & ENERGY EFFICIENCY FINANCING DISTRICT

Lahr presented the members with a copy of an Executive Summary which was presented to ABAG's Executive Board on July 2, 2009. He said several advances had been made on the legislation that would enable the creation of a regional financing district and on the refinement of the potential program details. Lahr said the program intends to put a large emphasis on energy efficiency type projects in partnership with PG&E.

AGENDA FOR ANNUAL BOARD MEETING

A preliminary agenda was provided to members.

CLOSED SESSION

Conference with Legal Counsel – Existing Litigation [Govt. C. Sec. 54956.9(a)]
- “California Parties” v. NCPA, et al

It was reported out of closed session that the Committee gave direction to Legal Counsel, Kenneth Moy.

ADJOURNMENT

Vice Chairwoman Mennucci adjourned the meeting at 1:30 p.m.

[Prepared by Vina Maharaj from recorded tapes of the meeting].

/vm

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

MEMORANDUM

ASSOCIATION OF BAY AREA GOVERNMENTS

Representing City and County Governments of the San Francisco Bay Area

Attachment 3B



SUMMARY MINUTES

**ABAG Power Executive Committee
Special Teleconference Meeting 2009-05**

September 22, 2009

Metro Center, 101 8th Street, Oakland, CA 94607

WELCOME AND INTRODUCTIONS

Chairman John Cerini opened the meeting with introductions at 10:05 a.m.

Committee Representatives (via teleconference)

Mark Armstrong
John Cerini, Chairman
Jennifer Mennucci, Vice-Chairwoman
Terry Mann
Ron Popp
Chris Schroeder

Jurisdictions

City of Santa Rosa
City of Vallejo
Golden Gate Bridge District
County of Contra Costa
City of Millbrae
City of Milpitas

Members Absent

Ed Buonaccorsi
Raj Pankhania

City of Santa Rosa
City of Hercules

Staff Present

Jerry Lahr
Vina Maharaj
Kenneth Moy

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PUBLIC COMMENTS & ANNOUNCEMENTS

There were no members of the public present, therefore no public comments were made.

DISTRIBUTION OF ELECTRIC PROGRAM PROCEEDS

Lahr provided an update on the status of the proceeds received from the settlement with NCPA. The settlement amount of \$1,250,000 has been received and placed in an interest bearing account (LAIF). When these proceeds are distributed to members, all issues related to the Windup of the Electric Program will be concluded. An allocation of the proceeds in accordance with the Wind-up Agreement was provided to members. Members discussed the best possible time period to distribute these funds to the Electric Program members.

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Attachment 3B



Motion was made by Popp/S/Mennucci/C/6:0:0 (unanimous roll call vote, all ayes), to approve the distribution of the Electric Program Escrow funds to the members of the Electric program after the Annual Board Meeting on October 29, 2009.

GAS LITIGATION PROCEEDS IMPLEMENTATION RECOMMENDATION

Lahr stated that all the gas litigation settlement proceeds had now been received, and payments to opt-out members had been made.

Lahr provided a memo to members regarding the potential use of the remaining natural gas litigation proceeds towards the implementation of the energy data pilot project. The motion which the Board of Directors passed at its October, 2008 meeting, allocated \$50,000 as a new line item within the current FY 2008-09 budget for the implementation of the Energy Data System Upgrade, as well as authorized staff to proceed with the pilot project portion of the upgrade.

Lahr said that while the project implementation has proceeded steadily, it has taken longer than expected, and has not yet reached a point at which the program can be sufficiently evaluated for a go/no-go recommendation for expansion to other agencies. Members discussed how to continue the funding for the pilot project and possible expansion to other agencies if the project is deemed to be successful.

Members concluded that the original scope of the pilot project should continue, utilizing the funding authorized at the 2008 Board meeting (\$50,000). This funding could also be used to pay costs associated with a program expansion, if the pilot project is successful. The gas litigation proceeds should be paid to current gas program participants following the October Annual Board Meeting.

ADJOURNMENT

Chairman Cerini adjourned the meeting at 10:35 a.m.

/vm

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

Agenda Item #4A

ABAG POWER Natural Gas Program

FY 2009-10 Monthly Summary of Operations

	days/mo.	Jul 31	Aug 31	Sep 30	Oct 31	Nov 30	Dec 31	Jan 31	Feb 28	Mar 31	Apr 30	May 31	Jun 30	Total
Gas Purchases⁽¹⁾														
Purchase 1	Qty	15,500	15,500	15,000	15,500	15,000	15,500							92,000
	Price	\$7.90	\$7.90	\$7.90	\$7.90	\$7.90	\$7.90							
Purchase 2	Qty	15,500	15,500	15,000	15,500	15,000	15,500	15,500	14,000	15,500	15,000	15,500	15,000	182,500
	Price	\$7.50	\$7.50	\$7.50	\$7.50	\$7.50	\$7.50	\$7.50	\$7.50	\$7.50	\$7.50	\$7.50	\$7.50	
Purchase 3	Qty	15,500	15,500	15,000	15,500	15,000	15,500	15,500	14,000	15,500	15,000	15,500	15,000	182,500
	Price	\$5.81	\$5.81	\$5.81	\$5.81	\$5.81	\$5.81	\$5.81	\$5.81	\$5.81	\$5.81	\$5.81	\$5.81	
Purchase 4	Qty	9,145	9,455	8,520	8,215		15,500	15,500						66,335
	Price	\$3.09	\$3.19	\$2.54	\$3.75		\$5.95	\$5.95						
Purchase 5	Qty	3,950	3,400	5,300	11,600									24,250
	Price	\$3.52	\$3.29	\$3.57	\$5.01									
Total Quantity Purchased		59,595	59,355	58,820	66,315	45,000	62,000	46,500	28,000	31,000	30,000	31,000	30,000	547,585
Total Purchase Cost		\$370,935	\$370,069	\$358,713	\$417,687	\$318,150	\$420,980	\$298,530	\$186,340	\$206,305	\$199,650	\$206,305	\$199,650	\$3,553,314
Backbone Shrinkage (Dths)		(527)	(527)	(510)	(527)									
Weighted Avg. Cost of Gas (WACOG) ⁽²⁾		\$6.28	\$6.29	\$6.15	\$6.35	\$7.07	\$6.79	\$6.42	\$6.66	\$6.66	\$6.66	\$6.66	\$6.66	\$6.49
Storage/Inventory														
Total Injections/ (Withdrawals)		7,450	8,550	8,200	7,800									32,000
Total Inventory Quantity (Dths)		57,726	66,276	74,476	82,276									
Total Inventory (\$)		\$375,630	\$418,449	\$456,254	\$504,338									
Gas Program Monthly Expenses (from Financial Reports)														
Cost of Energy Used ⁽³⁾		\$ 386,034	\$ 355,073	\$ 359,103	\$ 384,659									\$ 1,484,869
Program Operating Expenses ⁽⁴⁾		32,198	30,104	30,506	20,629									113,437
Subtotal		\$ 418,232	\$ 385,177	\$ 389,609	\$ 405,289	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,598,307
Rate (\$/Dth)		\$7.42	\$7.46	\$7.31										\$9.34
PG&E Pass-through costs ⁽⁵⁾		125,983	118,275	103,515	200,519									548,292
Total ABAG POWER Cost		\$ 544,215	\$ 503,452	\$ 493,124	\$ 605,808									\$ 2,146,598
Actual (metered) Gas Usage														
Core ⁽⁶⁾		43,763	41,193	40,626										125,582
Non Core		12,570	10,442	12,669	9,842									45,523
Total Program Usage		56,333	51,635	53,294	9,842	0	0	0	0	0	0	0	0	171,105
ABAG POWER Total Core Rate		\$ 10.30	\$ 10.33	\$ 9.86										
PG&E Rate⁽⁷⁾														
Procurement Charge ⁽⁸⁾		4.95	4.99	4.32	5.13	5.99	5.29							
Transportation/Other Charge ⁽⁹⁾		2.88	2.87	2.55										
Total PG&E Rate		\$ 7.83	\$ 7.86	\$ 6.87	\$ 5.13	\$ 5.99	\$ 5.29	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Monthly Rate Difference (\$/Dth)		2.47	2.47	2.99										
Monthly Savings (\$)		(108,122)	(101,734)	(121,345)										
Cumulative Savings (\$)		(108,122)	(209,857)	(331,202)										
Cumulative Savings (%)		-31.5%	-31.5%	-35.0%										

ABAG POWER Natural Gas Program

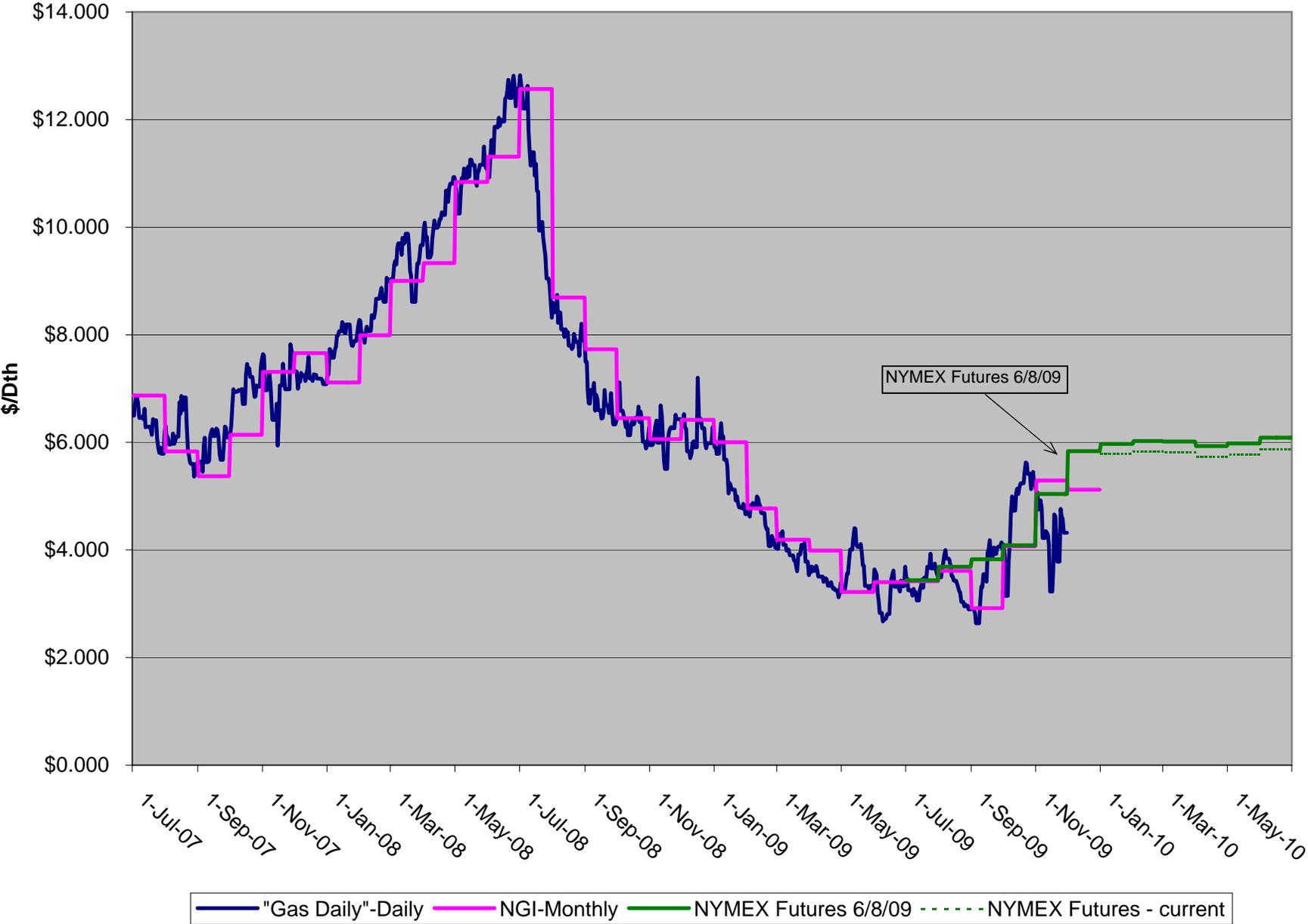
FY 2009-10 Monthly Summary of Operations

		Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total
<u>Storage Gas Accounting</u>														
Beginning Quantity		50,276												
Average Price		\$6.90												
Beginning of Month	Qty	50,276	57,726	66,276	74,476	82,276	82,276	82,276	82,276	82,276	82,276	82,276	82,276	82,276
Injections	Qty	0	0	204	450									
Storage Shrinkage	Qty			-4	-6									
	Price	\$0.00	\$0.00	\$6.15	\$6.35	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Imbalance Trades	Qty	7,450	8,550	8,000	7,800									
	Price	\$3.85	\$5.01	\$4.57	\$6.15									
Withdrawals	Qty				444									
	Price	\$6.90	\$6.51	\$6.31	\$6.13	\$6.13								
End of Month	Qty	57,726	66,276	74,476	82,276	82,276	82,276	82,276	82,276	82,276	82,276	82,276	82,276	82,276
	Avg. Pric	\$6.51	\$6.31	\$6.13	\$6.13									
End of Month Inventory		\$375,630	\$418,449	\$456,254	\$504,338									
Monthly Index Postings														
NGI Bidweek for PG&E Citygate		\$3.42	\$3.61	\$2.92	\$4.07	\$5.29	\$5.12							
Gas Daily Avg. for PG&E Citygate		\$3.43	\$3.38	\$3.53	\$4.84	\$4.27								
NGI Bidweek for Malin		\$3.07	\$3.17	\$2.53	\$3.73	\$4.88	\$4.75							

Notes:

- (1) All gas quantities in Dth and rates in \$/Dth. (Does not include imbalance purchases traded to storage.)
- (2) WACOG at PG&E Citygate
- (3) Includes costs to transport gas to PG&E Citygate from alternate delivery points, as well as physical storage costs. Excludes costs of Energy Data Pilot Project.
- (4) Includes scheduling fees, billing fees, administrative costs and misc. expenses; less interest income.
- (5) Actual cost of PG&E charges billed to customer via EDI process. These costs do not necessarily tie directly to the actual gas usage shown above due to timing difference in reporting.
- (6) From billing data
- (7) Based on PG&E's G-NR1 rate schedule.
- (8) Includes: Procurement Charge, Capacity Charge, Brokerage Fee, Shrinkage, and Storage.
- (9) PG&E Transportation Charge; Customer Charge, and surcharge for Public Purpose Programs. Does not include Franchise Fees and City Taxes.

Market Price Indices @ PG&E Citygate



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Over-delivery Penalty Calculation Estimate

On October 17, 2009 PG&E declared a High Inventory Operational Flow Order (OFO) for gas day October 18, 2009, with the following parameters:

- Stage 3 System-wide High OFO
- 6% tolerance band
- \$5/Dth non-compliance penalty

For gas nominations on the 18th, ABAG's gas scheduler (GVGS) determined the past 5-day usage average(s) for Non-Core as:

- Watsonville:	0
- Santa Rosa:	295
- San Mateo:	<u>39</u>
Total Average:	334

6% Tolerance:	19
"Forgiveness":	<u>200</u> (PG&E 'forgives' \$1,000/day beyond the
Max Noms:	553 assigned tolerance band, so \$1000/\$5 penalty = 200 Dth. Forgiveness cannot be exceeded or 100% penalty applies)

Using the above 'Max Noms' determination, GVGS scheduled 460 Dth to non-core accounts for the 18th, leaving a cushion of 93 Dth.

When usage became available for viewing (Oct. 19th), both Santa Rosa and San Mateo had used less than estimated. Actual usage as follows:

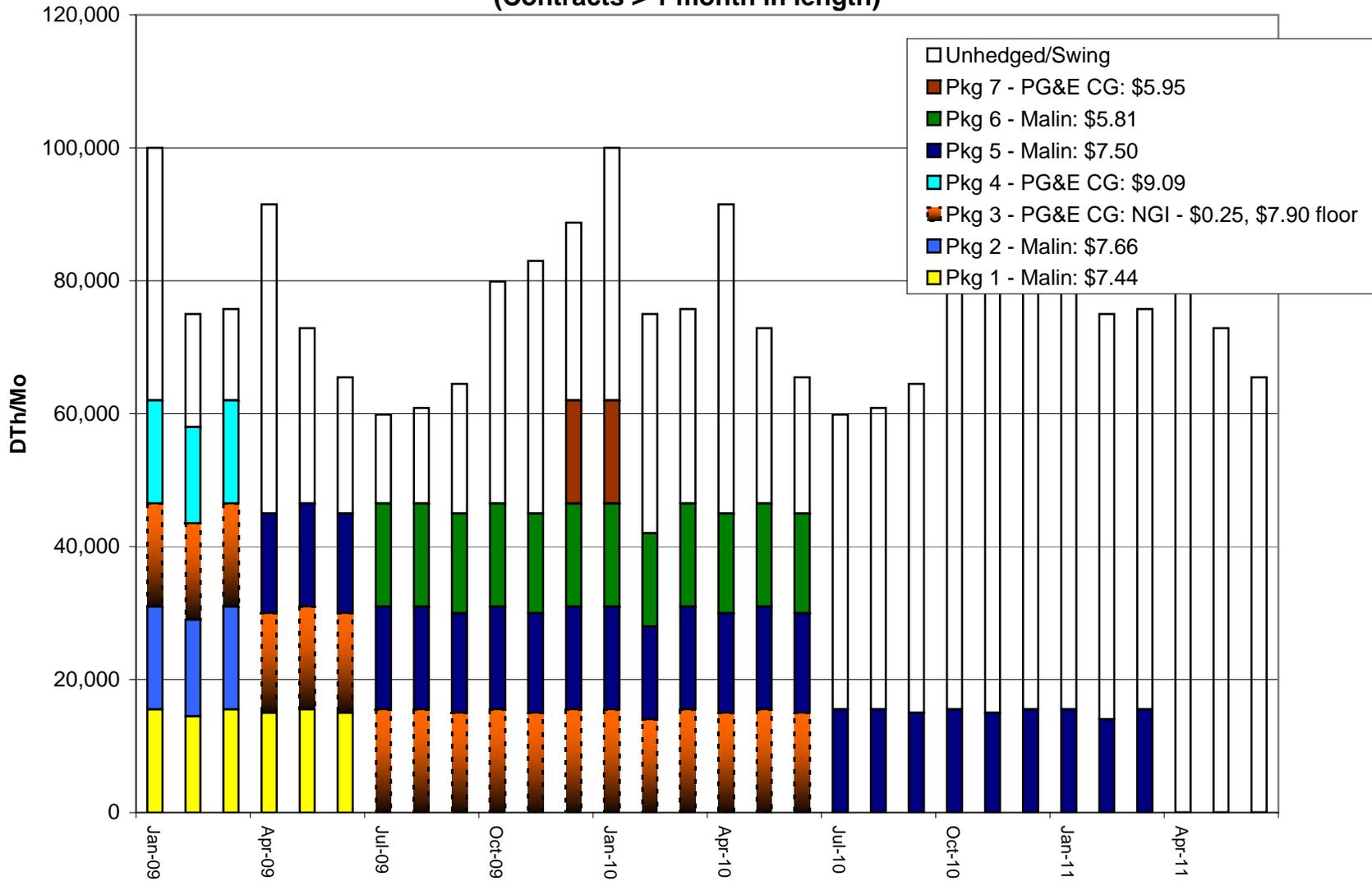
- Watsonville:	0
- Santa Rosa:	211 (down 84 Dth, 28% from 5-day average)
- San Mateo:	<u>6</u> (down 33 Dth, 84% from 5-day average)
Total Average:	217

6% Tolerance:	13
"Forgiveness":	<u>200</u>
Max for OFO:	430

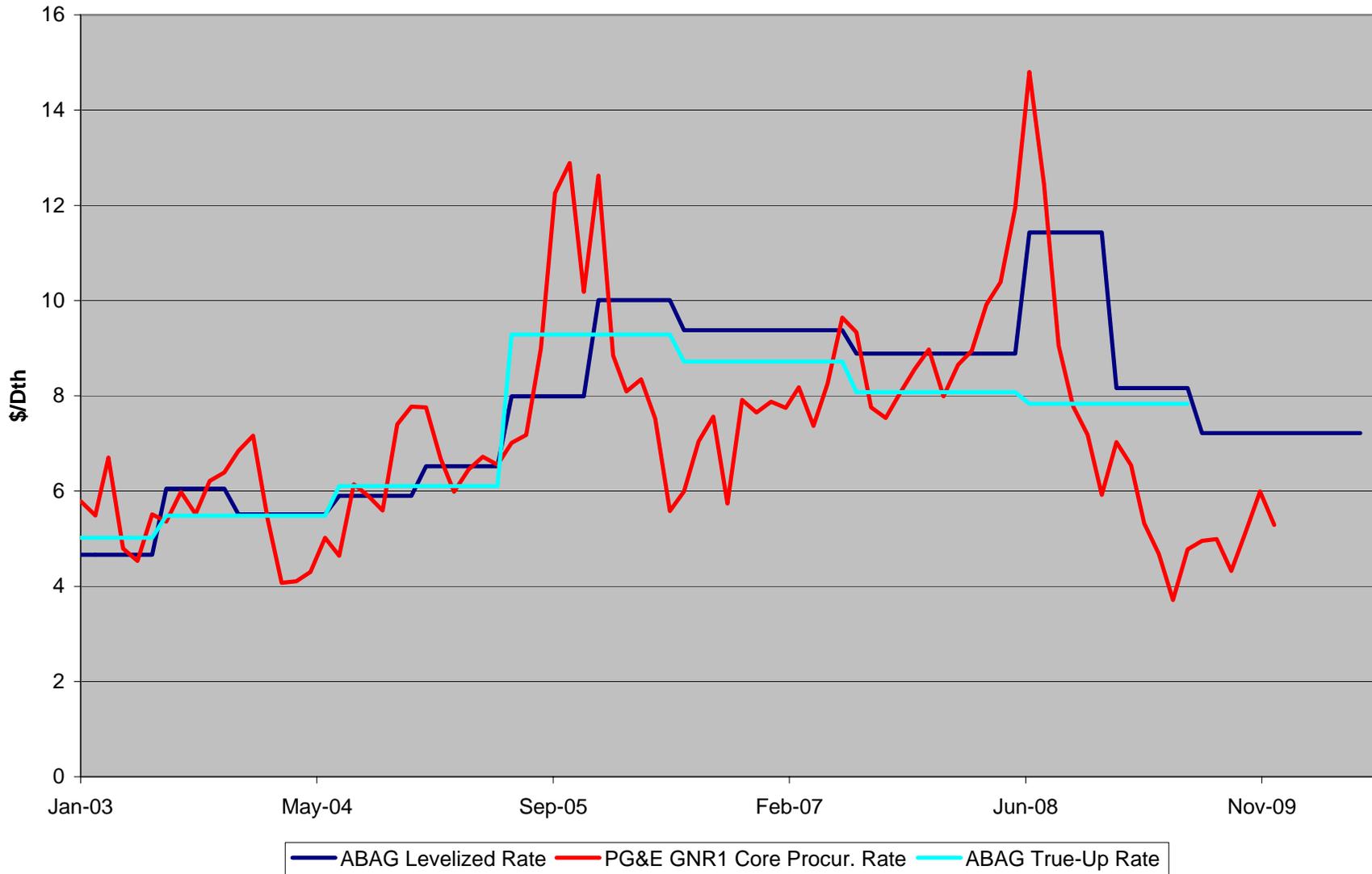
Nomination exceeded 'forgiveness' by 30 Dth, therefore PG&E will assess 100% penalty:

Actual Usage:	217
6% Tolerance:	<u>13</u>
Sub-total	230
Deliveries:	<u>460</u>
Est. Penalty:	230 x \$5/Dth = \$1,150.00

**ABAG POWER Long Term Gas Purchases
(Contracts > 1 month in length)**



ABAG POWER / PG&E Core Gas Rate Comparison



ABAG POWER

Agenda Item #6C

Historical Analysis of Short Term Purchase Strategy

Estimate of savings if all gas had been purchased based on the "Gas Daily" Daily index for PG&E Citygate.

Calendar Year	ABAG POWER Avg. Rate (2)	ABAG POWER Core Usage (Dths)	PG&E Core Proc. Avg. (GNR-1) (2)	Gas Daily Avg Index (3)	Savings (4)	% Savings
2003	5.37	780,486	5.83	5.13	\$ 230,114	5.1%
2004	5.62	756,084	5.88	5.79	(239,780)	-5.4%
2005	7.92	771,504	8.28	7.90	(22,878)	-0.4%
2006	9.30	821,155	8.15	6.64	902,704	13.5%
2007	7.96	809,645	8.24	6.96	700,777	10.5%
2008	8.42	809,221	9.03	8.39	190,572	2.6%
2009 (1)	7.30	555,222	5.41	4.03	539,439	17.9%
Total	7.45	5,303,317	7.37	6.52	\$ 2,300,947	5.9%
			Purchase Margin:	0.02		
			Operating Exp.:	0.39		
			Total:	6.93		
			\$/Dth Savings:	0.43		
			% Savings:	5.9%		

Notes:

- (1) Jan - Sep only
- (2) Average weighted by monthly usage.
- (3) Based on monthly averages of daily index values, weighted by monthly usage.
- (4) Savings over PG&E's GNR-1 rate if all gas had been purchased based on *Gas Daily's* Daily index for PG&E Citygate. Calculation assumes a gas purchase margin of \$0.02/Dth, and operating expenses of \$0.39/Dth for all periods.

ABAG POWER Natural Gas Program

Agenda Item 7A

ABAG POWER Natural Gas Pool 2008-09
Trueup

	Master Acct ID	Total Usage FY 2008-09 (therms) (1)	ABAG POWER Costs (2)	Gas Storage Costs (3)	PG&E Costs (4)	PG&E Cost True- up to financials (5)	Total Costs	Total Levelized Charges	Total Adjustment (6)
Core									
Alameda, City	ALAACPC001	189,953	\$ 146,187.73	\$ 2,636.13	\$ 78,390.72	\$ (124.75)	\$ 227,089.83	\$ 285,780.00	\$ (58,690.17)
Albany, City	ALBACPC001	8,979	6,910.46	124.61	4,146.97	(6.60)	11,175.44	31,260.00	(20,084.56)
Atherton, Town	ATHACPT001	6,477	4,984.75	89.89	3,770.86	(6.00)	8,839.50	9,000.00	(160.50)
Benicia, City	BENACPC001	72,675	55,930.68	1,008.57	26,184.44	(41.67)	83,082.02	111,420.00	(28,337.98)
Contra Costa County GSD	CONACPN001	1,410,136	1,085,240.67	19,569.60	412,111.01	(655.82)	1,516,265.47	1,932,420.00	(416,154.53)
Cupertino, City	CUPACPC001	57,230	44,043.92	794.22	22,865.90	(36.39)	67,667.66	75,780.00	(8,112.34)
Eastside Union H.S. District	UHSACPS001	91,432	70,366.21	1,268.88	20,134.18	(32.04)	91,737.23	162,480.00	(70,742.77)
Fremont, City	FREACPC001	215,477	165,831.28	2,990.35	76,123.16	(121.14)	244,823.65	268,200.00	(23,376.35)
Golden Gate Bridge	GOLACP001	79,669	61,313.26	1,105.63	26,659.18	(42.42)	89,035.65	105,300.00	(16,264.35)
Gonzales, City	GONACPC001	10,684	8,222.21	148.27	5,264.65	(8.38)	13,626.75	20,220.00	(6,593.25)
Half Moon Bay, City	HALACPC001	4,577	3,522.17	63.51	2,083.03	(3.31)	5,665.40	5,160.00	505.40
Hercules, City	HERACPC001	36,244	27,893.32	502.99	13,393.54	(21.31)	41,768.54	51,840.00	(10,071.46)
Los Altos, City	LOSACPC001	29,459	22,671.40	408.82	12,562.26	(19.99)	35,622.49	45,960.00	(10,337.51)
Mill Valley, City	MILACPC001	79,992	61,561.99	1,110.12	29,138.55	(46.37)	91,764.29	115,800.00	(24,035.71)
Millbrae, City	MILACPC003	33,420	25,719.89	463.79	15,895.65	(25.30)	42,054.04	51,540.00	(9,485.96)
Millbrae, City - 400 E. Millbrae Ave.	MILACPC004	115,878	89,179.69	1,608.13	4,355.92	(6.93)	95,136.81	86,940.00	8,196.81
Milpitas, City	MILACPC002	169,528	130,468.83	2,352.68	46,783.56	(74.45)	179,530.62	241,920.00	(62,389.38)
Monte-Sereno, City	MONACPC001	1,256	966.49	17.43	738.48	(1.18)	1,721.22	1,620.00	101.22
Moraga, Town	MORACPT001	7,579	5,833.09	105.19	3,101.49	(4.94)	9,034.83	10,920.00	(1,885.17)
Napa County - Airport	NAPACPN001	1,577	1,213.73	21.89	701.97	(1.12)	1,936.47	2,700.00	(763.53)
Napa County - HHS	NAPACPN002	20,344	15,656.67	282.33	8,242.43	(13.12)	24,168.31	27,240.00	(3,071.69)
Napa County - Library	NAPACPN004	8,229	6,333.05	114.20	3,490.57	(5.55)	9,932.27	12,540.00	(2,607.73)
Napa County - Various	NAPACPN005	90,652	69,765.61	1,258.05	28,043.30	(44.63)	99,022.33	148,980.00	(49,957.67)
Oakland, City	OAKCPC001	693,832	533,973.21	9,628.87	244,970.21	(389.84)	788,182.45	1,059,720.00	(271,537.55)
Oakland Zoological	OAKCPC002	14,861	11,436.67	206.23	7,109.36	(11.31)	18,740.95	21,360.00	(2,619.05)

ABAG POWER Natural Gas Program

Agenda Item 7A

	Master Acct ID	Total Usage FY 2008-09 (therms) (1)	ABAG POWER Costs (2)	Gas Storage Costs (3)	PG&E Costs (4)	PG&E Cost True- up to financials (5)	Total Costs	Total Levelized Charges	Total Adjustment (6)
Orinda, City	ORACPC001	9,997	7,693.49	138.73	4,178.41	(6.65)	12,003.98	9,600.00	2,403.98
Pacifica, City	PACACPC001	26,230	20,186.80	364.02	11,475.91	(18.26)	32,008.47	40,620.00	(8,611.53)
Petaluma, City	PETACPC001	22,636	17,420.69	314.14	9,287.81	(14.78)	27,007.86	33,600.00	(6,592.14)
Pleasanton, City	PLEACPC001	171,812	132,226.28	2,384.37	54,681.75	(87.02)	189,205.38	284,880.00	(95,674.62)
Regional Admin. Facility	RAFACPC001	51,494	39,629.84	714.63	17,148.63	(27.29)	57,465.81	78,480.00	(21,014.19)
Richmond, City	RICACPC001	216,407	166,546.44	3,003.25	74,587.10	(118.70)	244,018.09	373,980.00	(129,961.91)
Salinas, City	SALACPC001	148,131	114,001.37	2,055.73	54,023.38	(85.97)	169,994.51	304,380.00	(134,385.49)
San Carlos, City	SANACPC003	60,666	46,688.18	841.90	22,333.20	(35.54)	69,827.75	84,660.00	(14,832.25)
San Mateo County - Public Works	SANACPC006	932,334	717,524.33	12,938.76	220,168.52	(350.37)	950,281.24	1,283,880.00	(333,598.76)
San Mateo County - Hospital	SANACPC007	674,399	519,017.29	9,359.18	112,258.26	(178.64)	640,456.08	932,520.00	(292,063.92)
San Mateo County - Parks & Rec	SANACPC008	5,805	4,467.87	80.57	3,121.23	(4.97)	7,664.70	7,740.00	(75.30)
San Mateo County - Central Library	SANACPC009	7,274	5,598.14	100.95	3,099.73	(4.93)	8,793.88	10,920.00	(2,126.12)
San Mateo County - Hospital	SANACPC011	33,975	26,147.17	471.50	11,834.94	(18.83)	38,434.78	47,100.00	(8,665.22)
San Mateo County - Cordilleras Mental Health	SANACPC013	58,355	44,910.08	809.84	17,095.81	(27.21)	62,788.53	54,540.00	8,248.53
San Rafael, City	SANACPC001	67,033	51,588.76	930.27	26,609.24	(42.35)	79,085.93	99,840.00	(20,754.07)
Santa Clara County	SANACPN001	946,430	728,372.52	13,134.38	313,457.89	(498.83)	1,054,465.96	1,418,760.00	(364,294.04)
Santa Rosa, City	SANACPC005	280,311	215,727.25	3,890.10	109,562.40	(174.35)	329,005.40	392,160.00	(63,154.60)
Saratoga, City	SARACPC001	14,371	11,059.94	199.44	5,912.86	(9.41)	17,162.82	17,160.00	2.82
Union City	UNIACPC001	21,726	16,720.57	301.51	8,438.81	(13.43)	25,447.47	28,260.00	(2,812.53)
Vallejo, City	VALACPC001	449,500	345,934.86	6,238.07	95,242.26	(151.57)	447,263.63	673,020.00	(225,756.37)
Vallejo Sani. & Flood Control Dist	VALACPD001	54,548	41,980.17	757.01	14,393.83	(22.91)	57,108.10	66,450.00	(9,341.90)
Watsonville, City	WATACPC001	64,099	49,330.24	889.55	25,247.54	(40.18)	75,427.14	106,500.00	(31,072.86)
Winters, City	WINACPC001	3,503	2,695.81	48.61	1,855.25	(2.95)	4,596.72	4,620.00	(23.28)
TOTAL - Core		7,771,175	\$ 5,980,695.08	\$ 107,846.88	\$ 2,312,276.15	\$ (3,679.68)	\$ 8,397,138.43	\$ 11,239,770.00	\$ (2,842,631.55)
	Core True-up Rate		\$0.7835				\$1.0805		

ABAG POWER Natural Gas Program

Agenda Item 7A

Master Acct ID	Total Usage FY 2008-09 (therms) (1)	ABAG POWER Costs (2)	Gas Storage Costs (3)	PG&E Costs (4)	PG&E Cost True- up to financials (5)	Total Costs	Total Levelized Charges	Total Adjustment (6)	
Non-Core									
San Mateo County	SANACPC014	337,629	259,839.23	-	-	259,839.23	218,520.00	41,319.23	
Santa Rosa, City (Co-gen)	SANACPC012	818,240	629,717.39	-	-	629,717.39	788,040.00	(158,322.61)	
Watsonville, City (Co-gen)	WATACPC002	191,473	147,357.59	-	-	147,357.59	196,740.00	(49,382.41)	
TOTAL - Noncore		1,347,342	\$ 1,036,914.22	\$ -	\$ -	\$ 1,036,914.22	\$ 1,203,300.00	\$ (166,385.79)	
GRAND TOTAL (Core + Noncore)		9,118,517	\$ 7,017,609.30	\$ 107,846.88	\$ 2,312,276.15	\$ (3,679.68)	\$ 9,434,052.65	\$ 12,443,070.00	\$ (3,009,017.34)
							Master Accounts w/ Credit Total:	\$ (3,069,792.51)	
							Master Accounts w/ Debit Total:	\$ 60,775.17	

Notes:

- (1) Actual usage based on meter read data from PG&E, prorated to calendar months.
- (2) Annual ABAG POWER program costs, less storage costs and interest income, prorated to members based on usage.
- (3) Storage costs allocated to core accounts only, based on usage.
- (4) Actual PG&E pass-through costs received via EDI, prorated to calendar months. Includes: Customer Charge, Transportation Charge and Public Purpose Program charge.
- (5) Timing differences between when PG&E charges show up on a customer's bill and when the charges are paid by ABAG POWER create a small difference between the year-end amounts shown on the financial reports and the total amounts billed. This difference is allocated to members in order to reconcile with the official financial statements.
- (6) Booked on Balance Sheet as "Unearned Energy Revenues."

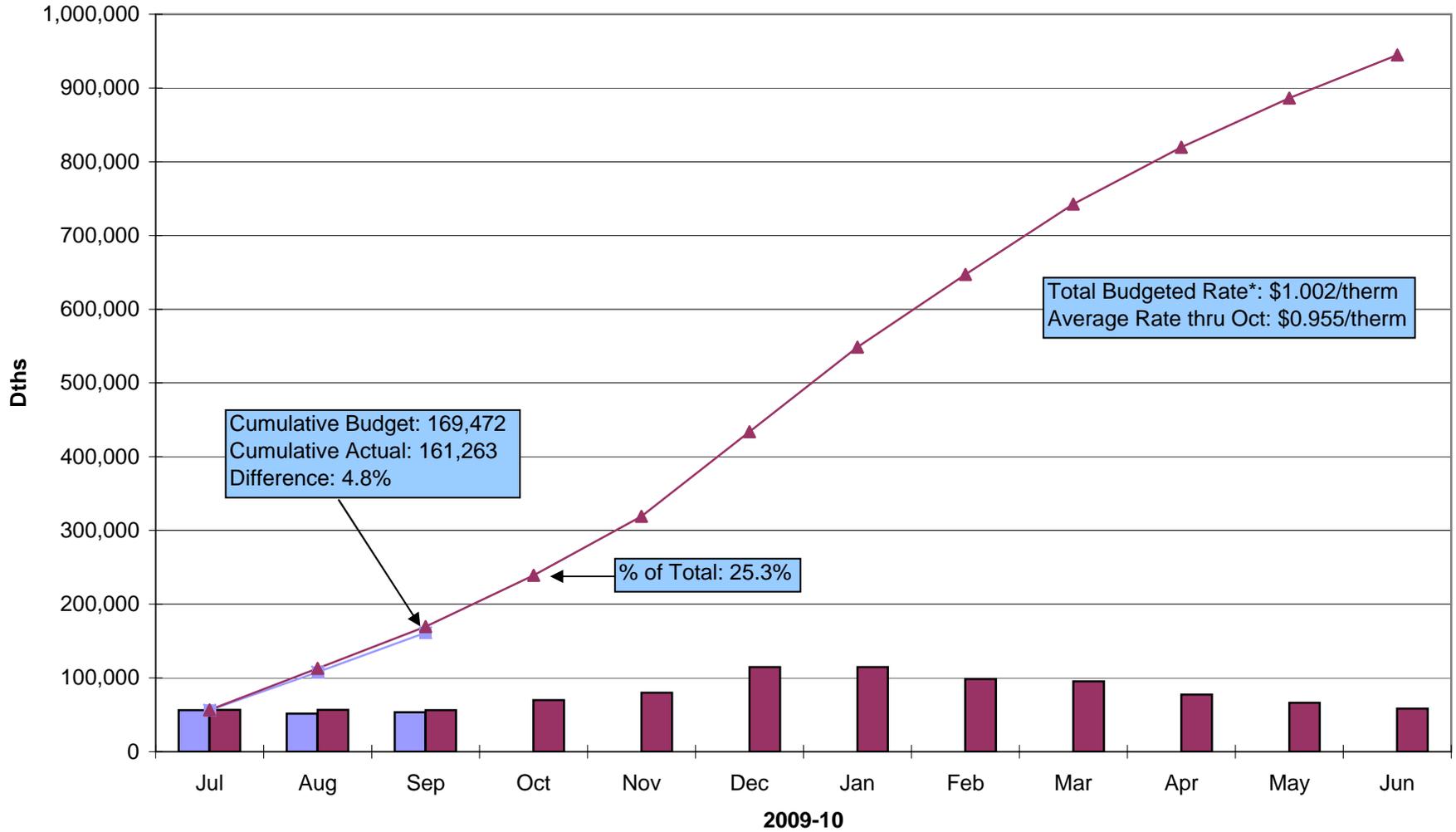
Agenda Item 8A

INCOME STATEMENT

ABAG Power Pool - Natural Gas
Period: OCT-09 Currency: USD

	<i>FY Budget</i>	<i>Actual Current Month</i>	<i>Actual Year-to-date</i>	<i>% of Budget</i>	<i>Budget Balance</i>
REVENUES					
SALE OF ENERGY	9,721,109.00	818,790.00	3,266,720.00	33.60%	6,454,389.00
INTEREST INCOME	60,000.00	1,765.61	8,212.17	13.69%	51,787.83
TOTAL REVENUES	<u>9,781,109.00</u>	<u>820,555.61</u>	<u>3,274,932.17</u>	33.48%	<u>6,506,176.83</u>
EXPENSES					
COST OF ENERGY					
COST OF ENERGY USED	6,584,696.00	384,659.48	1,484,869.46	22.55 %	5,099,826.54
PG&E PASSTHROUGH	2,733,750.00	200,518.89	548,291.74	20.06 %	2,185,458.26
TOTAL COST OF ENERGY	<u>9,318,446.00</u>	<u>585,178.37</u>	<u>2,033,161.20</u>	21.82 %	<u>7,285,284.80</u>
CONSULTANT SERVICES					
TECHNICAL CONSULTANT FEES	40,000.00	14,650.00	14,650.00	0.00 %	40,000.00
LEGAL CONSULTANTS	5,000.00	0.00	0.00	0.00 %	5,000.00
BILLING AGENT FEES	9,500.00	1,458.37	(2,477.30)	26.08%	11,977.30
SCHEDULING AGENT FEES	36,750.00	3,070.00	12,280.00	33.41 %	24,470.00
ABAG FEES	347,192.00	14,628.54	99,734.82	32.95 %	232,807.18
TOTAL CONSULTANT SERVICES	<u>438,442.00</u>	<u>33,806.91</u>	<u>124,187.52</u>	28.32 %	<u>314,254.48</u>
OTHER DIRECT CHARGES					
INTEREST EXPENSE/BANK CHARGES	10,000.00	2,052.78	7,371.49	73.71 %	2,628.51
AMORTIZED SOFTWARE COSTS	14,221.00	1,185.10	4,740.40	33.33 %	9,480.60
TOTAL OTHER DIRECT CHARGES	<u>24,221.00</u>	<u>3,237.88</u>	<u>12,111.89</u>	50.01 %	<u>12,109.11</u>
TOTAL EXPENSES	<u>9,781,109.00</u>	<u>622,223.16</u>	<u>2,169,460.61</u>	22.18 %	<u>7,611,648.39</u>
SURPLUS/(DEFICIT)	0.00	198,332.45	1,105,471.56	n/m	(1,105,471.56)

Monthly & Cumulative Usage Summary
(Actual vs. Budgeted)



Total Budgeted Rate*: \$1.002/therm
Average Rate thru Oct: \$0.955/therm

Cumulative Budget: 169,472
Cumulative Actual: 161,263
Difference: 4.8%

% of Total: 25.3%

*Combinded core/noncore rate

Monthly Actual Monthly Estimate Cumulative Actual Cumulative Estimate

MEMORANDUM

ASSOCIATION OF BAY AREA GOVERNMENTS

Representing City and County Governments of the San Francisco Bay Area

Agenda Item 10A

DT: November 4, 2009

TO: ABAG Executive Board

FM: Ezra Rapport, Deputy Executive Director
Gerald Lahr, Energy Programs Manager

RE: ARRA Funding for Building Retrofits
- State Energy Program (SEP) Application for Funding
- DOE Retrofit Ramp-up
- Status Report on ABAG SEED Program

On October 8th the California Energy Commission (CEC) released an RFP for \$95 million in State Energy Program (SEP) funds, and on October 19th the Department of Energy (DOE) issued a Funding Opportunity Announcement for \$390 million in Retrofit Ramp-Up funds. Together these solicitations provide an unprecedented opportunity to develop and implement a regional community-scale building retrofit program.

The CEC will use the SEP competitive grant to fund projects in the following program areas:

1. Municipal Financing Program (“AB 811-type programs”)
2. California Comprehensive Residential Building Retrofit Program
3. Municipal and Commercial Building Targeted Measure Retrofit Program
4. Low Interest Energy Efficiency Financing Program

DOE is specifically targeting funds for a small number of high-profile, high-impact awards that will enable large-scale programs of ongoing energy efficiency retrofits on residential, commercial and public buildings in geographically focused areas. DOE anticipates making 8-20 awards under this topic, with award sizes up to \$75 million.

Upon a request by local member agencies, ABAG has taken the lead in coordinating with interested local governments in its service territory to submit a regional proposal for the SEP category #2 - California Comprehensive Residential Building Retrofit Program. As lead applicant and fiscal sponsor, ABAG in partnership with participating local governments seeks to achieve the following objectives:

- Create competitive regional grant application that maximizes funding for Bay Area residential building retrofit programs by collaborating on program design and implementation
- Reduce program design and implementation costs for each participating County-wide program through shared activity (cross cutting tasks that benefit all Bay Area programs might include developing model program protocols and procedures, shared list of

MEMORANDUM

ASSOCIATION OF BAY AREA GOVERNMENTS

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Representing City and County Governments of the San Francisco Bay Area

qualifying contractors, shared regional web-based project tracking system, tools and templates, consumer education resources, contract admin/reporting, etc.)

- Reduce confusion among contractors and homeowners with more program uniformity while maintaining individual County priorities.
- Leverage early adopter programs (e.g. Sonoma County, Alameda County, etc.) which will have developed tools and templates before SEP money has been released

ABAG has hired Bevilacqua-Knight Inc (BKl) and Build It Green (BIG) to coordinate the SEP 2 grant proposal process. BKl and BIG will develop a common proposal framework and task structure, although each County program will write specific portions in order to tailor the program scope and budget to fit local conditions, existing initiatives and priorities. A representative from each County-wide program is participating in a steering committee to guide proposal development and program implementation. It is expected that this proposal will request approximately \$10 million for the region.

Although ABAG is also exploring the development of a regional Energy Financing District (SEED), we will not be submitting a proposal for SEP category 1 (Municipal Financing Program) in order to avoid conflicts with other county and state-wide applications (see discussion below). ABAG's role in the category 2 proposal is focused on coordinating interested County-wide programs and acting as a fiscal sponsor. ABAG will lead cross cutting tasks that benefit all county-wide programs but each county-wide program will be responsible for implementation their scope of work.

In addition, ABAG is coordinating with three other regions in the state (Sacramento, LA County and San Diego) to submit a grant application for the DOE Retrofit Ramp-Up funds. This application is being put together in coordination with the CEC and is expected to request approximately \$75 million. BKl has been retained under an existing contract with LA County to lead the development of this proposal as well. Each region will be asked to contribute approximately \$12,500 toward its development.

Status of ABAG SEED Program:

Following the Governor's veto of SB 279, staff has undertaken an assessment of how ABAG will continue its work in developing a regional program to encourage maximum participation in energy efficiency retrofits and solar installations for both residential and commercial properties. SB 279 would have provided authority for ABAG to form a regional financing district and would have allowed residential property owners to pay for energy and water efficiency improvements as well as solar installations through their property tax bill.

The initial concept was to tie SB 279 financing to homeowners as a means of creating a one-stop shop for consumers to access both screened contractors to do the work and favorable financing to pay for it. ABAG and PG&E joined together to analyze how a program might be designed to accomplish these objectives. A working group was established and an extensive market survey was undertaken among PG&E customers to determine levels of interest. The findings of the

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ASSOCIATION OF BAY AREA GOVERNMENTS

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market survey were that a large number of consumers are interested in energy efficiency home improvements, and would be stimulated by financing in the 5-6% range. There was a steep drop off in interest when rates exceeded 7%. This finding has been confirmed elsewhere.

At the present time, neither AB 811 (nor SB 279) is able to provide financing to scale at interest rates below 6% without government subsidies. The bonds issued by these programs would be characterized by the capital market as taxable municipal securities, and even credit enhanced bonds in this category are presently trading at 8.5 – 9.5%. While most experts in the field believe that AB 811 financing is much more secure than traditional taxable municipals, there will need to be much more volume (e.g. \$500 million) for these bonds to be priced at a lower rate than other taxable municipals.

Given that the market is not adequately pricing AB 811 type bonds (referred to as Property Assessed Clean Energy Bonds, or PACE bonds), an effort has been made to see if the federal government would be interested in helping to support AB 811 bonds as a means to making progress on climate change goals. Discussions have taken place with Congress and the Department of Energy (DOE), and the Environmental Protection Agency (EPA) about finding ways to support energy retrofit using PACE bonds. Vice President Biden has also expressed a great deal of interest in supporting the PACE bond concept. Renewable Funding has played an instrumental role in moving this issue to the federal level.

The conclusion from these discussions is that there is indeed interest at the federal level in the PACE concept. In our view, the long-term solution to the financing problems with AB 811 does lie at the federal level. Two actions are needed: 1) Fannie Mae and Freddie Mac need to publish underwriting standards to define the PACE bond structure. PACE bonds potentially impair the interest of mortgage holders, and both Fannie and Freddie need to agree on how they should be structured so as not to diminish the value of first lien mortgages; 2) the Treasury needs to guarantee PACE bonds, so they will be priced at the level of other federally guaranteed debt. Given the security of PACE bonds through foreclosure provisions, with a priority over mortgage debt, the federal guarantee will not cost the Treasury any subsidy and will accomplish significant climate change benefits. The interest rate on this type of financing would likely be in the 5% range. A provision of the Waxman-Markey bill, HR 2454, contains a provision offering \$7.5 billion in guarantees for PACE bonds. This provision apparently has bipartisan support, and has been stripped out as an independent bill by Rep. Steve Israel (D-NY) for possible passage if the Cap and Trade bill bogs down.

The DOE has provided the State of California with two opportunities to pilot an AB 811 program in coordination with the California Energy Commission. SEP category #1 and the DOE Retrofit Ramp Up funding opportunity can both potentially support a pilot AB 811 program to collect data before any additional federal support takes place. This period of evaluation will be instrumental in furthering actions at the federal level to support AB 811 programs. In light of this, the California Statewide Communities Development Authority (“CSCDA”) has utilized their CaliforniaFIRST program, in partnership with Renewable Funding and participating local governments, to apply for SEP 1 Financing and help sponsor a regional approach to the DOE

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Retrofit Ramp Up that will demonstrate the utility and efficacy of the AB 811 approach. ABAG staff has been participating and supporting these efforts.

The other element of the ABAG SEED program is the customer friendly access to retrofit contracting, combining the contracting program with favorable financing. As discussed above, ABAG is coordinating the SEP 2 application, which focuses on residential retrofit. Included in that application is a proposal to create contracting standards, workforce development, and alternative methods of marketing energy retrofit programs to consumers. ABAG is partnering with StopWaste.org to complete some of the tasks that ABAG and PG&E were working on to create the most robust energy retrofit programs with entry at alternative pricing points.

Action: Staff recommend the Board approve Resolution No. 17-09 authorizing ABAG to execute all necessary agreements to implement and carry out the purposes of any funds awarded as a result of its SEP 2 funding application.

cc: Henry Gardner, Executive Director



Proposed Meeting Schedule:

2010 ABAG POWER EXECUTIVE MEETING SCHEDULE

Wednesday, February 17

Wednesday, April 21

Wednesday, June 16

Wednesday, August 18

Thursday, October 28
(Annual Board Meeting)

Wednesday, December 15

Executive Committee Meetings are held at
Joseph P. Bort MetroCenter, ABAG Offices
Conference Room B, 101-8th Street, First Floor
Oakland, CA 94607

Meetings begin at 12:00 p.m.*

*Times and meeting place subject to change