



ABAG POWER Executive Committee Meeting No. 2015-06
December 16, 2015 (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 Meeting**
Action:
ATTACHMENT 3A – SUMMARY MINUTES OF AUGUST 19, 2015
4. **Report on Natural Gas Program**
Information/**Action:** Staff will review recent gas operations, including gas purchases; the program's long-term hedge position; gas imbalances; and other miscellaneous program items. The committee may take action to revise the gas purchasing strategy.
ATTACHMENT 4A – MONTHLY SUMMARY OF OPERATIONS FY 2015-16
ATTACHMENT 4B – GAS HEDGE CHART
ATTACHMENT 4C – MARKET PRICE CHART
ATTACHMENT 4D – HISTORIC STRANDED CAPACITY COSTS
ATTACHMENT 4E – PROGRAM TRENDS CHART
5. **2014-15 Natural Gas Program True-up**
Information: Staff will review the 2014-15 true-up calculation.
ATTACHMENT 5A – GAS TRUE-UP SUMMARY FY 2014-15
6. **2015-16 Budget Update**
Information: Staff will present the status of the current fiscal year's budget.
ATTACHMENT 6A – ABAG POWER INCOME STATEMENT - OCT 2015
ATTACHMENT 6B – BUDGET TO ACTUAL GRAPH
7. **Water Efficiency Finance Legislation**
Action: Recommend support of new water efficiency legislation that will allow Joint Powers Authorities (JPAs) to raise funds to finance water and energy efficiency measures on residential and commercial properties.
ATTACHMENT 7A – WATER EFFICIENCY FINANCE LEGISLATION MEMO
ATTACHMENT 7B – BAYREN ON-BILL OVERVIEW
8. **2016 Meeting Schedule**
Action: Approve meeting schedule for calendar year 2016
ATTACHMENT 8A – PROPOSED 2016 MEETING SCHEDULE
9. **Closed Session**
The following items will be discussed in closed session, pursuant to the requirements of the Ralph M. Brown Act. All reportable actions taken will be announced in open session prior to the adjournment of the meeting.



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AGENDA*

Conference With Legal Counsel—Existing Litigation, Govt. C. Sec. 54956.9(d):

1. Application of Pacific Gas & Electric Company to Set New Core Interstate Pipeline Capacity Planning Range (A.13-06-011)
2. Application of Pacific Gas & Electric Company Proposing Cost of Service and Rates for Gas Transmission and Storage Services for the Period 2015-2017 (A.13-12-012)

11. Other Business

12. Adjournment

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



SUMMARY MINUTES

ABAG POWER Executive Committee

Regular Meeting 2015-04

August 19, 2015

ABAG's Conference Room B
101 8th Street, Oakland, CA 94607

WELCOME AND INTRODUCTIONS

Chairman Schroeder opened the meeting with introductions at 12:10 PM.

<u>Committee Representatives</u>	<u>Jurisdiction/Agency</u>
Chris Schroeder (Chair)	City of Milpitas
Tonya Gilmore	City of Orinda
Angela Walton	City of Richmond
<u>Members Absent</u>	
Richard Sealana	City of Union City
Julie Bueren	County of Contra Costa
<u>Staff Present</u>	
Jerry Lahr	ABAG POWER
Ryan Jacoby	ABAG POWER
Ken Moy	ABAG
Jenny Berg	ABAG
<u>Guests Present</u>	
Kim Sanders	Sunrun

PUBLIC COMMENTS & ANNOUNCEMENTS

There were no public comments.



APPROVAL OF SUMMARY MINUTES OF JUNE 17, 2015.

Motion was made by Gilmore/S/Walton/C/3:0:0 to approve the Summary Minutes of June 17, 2015 Executive Committee meeting.

The aye votes were: Gilmore, Schroeder, Walton,

The nay votes were: None.

Abstentions were: None.

Absentees were: Bueren, Sealana.

EXECUTIVE COMMITTEE ADMINISTRATION

Lahr announced Olds' retirement from the Housing Authority of the City of Alameda as well as from the ABAG POWER Executive Committee. The Committee is now at the minimum of five members (comprised of chair, vice-chair, and three members) as stated in POWER's bylaws. Lahr clarified that because there was no defined quorum requirement for the Executive Committee in ABAG POWER's bylaws, a majority vote of the Committee is needed to approve action items.

ABAG staff and Executive Committee representatives agreed to conduct limited outreach with hopes of recruiting interested parties.

LEGISLATION

Lahr presented a memo to the Executive Committee that summarized the current intents of SB-350, the Clean Energy and Pollution Reduction Act of 2015. To further elaborate on the topics related to the Renewables Portfolio Standard (RPS), Schroeder introduced Kim Sanders, Senior Manager for Public Policy at Sunrun.

Following Sanders' presentation, Lahr presented a letter addressed to the Office of Governor Brown that stated ABAG POWER's support to amend SB-350 such that rooftop solar is counted towards California's RPS.

Motion was made by Walton/S/Gilmore/C/3:0:0 to approve the letter as drafted. The letter would be signed and mailed as soon as reasonably possible.

The aye votes were: Gilmore, Schroeder, Walton,

The nay votes were: None.

Abstentions were: None.

Absentees were: Bueren, Sealana.



REPORT ON NATURAL GAS PROGRAM

Monthly Summary of Operations FY 2014-15

Lahr provided members with the Monthly Summary of Operations reports for FY14-15; members were updated on the percentage savings comparisons with PG&E. Lahr noted that preliminary financial statements for June, 2015 indicated a cumulative savings figure of -1.6% including the CTA Unrecovered Pipelines Capacity costs. The program's 'Rate Comparisons excluding Pipeline Capacity Costs' calculation displayed a cumulative savings through June, 2015 of 1.1%.

Monthly Summary of Operations FY 2015-16

Members were updated on current gas purchase contracts extending through March, 2016.

Gas Hedge Chart

Lahr provided information on the various current long-term gas purchases (contracts which are greater than one month in length).

Market Price Chart

Lahr provided information on gas prices.

Historic Stranded Capacity Costs

Lahr provided a list of invoices received from PG&E for the CTA Unrecovered Pipelines Capacity costs. To date the program has paid a total of \$442,871 for these costs starting from April, 2012 (costs for FY 2014-15: \$170,294).

ABAG/MTC BUDGET AND PLANNING ISSUES

Staff reviewed recent discussions between ABAG and MTC that could potentially affect ABAG POWER.

AGENDA FOR ANNUAL BOARD MEETING

Annual Board Meeting Preliminary Agenda

Lahr presented members with a preliminary agenda for the upcoming annual board meeting. A guest speaker is needed for the meeting, and suggested topics included solar, biogas, electric vehicles, energy storage, and microgrids.

CLOSED SESSION

Conference with Legal Counsel—Existing Litigation, Govt. C. §54956.9(d):

1. Application of Pacific Gas & Electric Company to Set New Core Interstate Pipeline Capacity Planning Range (A.13-06-011)
2. Application of Pacific Gas & Electric Company Proposing Cost of Service and Rates for Gas Transmission and Storage Services for the Period 2015-2017 (A.13-12-012)

The Chairman announced that no reportable action was taken in closed session.

MEMORANDUM

Attachment 3A

ASSOCIATION OF BAY AREA GOVERNMENTS

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Representing City and County Governments of the San Francisco Bay Area

ADJOURNMENT

Chairman Schroeder adjourned the meeting at 2:05 PM.

/rj

*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 = abstention.

ABAG POWER Natural Gas Program

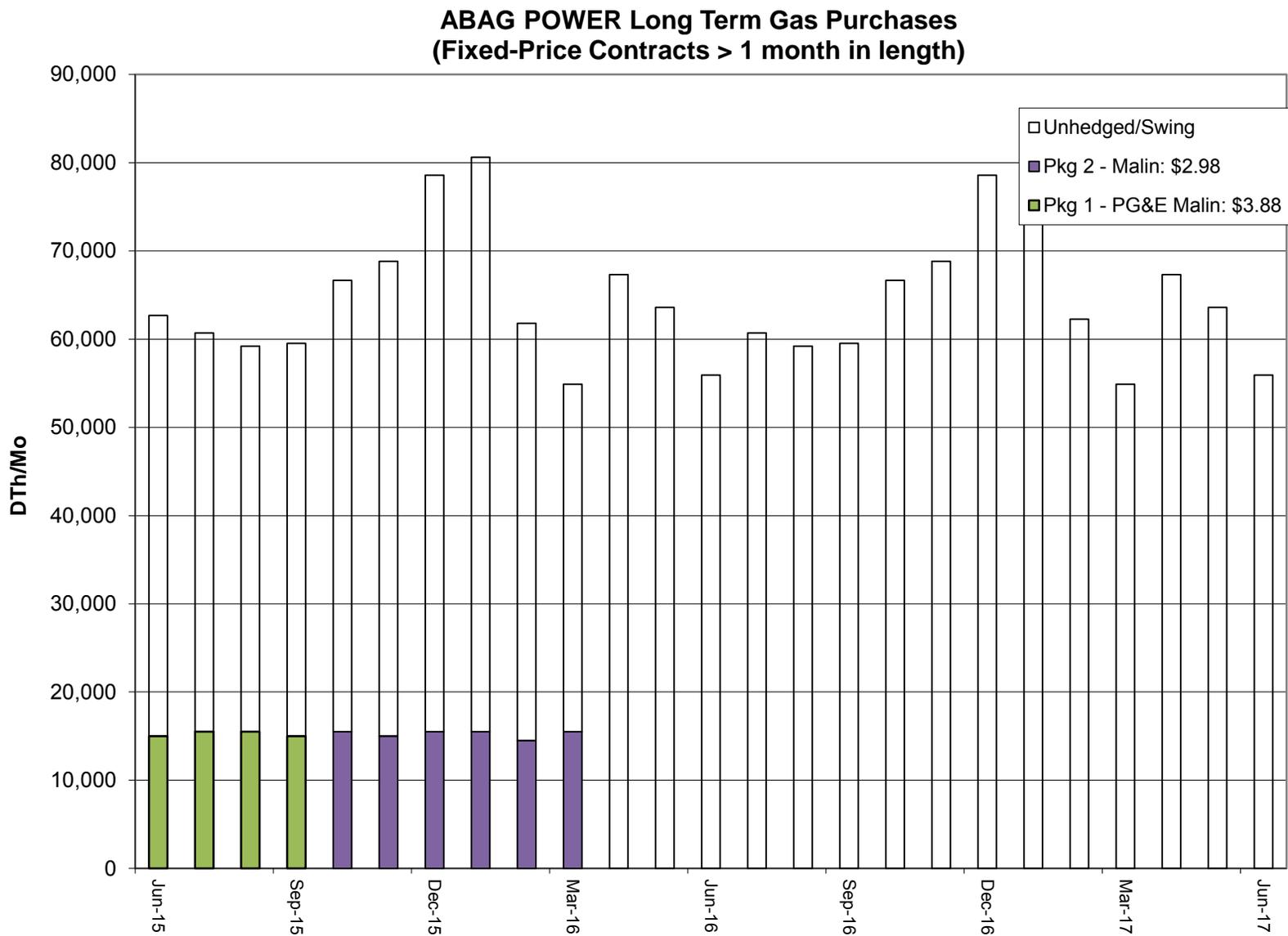
FY 2015-16 Monthly Summary of Operations

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total
<u>Rate Comparison</u>													
Monthly Rate Difference (\$/Dth)	1.56	0.04	2.04	0.55									
Monthly Savings (\$)	(53,996)	(1,361)	(67,460)	(21,322)									
Cumulative 'Savings' (\$)	(53,996)	(55,357)	(122,817)	(144,139)									
Cumulative 'Savings' (%)	-20.8%	-10.2%	-15.8%	-13.6%									
<u>Rate Comparison excluding Stranded Pipeline Capacity Costs</u>													
Standed Pipeline Capacity Costs	\$ 10,861	\$ 10,781	\$ 11,016	\$ 10,563	\$ 11,143								
Monthly Savings	(45,005)	7,833	(58,184)	(12,280)									
Cumulative Savings (\$)	(45,005)	(37,173)	(95,357)	(107,637)									
Cumulative Savings (%)	-17.3%	-6.8%	-12.2%	-10.1%									
<u>Monthly Index Postings</u>													
NGI Bidweek for PG&E Citygate	\$3.16	\$3.25	\$3.10	\$3.07	\$2.67								
Gas Daily Avg. for PG&E Citygate	\$3.19	\$3.17	\$3.10	\$2.87	\$2.70								
NGI Bidweek for Malin	\$2.77	\$2.76	\$2.58	\$2.50	\$2.16								

Notes:

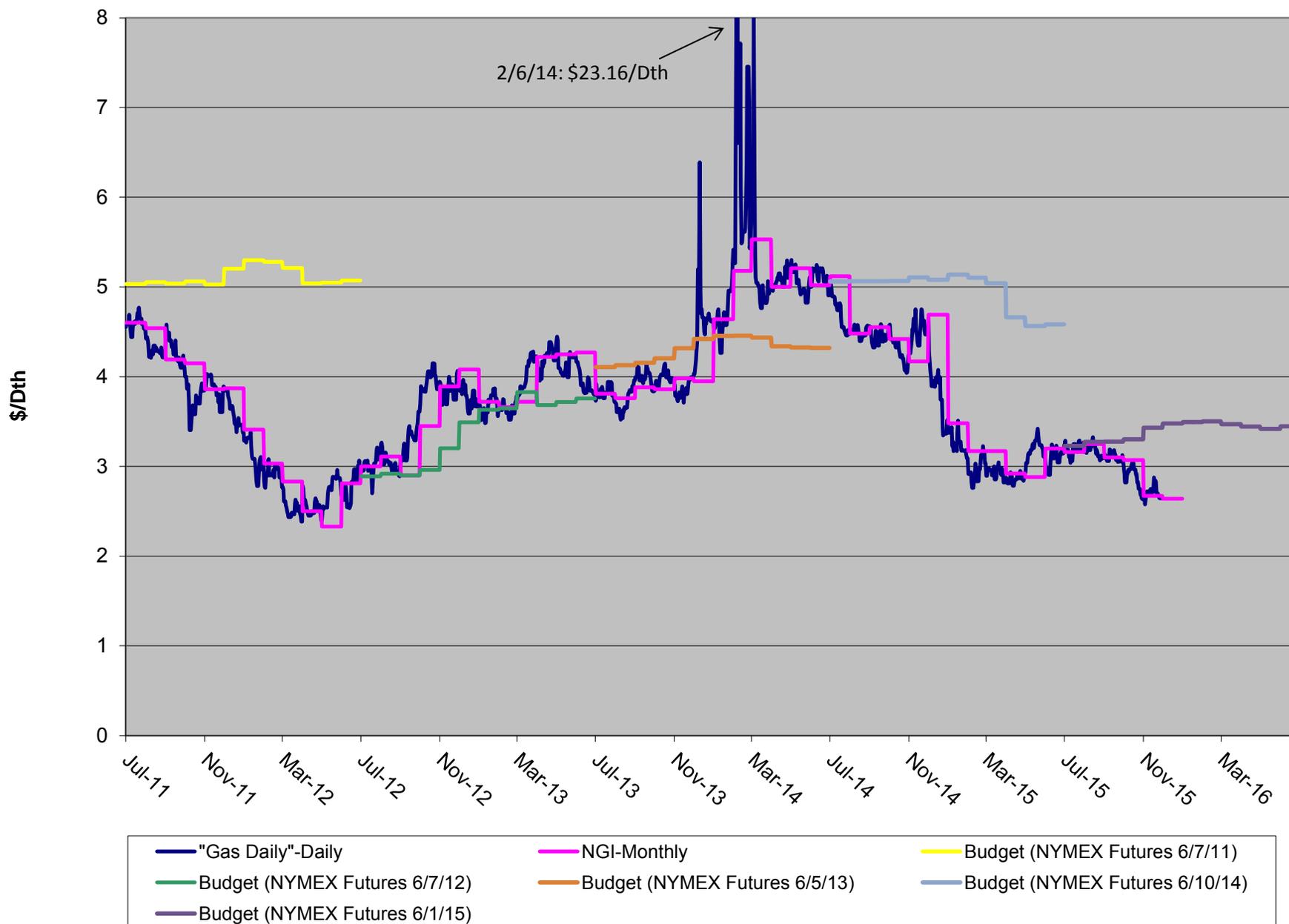
- (1) All gas quantities in Dth and rates in \$/Dth. (Does not include imbalance purchases traded to storage.)
- (2) Weighted Average Cost of Gas (WACOG) at PG&E Citygate
- (3) Includes costs to transport gas to PG&E Citygate from alternate delivery points, as well as physical storage costs.
- (4) Includes scheduling fees, billing fees, administrative costs and misc. expenses; less interest income.
- (5) PG&E charges billed to ABAG POWER via EDI process and passed through to customers. 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.

Gas Hedge Chart



Market Price Chart

5-Yr Historical/Future Market Price Indices @ PG&E Citygate



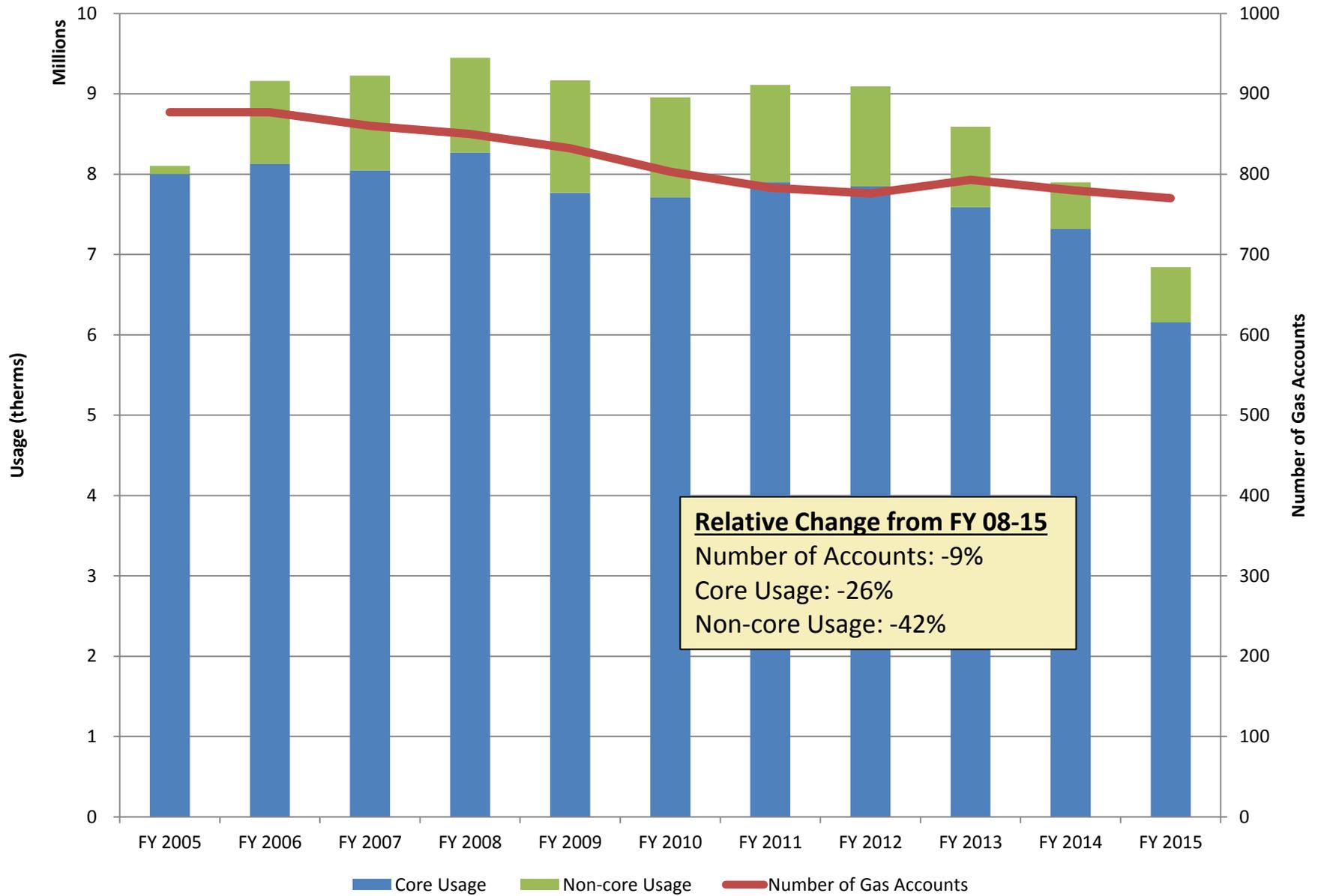
ABAG POWER

CTA Unrecovered Capacity - Invoices

<u>Bill Period</u>	<u>Amount</u>	Projected 8/13 <u>Estimate</u>	Projected 6/15 <u>Estimate</u>
Apr-12	\$ 616		
May-12	614		
Jun-12	663		
<u>Total FY 2011-12:</u>	\$ 1,892		
Jul-12	\$ 3,358		
Aug-12	3,366		
Sep-12	3,387		
Oct-12	3,692		
Nov-12	2,704		
Dec-12	3,408		
Jan-13	3,771		
Feb-13	4,022		
Mar-13	4,687		
Apr-13	11,446		
May-13	11,683		
Jun-13	12,065		
<u>Total FY 2012-13:</u>	\$ 67,587		
Jul-13	\$ 15,043	\$ 15,042	
Aug-13	15,539	15,042	
Sep-13	15,163	15,042	
Oct-13	15,439	15,042	
Nov-13	14,152	14,857	
Dec-13	18,186	14,993	
Jan-14	18,991	14,993	
Feb-14	18,759	14,993	
Mar-14	14,275	13,732	
Apr-14	15,999	18,657	
May-14	15,319	18,657	
Jun-14	15,372	18,657	
<u>Total FY 2013-14:</u>	\$ 192,238	\$ 189,707	

<u>Bill Period</u>	<u>Amount</u>	Projected 8/13 <u>Estimate</u>	Projected 6/15 <u>Estimate</u>
Jul-14	\$ 11,827	\$ 18,657	
Aug-14	11,575	18,657	
Sep-14	11,522	18,657	
Oct-14	12,298	18,657	
Nov-14	12,094	18,657	
Dec-14	15,740	20,451	
Jan-15	17,788	20,451	
Feb-15	17,758	20,451	
Mar-15	14,049	18,657	
Apr-15	15,707	25,223	
May-15	15,184	25,223	
Jun-15	14,753	25,223	
Total FY 2014-15:	\$ 170,294	\$ 248,961	
Jul-15	\$ 10,861	\$ 25,223	\$ 14,600
Aug-15	10,781	25,223	14,600
Sep-15	11,016	25,223	14,600
Oct-15	10,563	25,223	14,600
Nov-15	11,143	25,223	14,600
Dec-15		27,728	16,400
Jan-16		27,728	16,400
Feb-16		27,728	16,400
Mar-16		25,223	14,600
Apr-16		25,223	14,600
May-16		25,223	14,600
Jun-16		25,223	14,600
Total FY 2015-16:	\$ 54,363	\$ 310,189	\$ 180,600
Total to date:	\$ <u>486,373</u>		

Natural Gas Program Trends



ABAG POWER Natural Gas Pool 2014-15
Trueup

	Master Acct ID	Total Usage FY 2014-15 (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	122,246	\$ 58,796.10	\$ 2,385.75	\$ 71,577.00	\$ 412.88	\$ 133,171.73	\$ 157,800.00	\$ (24,628.27)
Alameda Pwr & Telecom	ALAACPC002	1,285	617.80	25.07	903.47	5.21	1,551.55	1,920.00	(368.45)
Alameda City Housing Authority	ALAACPC003	46,024	22,136.02	898.20	35,146.01	202.74	58,382.97	61,030.00	(2,647.03)
Albany, City	ALBACPC001	10,140	4,877.10	197.90	6,415.35	37.01	11,527.35	15,120.00	(3,592.65)
Atherton, Town	ATHACPT001	3,663	1,761.74	71.49	3,352.82	19.34	5,205.38	4,680.00	525.38
Benicia, City	BENACPC001	54,826	26,369.35	1,069.98	30,737.24	177.30	58,353.87	74,760.00	(16,406.13)
Contra Costa County GSD	CONACPN001	1,256,620	604,391.18	24,524.14	491,944.37	2,837.72	1,123,697.42	1,526,640.00	(402,942.58)
Cupertino, City	CUPACPC001	33,023	15,882.94	644.48	19,873.97	114.64	36,516.03	42,120.00	(5,603.97)
Fremont, City	FREACPC001	148,877	71,604.72	2,905.48	84,900.54	489.74	159,900.47	246,840.00	(86,939.53)
Golden Gate Bridge	GOLACP001	47,445	22,819.20	925.93	25,892.73	149.36	49,787.21	70,320.00	(20,532.79)
Gonzales, City	GONACPC001	5,076	2,441.40	99.06	3,738.39	21.56	6,300.42	12,360.00	(6,059.58)
Half Moon Bay, City	HALACPC001	3,206	1,542.16	62.58	2,365.02	13.64	3,983.40	7,080.00	(3,096.60)
Hercules, City	HERACPC001	25,233	12,136.03	492.44	15,738.25	90.78	28,457.50	46,800.00	(18,342.50)
Los Altos, City	LOSACPC001	23,821	11,456.98	464.89	14,989.82	86.47	26,998.16	27,600.00	(601.84)
Mill Valley, City	MILACPC001	32,999	15,871.53	644.01	19,098.52	110.17	35,724.23	77,880.00	(42,155.77)
Millbrae, City	MILACPC003	41,220	19,825.53	804.45	23,796.25	137.27	44,563.50	43,800.00	763.50
Millbrae, City - 400 E. Millbrae Ave.	MILACPC004	109,111	52,478.64	2,129.40	8,535.28	49.23	63,192.55	147,000.00	(83,807.45)
Milpitas, City	MILACPC002	166,919	80,282.45	3,257.59	72,803.84	419.96	156,763.84	210,720.00	(53,956.16)
Monte-Sereno, City	MONACPC001	584	280.84	11.40	614.47	3.54	910.25	1,200.00	(289.75)
Moraga, Town	MORACPT001	3,908	1,879.70	76.27	2,535.87	14.63	4,506.47	5,880.00	(1,373.53)
Napa County - Airport	NAPACPN001	1,046	503.32	20.42	779.84	4.50	1,308.08	1,560.00	(251.92)
Napa County - HHS	NAPACPN002	17,211	8,278.11	335.90	10,503.68	60.59	19,178.28	22,680.00	(3,501.72)
Napa County - Library	NAPACPN004	8,363	4,022.33	163.21	5,278.44	30.45	9,494.43	10,680.00	(1,185.57)
Napa County - Various	NAPACPN005	68,719	33,051.71	1,341.13	36,327.37	209.55	70,929.76	93,000.00	(22,070.24)
Oakland, City	OAKCPC001	630,825	303,405.34	12,311.16	347,984.75	2,007.31	665,708.55	791,040.00	(125,331.45)
Oakland Zoological	OAKCPC002	10,153	4,883.10	198.14	7,579.99	43.72	12,704.96	14,400.00	(1,695.04)

ABAG POWER Natural Gas Pool 2014-15
Trueup

Master Acct ID	Total Usage FY 2014-15 (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	8,418	4,048.91	164.29	5,466.70	31.53	9,711.43	13,680.00	(3,968.57)
Pacifica, City	PACACPC001	21,643	10,409.69	422.39	14,315.85	82.58	25,230.51	30,120.00	(4,889.49)
Petaluma, City	PETACPC001	18,113	8,711.57	353.49	11,313.04	65.26	20,443.35	25,680.00	(5,236.65)
Pleasanton, City	PLEACPC001	156,413	75,229.31	3,052.55	80,365.16	463.58	159,110.60	177,120.00	(18,009.40)
Regional Admin. Facility	RAFACPC001	60,444	29,071.63	1,179.63	29,498.22	170.16	59,919.63	66,120.00	(6,200.37)
Richmond, City	RICACPC001	296,871	142,784.53	5,793.71	138,115.33	796.70	287,490.27	404,880.00	(117,389.73)
Salinas, City	SALACPC001	66,809	32,132.95	1,303.85	40,723.39	234.91	74,395.10	84,840.00	(10,444.90)
San Carlos, City	SANACPC003	48,893	23,515.79	954.19	27,486.67	158.55	52,115.21	60,720.00	(8,604.79)
San Mateo County - Public Works	SANACPC006	441,289	212,244.92	8,612.18	175,764.74	1,013.88	397,635.72	746,400.00	(348,764.28)
San Mateo County - Hospital	SANACPC007	654,814	314,942.98	12,779.32	203,891.79	1,176.13	532,790.22	748,800.00	(216,009.78)
San Mateo County - Parks & Rec	SANACPC008	4,629	2,226.54	90.35	3,996.42	23.05	6,336.36	6,120.00	216.36
San Mateo County - Central Library	SANACPC009	2,629	1,264.65	51.32	1,795.78	10.36	3,122.10	4,320.00	(1,197.90)
San Mateo County - Hospital	SANACPC011	19,342	9,302.83	377.48	10,125.89	58.41	19,864.61	33,240.00	(13,375.39)
San Mateo County - Cordilleras Mental	SANACPC013	58,943	28,349.72	1,150.34	27,265.67	157.28	56,923.01	59,400.00	(2,476.99)
San Mateo County - Public Works	SANACPC015	48,813	23,477.45	952.64	23,091.46	133.20	47,654.75	52,320.00	(4,665.25)
San Mateo County - Airport	SANACPC016	7,213	3,469.36	140.77	3,972.29	22.91	7,605.34	8,160.00	(554.66)
San Rafael, City	SANACPC001	75,907	36,508.54	1,481.39	42,518.06	245.26	80,753.25	77,280.00	3,473.25
Santa Clara County	SANACPN001	745,247	358,437.98	14,544.20	363,233.12	2,095.27	738,310.57	891,480.00	(153,169.43)
Santa Rosa, City	SANACPC005	246,402	118,510.86	4,808.77	105,634.02	609.34	229,562.99	340,320.00	(110,757.01)
Saratoga, City	SARACPC001	8,830	4,246.69	172.32	5,680.76	32.77	10,132.54	12,840.00	(2,707.46)
Union City	UNIACPC001	6,585	3,167.17	128.51	4,374.09	25.23	7,695.00	10,920.00	(3,225.00)
Vallejo, City	VALACPC001	117,596	56,559.78	2,295.00	45,862.48	264.55	104,981.82	289,320.00	(184,338.18)
Vallejo Sani.& Flood Control Dist	VALACPD001	106,177	51,067.48	2,072.14	30,483.94	175.84	83,799.41	116,760.00	(32,960.59)
Watsonville, City	WATACPC001	59,823	28,772.96	1,167.51	34,669.56	199.99	64,810.02	73,320.00	(8,509.98)
Winters, City	WINACPC001	1,992	958.02	38.87	1,504.58	8.68	2,510.15	2,640.00	(129.85)
TOTAL - Core		6,156,382	\$ 2,961,007.64	\$ 120,147.63	\$ 2,774,562.29	\$ 16,004.74	\$ 5,871,722.30	\$ 8,051,710.00	\$ (2,179,987.70)
Core True-up Rate			\$0.5005				\$0.9538		

ABAG POWER Natural Gas Pool 2014-15
Trueup

Master Acct ID	Total Usage FY 2014-15 (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	429,150	206,406.38	-	-	206,406.38	192,480.00	13,926.38	
Santa Rosa, City (Co-gen)	SANACPC012	39,233	18,869.72	-	-	18,869.72	25,080.00	(6,210.28)	
Watsonville, City (Co-gen)	WATACPC002	217,060	104,398.39	-	-	104,398.39	122,640.00	(18,241.61)	
TOTAL - Noncore		685,443	\$ 329,674.49	\$ -	\$ -	\$ 329,674.49	\$ 340,200.00	\$ (10,525.51)	
Non-core True-up Rate			\$ 0.4810						
GRAND TOTAL (Core + Noncore)		6,841,825	\$ 3,290,682.13	\$ 120,147.63	\$ 2,774,562.29	\$ 16,004.74	\$ 6,201,396.79	\$ 8,391,910.00	\$ (2,190,513.21)
								Master Accounts w/ Credit Total: \$ (2,209,418.08)	
								Master Accounts w/ Debit Total: \$ 18,904.87	

Notes:

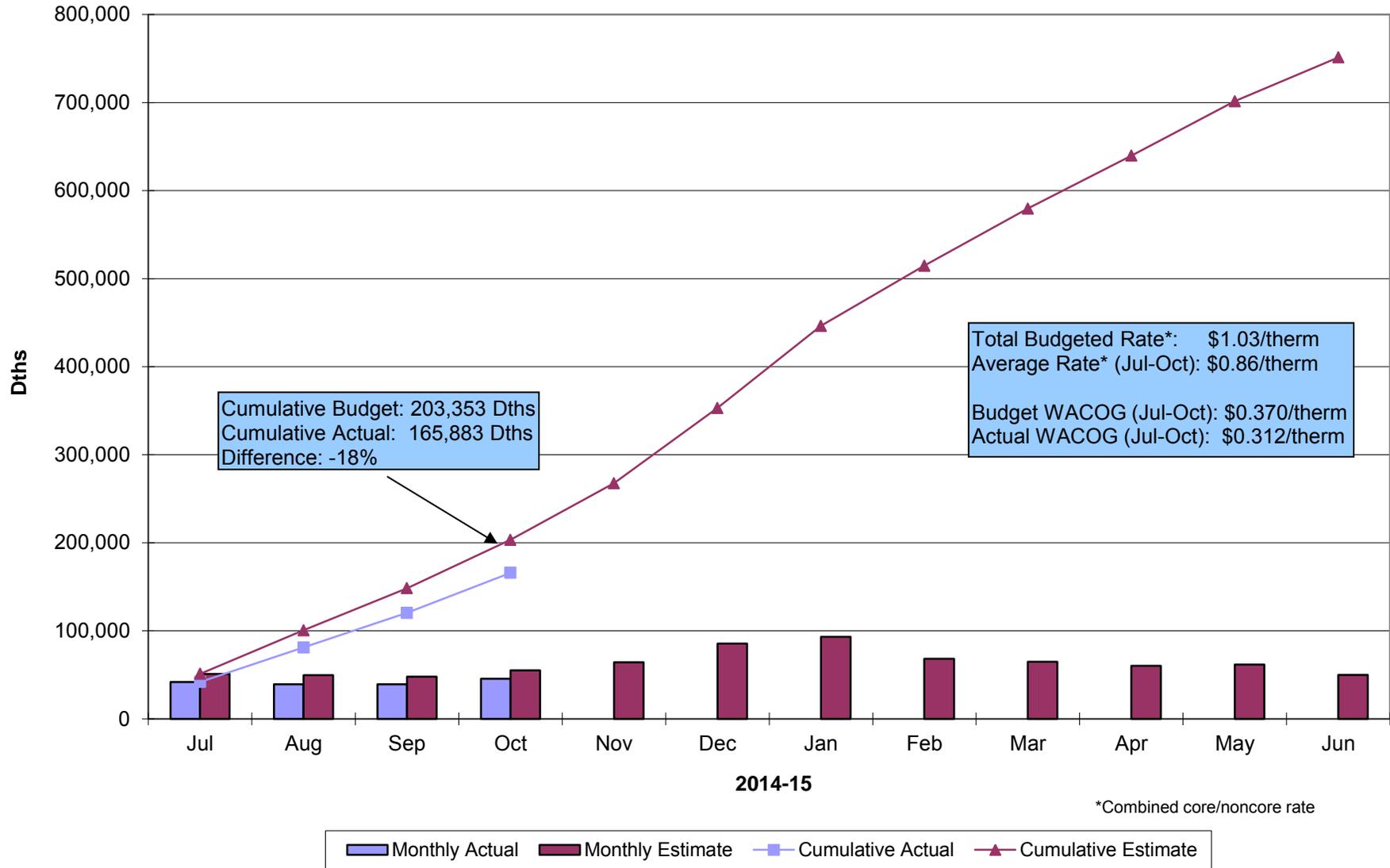
- (1) Actual usage based on meter read data from PG&E, prorated to calendar months.
- (2) Annual ABAG POWER program costs, less storage costs and interest income, prorated to members based on usage.
- (3) Storage costs allocated to core accounts only, based on usage.
- (4) Actual PG&E pass-through costs 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 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."

INCOME STATEMENT

ABAG Power Pool - Gas Pool
OCT-15 USD

	FY Budget	Actual Current Month	Actual Year-to-date	% of Budget	Budget Balance
REVENUES					
SALE OF ENERGY	7,289,784.00	607,760.00	2,431,040.00	33.35%	4,858,744.00
INTEREST INCOME	9,000.00	1,075.69	3,698.70	41.10%	5,301.30
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TOTAL REVENUES	7,298,784.00	608,835.69	2,434,738.70	33.36%	4,864,045.30
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EXPENSES					
COST OF ENERGY					
COST OF ENERGY USED	3,216,688.00	132,925.78	592,478.75	18.42%	2,624,209.25
PG&E PASSTHROUGH	3,640,504.00	161,361.32	600,610.45	16.50%	3,039,893.55
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TOTAL COST OF ENERGY	6,857,192.00	294,287.10	1,193,089.20	17.40%	5,664,102.80
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CONSULTANT SERVICES					
LEGAL CONSULTANTS	15,000.00	0.00	0.00	0.00%	15,000.00
BILLING AGENT FEES	10,500.00	519.26	(2,766.03)	(26.34)%	13,266.03
SCHEDULING AGENT FEES	16,800.00	1,400.00	5,600.00	33.33%	11,200.00
ABAG FEES	390,292.00	31,756.49	121,571.07	31.15%	268,720.93
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TOTAL CONSULTANT SERVICES	432,592.00	33,675.75	124,405.04	28.76%	308,186.96
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OTHER DIRECT CHARGES					
INTEREST EXPENSE/BANK CHARGES	9,000.00	876.76	3,295.92	36.62%	5,704.08
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TOTAL OTHER DIRECT CHARGES	9,000.00	876.76	3,295.92	36.62%	5,704.08
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TOTAL EXPENSES	7,298,784.00	328,839.61	1,320,790.16	18.10%	5,977,993.84
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SURPLUS/(DEFICIT)	0.00	279,996.08	1,113,948.54	n/m	(1,113,948.54)
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2015-16 Monthly & Cumulative Usage Summary (Actual vs. Budgeted)



MEMORANDUM

ASSOCIATION OF BAY AREA GOVERNMENTS

Representing City and County Governments of the San Francisco Bay Area

DT: December 10, 2015

TO: ABAG POWER Executive Committee

FM: Gerald Lahr, Energy Programs Manager, ABAG

RE: Water Efficiency Finance Legislation

Summary

Staff recommends supporting legislation that would allow for Joint Power Authorities (JPAs) to raise funds that subsequently would be loaned to local agencies to finance water and energy efficiency measures on residential and commercial property.

Background

As part of the Bay Area Regional Energy Network (BayREN), ABAG and the participating nine county agencies have been assisting a limited number of local water utilities to implement the Pay As You Save (PAYST[™]) program within their agencies. These programs install water efficiency and energy efficiency measures on the property of customers that choose to participate, and the cost of the measures is then repaid through a surcharge on their monthly water bills. (Program summary attached.)

While these programs have proven successful for the participating water agencies to date, this model is limited to agencies that have the ability to provide financing from internal sources. Therefore ABAG/BayREN have initiated a new ‘on-bill’ program model to allow for regional implementation and financing that will create broader impact and greater efficiencies of operation. In order to implement this model, new legislation is required.

Need and Purpose of Legislation

California is experiencing the effects of climate change. As a result, in December of 2013, the Governor formed a Drought Task Force to review expected water allocations and California’s preparedness for water scarcity. In reaction to the findings produced by this body the Governor, on January 17th of 2014, declared a state of emergency in California due to severe drought conditions, and on April 1, 2015 the Governor signed executive order B 29-15 mandating water conservation measures statewide. One section in particular calls out the necessity of regional collaboration as a means to redress some of the negative effects produced by the drought, i.e.:

“... the magnitude of the severe drought conditions continues to present threats beyond the control of the services, personnel, equipment, and facilities of any single local government and require the combined forces of a mutual aid region or regions to combat.”

MEMORANDUM

ASSOCIATION OF BAY AREA GOVERNMENTS

Representing City and County Governments of the San Francisco Bay Area

In addition, the Governor signed a subsequent executive order on April 19, 2015 (B-30-15) that establishes a new greenhouse gas reduction target of 40 percent below 1990 levels by 2030.

Water conservation efforts are an indispensable core element in local government's efforts to respond aggressively to the governor's executive orders that our citizenry adapt to California's ongoing drought and respond to climate change. The proposed bill recognizes the vital importance of ensuring that a broad scale regional response to water scarcity be realizable and adequately funded. It is the intent of this legislation to create a mechanism suitable to meet the challenge of creating and funding large scale and rapidly deployable water efficiency programs on a regional scale.

As the upfront costs of installing and repairing water efficiency improvements are a barrier that may prevent customers from installing water efficiency measures, it is also the intent of the bill to make water efficiency improvements fundamentally more accessible, and therefore stimulate large scale installation and repair of such improvements by allowing local agencies to establish a mechanism by which their water utility customers may finance the installation and repair of water efficiency improvements on privately owned properties by placing voluntary efficiency charges on their bills. The bill will provide local governments the ability to act collectively in an effort to scale up, statewide, water efficiency capacity to meet the challenge of adapting to an increasingly resource constrained reality.

Existing Law

Joint powers authorities are created under the Joint Exercise of Powers Act (Gov. Code §6500 et seq.) by agreement between two public agencies. In general, a joint powers authority may exercise the common powers of its members, subject to the restrictions on the manner of exercising the power of one of the contracting parties. In addition, a joint powers authority may exercise a variety of powers expressly given to it under the act, including most notably Article 4 of the Joint Exercise of Powers Act (Gov. Code §6584 et seq.), which is known as the Marks-Roos Local Bond Pooling Act of 1985. This act authorizes joint powers authorities, among other powers, to issue bonds and loan the proceeds to local agencies to finance specified types of projects and programs.

Proposed Bill Summary

The proposed bill would declare the intent of the Legislature to amend the Marks-Roos Local Bond Pooling Act of 1985 to include the capacity to permit joint powers agencies to affordably finance voluntary installation of water efficiency measures - physical and programmatic - on private, and or, public, properties through the issuance of pooled finance bonds meant to provide monies at a scale and cost sufficient to fund the large scale deployment of vitally important water efficiency measures. Specifically the bill:

- Calls for a specific category of Marks Roos Pooled Finance that is not, at present, adequately defined or covered in law so as to allow issuance of pooled finance bonds

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Representing City and County Governments of the San Francisco Bay Area

specific to the funding of installed efficiency measures and program management to be repaid through a surcharge on water utility bills.

- Creates a municipal funding capacity specific to efficiency program finance whose existence is meant to hasten the installation of water efficiency/conservation measures among a large portion of the state's individual water rate payers by reducing the formidable cost and implementation hurdles faced by individual communities and their water utility departments.

Recommendation

Endorse the concept of a regionally implemented, voluntary program to deliver water and energy savings measures to customers that would be repaid through a surcharge on participating water agency bills.

Formally support moving the legislation necessary to allow JPAs to raise funds that subsequently would be loaned to local agencies to finance water and energy efficiency measures.

Attachments: (1) PAYS Program Summary
(2) Draft Bill

BayREN On-Bill Overview

The Bay Area Regional Energy Network (BayREN) On-Bill Program is an elegant and multi-level solution to California’s mounting water supply and climate adaptation challenges. Organized under a Joint Powers Authority (JPA), the Program provides member municipal water utilities a way to offer their customers a simple path to make efficiency upgrades with no up-front costs. Participating customers pay for measures through a monthly tariffed surcharge affiliated with their water utility meter, with the assurance that bill savings exceed the surcharge. The JPA:

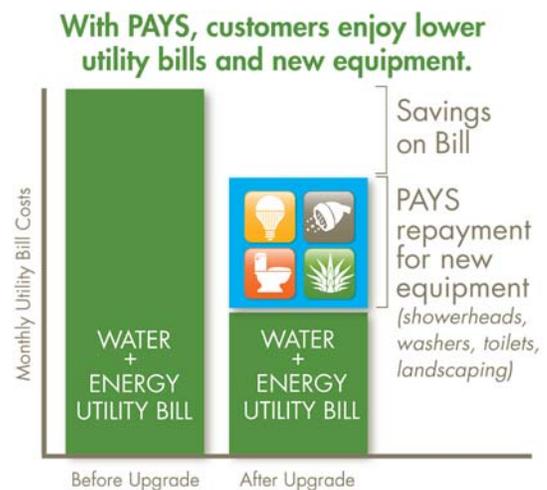
- Centralizes Program funding and administration.
- Secures the up-front capital required for wide-spread adoption of efficiency projects.
- Streamlines service delivery and simplifies Program operation.

The BayREN On-Bill Program will facilitate the large scale adoption of efficiency upgrades required to meet California’s mandated drought response and greenhouse gas reductions.

Participating Customer Benefits

The Program allows participating water utility customers to purchase eligible program measures with several specific program assurances:

- No up-front payment, no new debt obligation, no credit checks, and no liens.
- A utility-approved monthly tariffed surcharge that is lower than estimated savings generated.
- Repayment required only while they are a utility customer at the project location.
- A guarantee that failed measures are repaired or the payment obligation is terminated.



Program Benefits

The Program provides BayREN and member municipal water utilities with unique solutions to overcome common challenges to the wide-spread adoption of efficiency:

Windsor Efficiency PAYS® Program Highlights

- 5% of homes served; \$427,802 in On-bill Surcharges (as of 1/1/2015)
- 19.8% indoor water savings for Single Family (as of 4/1/2015)
- 33% indoor water savings for Multifamily (as of 4/1/2015)

- Access to capital to pay for up-front project costs - As a JPA, the Program pools member utilities into a single entity that can effectively raise capital to facilitate the delivery of Program services – the installation of water and energy upgrades – for Member Utilities and their customers.
- Efficient delivery of services – The Program centralizes Program administration and operation. Member Utilities aggregate customer on-bill surcharges and repay the Program for services received, without having to grow staff.

The BayREN On-Bill Program is informed by BayREN PAYS® on-bill pilots with the Town of Windsor, City of Hayward, and East Bay Municipal Utility District. Analysis of these pilots, a Program Concept Paper, draft JPA governing documents, and additional information is available at www.bayren.org/content/onbilljpa.



**2016 ABAG POWER EXECUTIVE COMMITTEE
MEETING SCHEDULE**

Wednesday, February 17

12:00 noon to 2:00 pm
Joseph P. Bort MetroCenter, ABAG Offices
101 8th Street, First Floor
Oakland, CA 94607

Wednesday, April 20

12:00 noon to 2:00 pm
375 Beale Street
San Francisco, CA 94105

Wednesday, June 15

12:00 noon to 2:00 pm
375 Beale Street
San Francisco, CA 94105

Wednesday, August 17

12:00 noon to 2:00 pm
375 Beale Street
San Francisco, CA 94105

Thursday, October 26

(Annual Board Meeting)
10:30 am to 1:00 pm
375 Beale Street
San Francisco, CA 94105

Wednesday, December 14

12:00 noon to 2:00 pm
375 Beale Street
San Francisco, CA 94105

*Times and meeting place subject to change