



**ABAG POWER Executive Committee Meeting No. 2019-01**  
**February 20, 2019 (11:00 a.m. - 1:00 p.m.)**  
**Association of Bay Area Governments**  
**375 Beale Street, Conference Room 7102 – Tamalpais (7<sup>th</sup> Floor)**  
**San Francisco, CA 94105**

**AGENDA\***

1. **Welcome and Introductions**
2. **Public Comments**
3. **Approve Summary Minutes of Executive Committee Meeting**  
**Action:** Committee to approve Summary Minutes of ABAG POWER’s Executive Committee meeting held on December 12, 2018.  
ATTACHMENT 3A – SUMMARY MINUTES OF DECEMBER 12, 2018
4. **Energy Programs Manager’s Report**  
Information: The Energy Programs Manager will provide a report on items related to ABAG/MTC energy programs.
5. **Appointment of Executive Committee Member**  
**Action:** ABAG POWER Chair to appoint Diana Oyler (County of Contra Costa) to the Executive Committee.  
ATTACHMENT 5A – APPOINTMENT OF EXECUTIVE COMMITTEE MEMBER
6. **Appointment of ABAG POWER Secretary**  
**Action:** Committee to appoint Jennifer Berg as ABAG POWER Secretary  
ATTACHMENT 6A – APPOINTMENT OF ABAG POWER SECRETARY  
ATTACHMENT 6A1 – EXECUTIVE COMMITTEE & KEY PERSONNEL
7. **Report on Natural Gas Program**  
Information: Staff will review recent gas operations, including gas purchases; the program’s long-term hedge position; gas imbalances; regulatory updates; and other miscellaneous program items.  
ATTACHMENT 7A – MONTHLY SUMMARY OF OPERATIONS FY 2018-19  
ATTACHMENT 7B – GAS HEDGE CHART  
ATTACHMENT 7C – MARKET PRICE CHART
8. **ABAG POWER FY 2018-19 Operating Budget**  
**Action:** Approve an increase in revenue and expenses of approximately \$335,000 to the Fiscal Year 2018-19 Operating Budget.  
ATTACHMENT 8A – REVISED FY 18-19 OPERATING BUDGET  
ATTACHMENT 8B – REVISED FY 18-19 LEVELIZED CHARGES



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**Association of Bay Area Governments**  
**375 Beale Street, Conference Room 7102 – Tamalpais (7<sup>th</sup> Floor)**  
**San Francisco, CA 94105**

**AGENDA\***

- 9. Canadian Gas Purchase and Transportation Agreements**  
Information: Staff will provide a status update on the purchase and transport of gas from locations within Canada.  
ATTACHMENT 9A – CANADIAN GAS SUPPLY AND TRANSPORT
- 10. Other Business**
- 11. Adjournment**

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



# SUMMARY MINUTES

**ABAG POWER Executive Committee**

**Regular Meeting 2018-05**

**December 12, 2018**

Conference Room 7102 – Tamalpais

375 Beale Street, San Francisco, CA 94105

## WELCOME AND INTRODUCTIONS

Chair Dave Brees opened the meeting with introductions at 11:00 A.M.

<b><u>Present Committee Representatives</u></b>	<b><u>Jurisdiction/Agency</u></b>
Angela Walton (Vice Chair)	City of Richmond
Chris Schroeder	City of Milpitas
Dave Brees (Chair)	City of Los Altos
Doug Williams	City of Santa Rosa

<b><u>Absent Committee Representatives</u></b>	
Dan Schoenholz	City of Fremont
Misty Mersich	City of Cupertino

<b><u>Staff Present</u></b>	
Cindy Chen	Metropolitan Transportation Commission (MTC)
Jenny Berg	MTC
Jerry Lahr	MTC
Matthew Lavrinets	MTC
Ryan Jacoby	MTC

## PUBLIC COMMENTS & ANNOUNCEMENTS

There were no public comments.

Brees acknowledged and welcomed Doug Williams, Facilities Maintenance and Operations Coordinator with the City of Santa Rosa, to the meeting.

Cindy Chen was introduced as the Energy Programs Coordinator, and the group shared in thanking Jerry Lahr for his outstanding service to the Association of Bay Area Governments/MTC Energy Programs, and congratulating him on his retirement, effective December 28, 2018.

## APPROVAL OF SUMMARY MINUTES OF AUGUST 15, 2018 EXECUTIVE COMMITTEE MEETING

Motion was made by Schroeder/S/Walton/C/3:0:0 to approve as proposed the Summary Minutes of the August 15, 2018 Executive Committee meeting.



The aye votes were: Brees, Schroeder, Walton.

The nay votes were: None.

Abstentions were: None.

Absentees were: Mersich, Schoenholz.

### **ENERGY PROGRAM MANAGER'S REPORT**

Lahr noted communications with several members regarding potential additions to the Executive Committee.

He provided several recent news articles describing fluctuations in natural gas prices, driven by a combination of continued cold weather patterns and predictions, low storage inventories, and pipeline maintenance projects.

Lastly, he provided an updated timeline for Pacific Gas and Electric Company's (PG&E) 2019 Gas Transmission & Storage Rate Case.

### **APPOINTMENT OF NEW EXECUTIVE COMMITTEE MEMBER**

Brees appointed Williams to the ABAG POWER Executive Committee in accordance with Section 7.1.4 (Vacancies) of the ABAG POWER Bylaws. Following the appointment, staff provided an updated contact list of key personnel and committee members.

### **REPORT ON NATURAL GAS PROGRAM**

#### **Monthly Summary of Operations FY 2018-19**

Jacoby provided members with the Monthly Summary of Operations reports for FY 2018-19; members were updated on the percentage savings comparisons with PG&E, noting that financial statements through October, 2018 indicated a cumulative savings figure of -13.7%.

#### **Gas Hedge Chart**

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

#### **Market Price Chart**

Jacoby provided information on current and historical gas prices, noting a significant rise in prices beginning in October.

#### **Budget-to-Actual Comparison**

Jacoby reviewed the current year budget, gas program usage, and the weighted average cost of gas to-date. He recommended continued assessment of market prices during the December/January

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Representing City and County Governments of the San Francisco Bay Area



timeframe, noting that changes may need to be made to the budget to account for a significant difference in budgeted versus actual commodity cost.

### **FISCAL YEAR 2017-18 GAS PROGRAM TRUE-UP**

Lahr reviewed the FY 2017-18 true-up calculation, resulting in \$0.67M returned to members, amortized monthly throughout the remainder of FY 2018-19.

### **CANADIAN GAS PURCHASE AND TRANSPORTATION AGREEMENTS**

Jacoby presented an overview of progress to-date to enable the purchase and transport gas from receipt points within Canada. He described the Alberta Energy Regulator's (AER) authority to regulate gas removal, and relayed the need to register with the Alberta Corporate Registry as a requirement to submit an application to AER for short-term gas removal.

Additionally, he stated ABAG POWER's requirements with the Canada Revenue Agency to provide security in the form of a deposit, and the option to maintain books in Canada or request permission to maintain such books and records outside of Canada, provided specific requirements are met.

Motion was made by Schroeder/S/Williams/C/4:0:0 to approve as proposed the staff recommendation to authorize the President of ABAG POWER, or his designee, to:

1. Fulfill the Canada Revenue Agency's Non-Resident Requirements related to security and recordkeeping, with an anticipated immediate fiscal impact of approximately \$5,000 CAD, and
2. Fulfill the registration requirements of the Alberta Corporate Registry, including the appointment of an Attorney for Service, with an immediate and ongoing annual anticipate fiscal impact of \$1,000 CAD per calendar year

The aye votes were: Brees, Schroeder, Walton, Williams.

The nay votes were: None.

Abstentions were: None.

Absentees were: Mersich, Schoenholz.

### **NATURAL GAS SCHEDULING SERVICES**

Jacoby reviewed the selection process for ABAG POWER's current natural gas scheduler, and provided recommendations to modify the compensation structure and performance obligations of the existing contract to align with scheduling natural gas from locations external to California.

Motion was made by Schroeder/S/Walton/C/4:0:0 to modify and approve the staff recommendation to authorize the President of ABAG POWER, or his designee, to negotiate and enter into a contract amendment with DMJ Gas Marketing Consultants for natural gas scheduled and related services in an amount not to exceed \$1,250 for a total contracted amount of \$18,050 for Fiscal Year 2018-19.

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Through the same motion, the Committee also authorized a corresponding increase of \$1,250 to ABAG POWER's Fiscal Year 2018-19 Operating Budget. Staff noted a correction to the recommended action and revised operating budget attachments, which listed a \$1,500 increase.

The aye votes were: Brees, Schroeder, Walton, Williams.

The nay votes were: None.

Abstentions were: None.

Absentees were: Mersich, Schoenholz.

### **CALENDAR YEAR 2019 EXECUTIVE COMMITTEE MEETING SCHEDULE**

Motion was made by Schroeder/S/Walton/C/4:0:0 to approve as proposed the Calendar Year 2019 ABAG POWER Meeting Schedule:

February 20, 2019  
April 17, 2019  
June 19, 2019  
August 21, 2019  
October 30, 2019 (Board of Directors meeting)  
December 11, 2019

The aye votes were: Brees, Schroeder, Walton, Williams.

The nay votes were: None.

Abstentions were: None.

Absentees were: Mersich, Schoenholz.

### **ADJOURNMENT**

Chair Dave Brees adjourned the meeting at 12:30 PM.

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\*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.

# MEMORANDUM

## ASSOCIATION OF BAY AREA GOVERNMENTS

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DATE: February 15, 2019

TO: ABAG POWER Executive Committee

FROM: Ryan Jacoby, ABAG POWER Program Manager

RE: Appointment of Executive Committee Member

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### Background

The POWER Bylaws were adopted on October 22, 1997 and were amended in 1997, 2002, 2004, and 2016. The Bylaws currently provide that the Executive Committee is comprised of the Chair, Vice Chair, and three to nine members entitled to a cast a vote (Article VII, Section 1). In the event a vacancy on the Executive Committee occurs, the Chair may appoint a new member who will serve on the Executive Committee with all rights and duties until the new member is either ratified or disapproved at the next meeting of the Board (Article VII, Section 1.4).

The current composition of the Executive Committee is:

<u>Individual</u>	<u>Designation</u>	<u>Agency</u>
Dave Brees	Chair	City of Los Altos
Angela Walton	Vice Chair	City of Richmond
Chris Schroeder	Member	City of Milpitas
Dan Schoenholz	Member	City of Fremont
Doug Williams	Member	City of Santa Rosa
Misty Mersich	Member	City of Cupertino

### Recommended Action

Dave Brees, elected as Chair for the 2018-19 program year during ABAG POWER's October 25, 2018 Board of Directors meeting, is requested to appoint Diana Oyler, Public Works Finance, Chief of Fiscal Services, County of Contra Costa, to the ABAG POWER Executive Committee, effective immediately following this action.

# MEMORANDUM

## ASSOCIATION OF BAY AREA GOVERNMENTS

Representing City and County Governments of the San Francisco Bay Area



---

DATE: February 15, 2019

TO: ABAG POWER Executive Committee

FROM: Ryan Jacoby, ABAG POWER Program Manager

RE: Appointment of ABAG POWER Secretary

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### Background

The POWER Bylaws were adopted on October 22, 1997, and were amended in 1997, 2002, 2004, and 2016. The Bylaws currently provide that the Board of Directors or Executive Committee of ABAG POWER shall appoint the President, Chief Financial Officer/Treasurer, and Secretary for ABAG POWER (Article VIII, Section 1).

Gerald Lahr, the program's prior Secretary, retired effective December 28, 2018. The responsibilities of the Secretary, as detailed in the Bylaws, include keeping or causing to be kept a book a minutes of all meetings, participants, and actions of directors and committees of ABAG POWER, and providing notice of all meetings of the Board and Committees of ABAG POWER.

### Recommended Action

The POWER Executive Committee is requested to name Jennifer Berg, Assistant Director, Energy Programs Manager, as the ABAG POWER Secretary, effective immediately following this action.

Attachments: Attachment 6A1 – 2019 Executive Committee and Key Personnel

## ASSOCIATION OF BAY AREA GOVERNMENTS

Representing City and County Governments of the San Francisco Bay Area

**Adopted ABAG POWER 2019 Meeting Schedule****February 20, 2019**

11:00 – 1:00pm  
375 Beale Street  
San Francisco, CA 94105

**June 19, 2019**

11:00 – 1:00pm  
375 Beale Street  
San Francisco, CA 94105

**October 30, 2019**

11:00 – 2:00pm  
375 Beale Street  
San Francisco, CA 94105

**April 17, 2019**

11:00 – 1:00pm  
375 Beale Street  
San Francisco, CA 94105

**August 21, 2019**

11:00 – 1:00pm  
375 Beale Street  
San Francisco, CA 94105

**December 11, 2019**

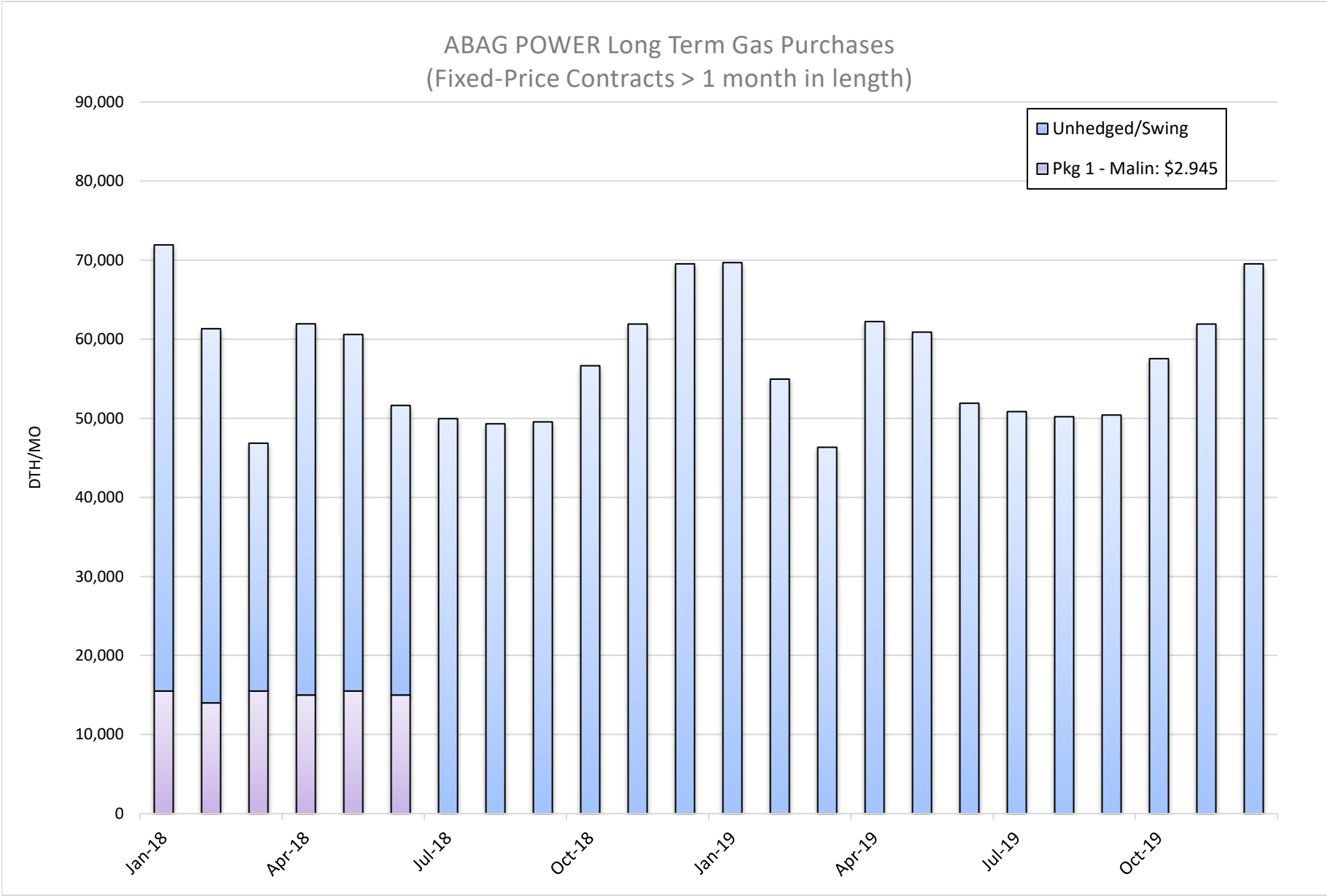
11:00 – 1:00pm  
375 Beale Street  
San Francisco, CA 94105

ABAG POWER EXECUTIVE COMMITTEE & KEY PERSONNEL						
INDIVIDUAL	AGENCY	DESIGNATION	TITLE	PHONE	EMAIL	
Angela Walton	City of Richmond	Vice Chair	Administrative Manager	(510) 621-1610	angela_walton@ci.richmond.ca.us	
Chris Schroeder	City of Milpitas	Member	Purchasing Agent	(408) 586-3161	cschroeder@ci.milpitas.ca.gov	
Dan Schoenholz	City of Fremont	Member	Deputy Community Development Director	(510) 494-4438	dschoenholz@fremont.gov	
Dave Brees	City of Los Altos	Chair	Special Projects Manager	(650) 947-2888	dbrees@losaltosca.gov	
Diana Oyler	County of Contra Costa	Member	Public Works Finance, Chief of Fiscal Services	(925) 313-2122	diana.oyler@pw.cccounty.us	
Doug Williams	City of Santa Rosa	Member	Facilities Maintenance and Operations Coordinator	(707) 543-3712	dwilliams@srcity.org	
Misty Mersich	City of Cupertino	Member	Sustainability Manager	(408) 777-3362	mistym@cupertino.org	
Steve Heminger	MTC	ABAG POWER President	Executive Director	(415) 778-5210	sheminger@bayareametro.gov	
Brian Mayhew	MTC	ABAG POWER CFO	Chief Financial Officer	(415) 778-6730	bmayhew@bayareametro.gov	
Brad Paul	MTC	Staff	Deputy Executive Director, Local Government Services	(415) 820-7955	bpaul@bayareametro.gov	
Adrienne Weil	MTC	Acting Legal Counsel	General Counsel	(415) 778-5320	aweil@bayareametro.gov	
Jenny Berg	MTC	ABAG POWER Secretary	Assistant Director, Energy Programs	(415) 820-7947	jberg@bayareametro.gov	
Ryan Jacoby	MTC	Staff	ABAG POWER Program Manager	(415) 820-7956	rjacoby@bayareametro.gov	
Cindy Chen	MTC	Staff	Energy Programs Coordinator	(415) 820-7973	cchen@bayareametro.gov	



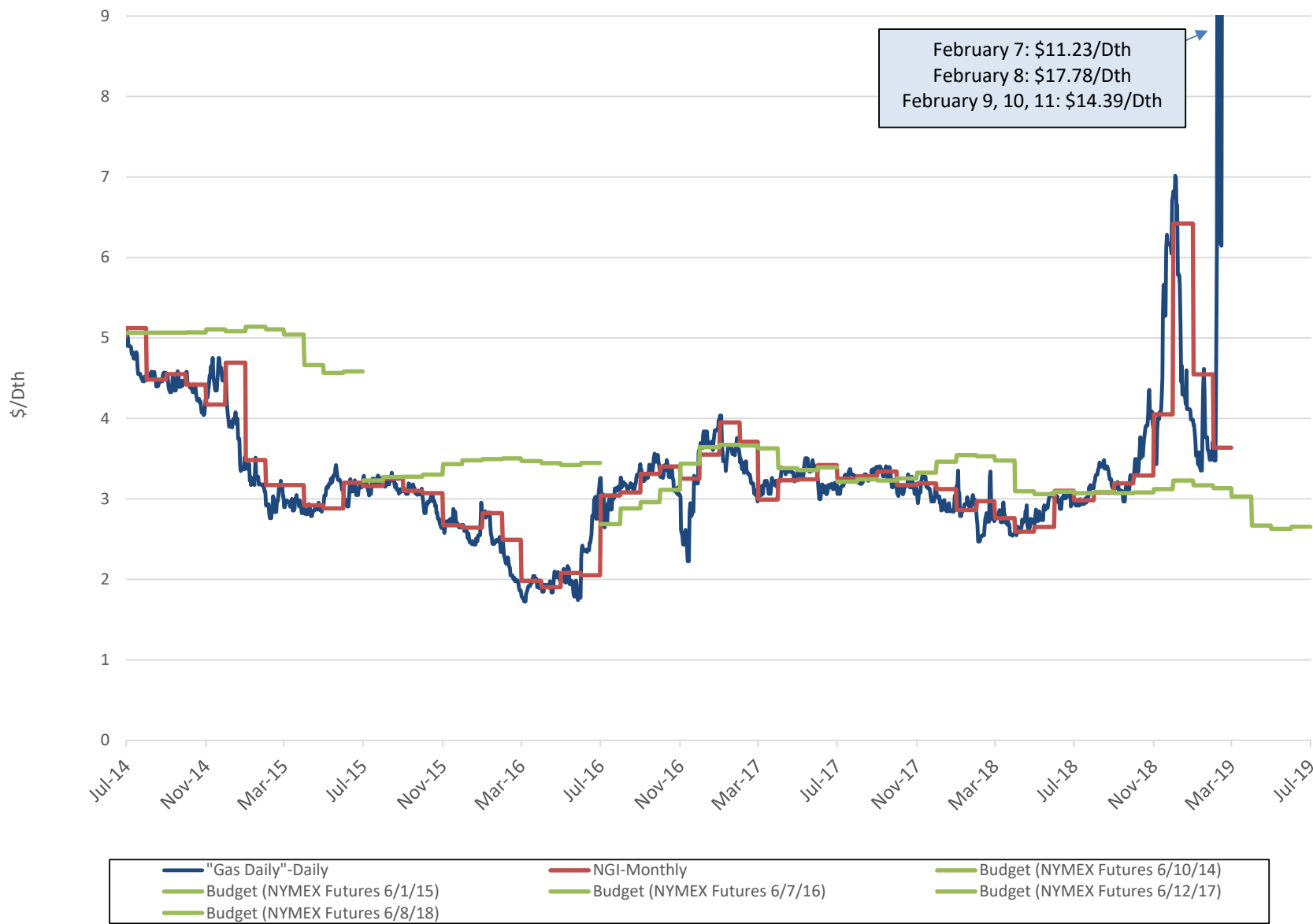


**Gas Hedge Chart**



# Market Price Chart

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



# MEMORANDUM

## ASSOCIATION OF BAY AREA GOVERNMENTS

Representing City and County Governments of the San Francisco Bay Area



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DATE: February 15, 2019

TO: ABAG POWER Executive Committee

FROM: Ryan Jacoby, ABAG POWER Program Manager

RE: Revised Fiscal Year 2018-19 Operating Budget

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### Background

The Fiscal Year 2018-19 ABAG POWER Operating Budget as adopted on June 20, 2018, and amended on December 12, 2018, provides for a core natural gas cost of \$0.33/therm. At the time the budget was prepared, futures prices indicated expected gas prices ranging from \$0.28-\$0.35/therm. During 1H 2018, the market has experienced significant price fluctuations, rising above an average of \$0.50/therm for receipt at Pacific Gas & Electric Company's "Citygate" location for both November and December 2018. Market prices remain volatile and higher than budgeted at most western markets. Given the unanticipated increase in commodity costs, it is likely that incurred costs will exceed the approved budget.

Amending the approved budget to increase revenue associated with cost of gas will cause a corresponding increase to the approved levelized charges to program participants. This increase is intended to minimize the year end "true up" by aligning budgeted program costs with year-to-date expenses.

### Recommended Action

The POWER Executive Committee is requested to approve an increase in revenue and expenses in an amount not to exceed \$335,219 to the Fiscal Year 2018-19 Operating Budget for a total approved budget of \$7,643,979.

Attachments: Attachment 8A – Revised FY 18-19 Operating Budget  
Attachment 8B – Revised FY 18-19 Levelized Charges

**ABAG POWER**  
**Operating Budget**  
 Fiscal Year Ending June 30, 2019  
 (Last Amended December 12, 2018)

	<u>Natural Gas</u>			
	<u>FY 2018-19</u>	<u>FY 2018-19</u>	<u>FY 2018-19</u>	
	<u>Approved<sup>1</sup></u>	<u>Projected<sup>2</sup></u>	<u>Proposed</u>	<u>% Change</u>
<b>Revenues</b>				
Sale of Energy	\$ 7,276,200	\$ 7,276,200	\$ 7,609,979	4.6%
Interest Income - Banks/LAIF	25,000	25,000	25,000	0.0%
PG&E Billing Credit	9,000	9,000	9,000	0.0%
Total revenues	<u>7,310,200</u>	<u>7,310,200</u>	<u>7,643,979</u>	4.6%
<b>Cost of Energy</b>				
Cost of Energy Used*	2,460,002	2,776,372	2,789,521	13.4%
PG&E Pass-Through Costs	<u>4,334,371</u>	<u>4,252,208</u>	<u>4,334,371</u>	0.0%
Total cost of energy	6,794,373	7,028,581	7,123,892	4.8%
<b>Other Energy Costs</b>				
Meter fees	-	-	-	
Total Other Energy Costs	-	-	-	
<b>Program Expenses</b>				
Billing Costs, external	10,500	10,500	10,500	0.0%
Brokerage and Import Bond fees**	-	5,700	5,700	-
Scheduling Agent fees	18,050	18,050	18,050	0.0%
ABAG/MTC fees	466,337	385,164	466,337	0.0%
Interest Expense/Bank Charges	9,500	8,550	9,500	0.0%
Legal Expenses (outside)	10,000	-	10,000	0.0%
Other Expenses	-	-	-	-
Total Program Expenses	<u>514,387</u>	<u>427,964</u>	<u>520,087</u>	1.1%
Total expenses	<u>7,308,760</u>	<u>7,456,545</u>	<u>7,643,979</u>	4.6%
True-up Adjustment	1,440	(146,345)	-	
Core Annual Usage (Dths):	601,477		601,477	0.0%
Noncore Annual Usage (Dths):	81,286		81,286	0.0%
Core Gas Commodity <sup>3</sup> (\$/Dth):	\$3.64		\$4.12	13.3%
Noncore Gas Commodity <sup>3</sup> (\$/Dth):	\$3.32		\$3.80	14.2%
PG&E Pass-through (\$/Dth):	\$7.21		\$7.21	0.0%
Program Expenses <sup>4</sup> (\$/Dth):	\$0.70		\$0.71	1.2%
Core Total Rate (\$/Dth):	\$11.55		\$12.04	4.3%
Noncore Total Rate (\$/Dth):	\$4.03		\$4.51	12.0%

**Notes:**<sup>1</sup> Approved budget December 2018<sup>2</sup> Actual December 2018 financials projected through June 2019<sup>3</sup> Storage costs allocated to core accounts only<sup>4</sup> Program expenses minus interest income and PG&E Billing Credit**Changes from 12/12/18 Operating Budget**

\*Allocated \$329,519 to Cost of Energy Used

\*\*Allocated \$5,700 to Brokerage and Import Bond fees

Customer		Estimated Annual Usage	Gas Cost	Distribution Shrinkage	Storage Costs	PG&E Pass-through Costs <sup>1</sup>	Program Expenses <sup>2</sup>	Total Cost	Originally Approved FY2018-19 Total Cost	Total Increase	Monthly Increase # Months	Originally Approved FY2018-19 Lvl Charge	New Levelized Charge
rate (\$/th):			\$0.379	2.5%	\$0.024	\$0.749	\$486,087 \$0.071				4		
<b>Core</b>													
<u>Alameda, City</u>													
Alameda, City	ALAACPC001	51,571	\$19,541	\$490	\$1,241	\$38,639	\$3,672	\$63,583	\$61,034	\$2,548	\$637	\$5,090	\$5,727
Alameda Municipal Power	ALAACPC002	749	\$284	\$7	\$18	\$561	\$53	\$923	\$886	\$37	\$9	\$80	\$89
Alameda Total		52,320	\$19,824	\$497	\$1,259	\$39,200	\$3,725	\$64,506	\$61,921	\$2,585	\$646	\$5,170	\$5,816
Alameda City Housing Authority	ALAACPC003	47,319	\$17,929	\$450	\$1,139	\$50,417	\$3,369	\$73,303	\$70,965	\$2,338	\$585	\$5,920	\$6,505
Albany, City	ALBACPC001	10,900	\$4,130	\$104	\$262	\$8,166	\$776	\$13,438	\$12,900	\$539	\$135	\$1,080	\$1,215
Atherton, Town	ATHACPT001	4,745	\$1,798	\$45	\$114	\$3,555	\$338	\$5,850	\$5,616	\$234	\$59	\$470	\$529
Benicia, City	BENACPC001	60,146	\$22,790	\$572	\$1,447	\$45,064	\$4,282	\$74,155	\$71,183	\$2,972	\$743	\$5,940	\$6,683
Contra Costa County GSD	CONACPN001	1,224,677	\$464,037	\$11,640	\$29,466	\$917,581	\$87,190	\$1,509,913	\$1,449,402	\$60,512	\$15,128	\$120,790	\$135,918
Cupertino, City	CUPACPC001	37,742	\$14,301	\$359	\$908	\$28,278	\$2,687	\$46,532	\$44,667	\$1,865	\$466	\$3,730	\$4,196
Fremont, City	FREACPC001	159,992	\$60,622	\$1,521	\$3,849	\$119,873	\$11,391	\$197,255	\$189,350	\$7,905	\$1,976	\$15,780	\$17,756
Golden Gate Bridge	GOLACP0001	57,227	\$21,684	\$544	\$1,377	\$42,877	\$4,074	\$70,555	\$67,728	\$2,828	\$707	\$5,650	\$6,357
Gonzales, City	GONACPC001	12,042	\$4,563	\$114	\$290	\$9,022	\$857	\$14,846	\$14,251	\$595	\$149	\$1,190	\$1,339
Half Moon Bay, City	HALACPC001	3,740	\$1,417	\$36	\$90	\$3,984	\$266	\$5,793	\$5,608	\$185	\$46	\$470	\$516
Hercules, City	HERACPC001	43,665	\$16,545	\$415	\$1,051	\$32,716	\$3,109	\$53,835	\$51,678	\$2,158	\$539	\$4,310	\$4,849
Los Altos, City	LOSACPC001	23,883	\$9,049	\$227	\$575	\$17,894	\$1,700	\$29,445	\$28,265	\$1,180	\$295	\$2,360	\$2,655
Mill Valley, City	MILACPC001	66,593	\$25,232	\$633	\$1,602	\$49,894	\$4,741	\$82,103	\$78,813	\$3,290	\$823	\$6,570	\$7,393
<u>Millbrae, City</u>													
Millbrae, City	MILACPC003	25,745	\$9,755	\$245	\$619	\$19,289	\$1,833	\$31,741	\$30,469	\$1,272	\$318	\$2,540	\$2,858
Millbrae WWTP	MILACPC004	0	\$0	\$0	\$0	\$405	\$0	\$405	\$405	\$0	\$0	\$40	\$40
Millbrae Total		25,745	\$9,755	\$245	\$619	\$19,694	\$1,833	\$32,146	\$30,874	\$1,272	\$318	\$2,580	\$2,898
Milpitas, City	MILACPC002	147,252	\$55,795	\$1,400	\$3,543	\$110,327	\$10,483	\$181,548	\$174,272	\$7,276	\$1,819	\$14,530	\$16,349
Monte-Sereno, City	MONACPC001	856	\$324	\$8	\$21	\$642	\$61	\$1,056	\$1,013	\$42	\$11	\$90	\$101
Moraga, Town	MORACPT001	4,736	\$1,795	\$45	\$114	\$3,549	\$337	\$5,839	\$5,605	\$234	\$59	\$470	\$529
<u>Napa County</u>													
Napa County001	NAPACPN001	1,381	\$523	\$13	\$33	\$1,034	\$98	\$1,702	\$1,634	\$68	\$17	\$140	\$157
Napa County002	NAPACPN002	13,281	\$5,032	\$126	\$320	\$9,951	\$946	\$16,375	\$15,718	\$656	\$164	\$1,310	\$1,474
Napa County004	NAPACPN004	10,570	\$4,005	\$100	\$254	\$7,919	\$752	\$13,031	\$12,509	\$522	\$131	\$1,050	\$1,181
Napa County005	NAPACPN005	80,453	\$30,484	\$765	\$1,936	\$60,279	\$5,728	\$99,191	\$95,216	\$3,975	\$994	\$7,940	\$8,934
Napa County Total		105,684	\$40,044	\$1,004	\$2,543	\$79,183	\$7,524	\$130,299	\$125,077	\$5,222	\$1,305	\$10,440	\$11,745
<u>Oakland, City</u>													
Oakland, City	OAKACPC001	673,025	\$255,013	\$6,397	\$16,193	\$504,260	\$47,916	\$829,778	\$796,523	\$33,254	\$8,314	\$66,380	\$74,694
Oakland Zoological	OAKACPC002	14,291	\$5,415	\$136	\$344	\$10,707	\$1,017	\$17,619	\$16,913	\$706	\$177	\$1,410	\$1,587
Oakland, City Total		687,316	\$260,428	\$6,532	\$16,537	\$514,967	\$48,933	\$847,397	\$813,437	\$33,960	\$8,490	\$67,790	\$76,280
Orinda, City	ORACPC001	9,908	\$3,754	\$94	\$238	\$7,424	\$705	\$12,216	\$11,727	\$490	\$122	\$980	\$1,102
Pacifica, City	PACACPC001	26,004	\$9,853	\$247	\$626	\$19,483	\$1,851	\$32,060	\$30,775	\$1,285	\$321	\$2,570	\$2,891
Petaluma, City	PETACPC001	21,436	\$8,122	\$204	\$516	\$16,061	\$1,526	\$26,428	\$25,369	\$1,059	\$265	\$2,120	\$2,385
Pleasanton, City	PLEACPC001	170,787	\$64,712	\$1,623	\$4,109	\$127,961	\$12,159	\$210,564	\$202,126	\$8,439	\$2,110	\$16,850	\$18,960
Regional Admin. Facility	RAFACPC001	43,654	\$16,541	\$415	\$1,050	\$32,708	\$3,108	\$53,822	\$51,665	\$2,157	\$539	\$4,310	\$4,849
Richmond, City	RICACPC001	427,781	\$162,088	\$4,066	\$10,292	\$320,512	\$30,456	\$527,414	\$506,277	\$21,137	\$5,284	\$42,190	\$47,474
Salinas, City	SALACPC001	121,250	\$45,942	\$1,152	\$2,917	\$90,846	\$8,632	\$149,490	\$143,499	\$5,991	\$1,498	\$11,960	\$13,458
San Carlos, City	SANACPC003	33,997	\$12,882	\$323	\$818	\$25,472	\$2,420	\$41,915	\$40,236	\$1,680	\$420	\$3,360	\$3,780

Customer		Estimated Annual Usage	Gas Cost	Distribution Shrinkage	Storage Costs	PG&E Pass-through Costs <sup>1</sup>	Program Expenses <sup>2</sup>	Total Cost	Originally Approved FY2018-19 Total Cost	Total Increase	Monthly Increase # Months	Originally Approved FY2018-19 Lvl Charge	New Levelized Charge
rate (\$/th):			\$0.379	2.5%	\$0.024	\$0.749	\$486,087 \$0.071				4		
<b>San Mateo County</b>													
San Mateo County006	SANACPC006	338,640	\$128,313	\$3,219	\$8,148	\$253,724	\$24,109	\$417,512	\$400,780	\$16,732	\$4,183	\$33,400	\$37,583
San Mateo County007	SANACPC007	415,633	\$157,486	\$3,950	\$10,000	\$121,667	\$29,591	\$322,693	\$302,157	\$20,537	\$5,134	\$25,180	\$30,314
San Mateo County008	SANACPC008	6,567	\$2,488	\$62	\$158	\$5,958	\$468	\$9,135	\$8,810	\$324	\$81	\$740	\$821
San Mateo County009	SANACPC009	4,254	\$1,612	\$40	\$102	\$3,187	\$303	\$5,245	\$5,035	\$210	\$53	\$420	\$473
San Mateo County011	SANACPC011	8,102	\$3,070	\$77	\$195	\$6,070	\$577	\$9,989	\$9,588	\$400	\$100	\$800	\$900
San Mateo County013	SANACPC013	54,066	\$20,486	\$514	\$1,301	\$40,509	\$3,849	\$66,659	\$63,987	\$2,671	\$668	\$5,340	\$6,008
San Mateo County015	SANACPC015	67,727	\$25,662	\$644	\$1,630	\$50,744	\$4,822	\$83,501	\$80,155	\$3,346	\$837	\$6,680	\$7,517
San Mateo County016	SANACPC016	7,182	\$2,721	\$68	\$173	\$5,381	\$511	\$8,855	\$8,500	\$355	\$89	\$710	\$799
<b>San Mateo County Total</b>		<b>902,171</b>	<b>\$341,837</b>	<b>\$8,574</b>	<b>\$21,706</b>	<b>\$487,240</b>	<b>\$64,229</b>	<b>\$923,588</b>	<b>\$879,011</b>	<b>\$44,577</b>	<b>\$11,144</b>	<b>\$73,270</b>	<b>\$84,414</b>
San Rafael, City	SANACPC001	70,575	\$26,741	\$671	\$1,698	\$52,878	\$5,025	\$87,013	\$83,526	\$3,487	\$872	\$6,970	\$7,842
Santa Clara County	SANACPN001	800,563	\$303,338	\$7,609	\$19,262	\$599,817	\$56,995	\$987,021	\$947,465	\$39,556	\$9,889	\$78,960	\$88,849
Santa Rosa, City	SANACPC005	288,646	\$109,370	\$2,743	\$6,945	\$216,266	\$20,550	\$355,874	\$341,612	\$14,262	\$3,566	\$28,470	\$32,036
Saratoga, City	SARACPC001	12,658	\$4,796	\$120	\$305	\$9,484	\$901	\$15,607	\$14,981	\$625	\$156	\$1,250	\$1,406
Union City	UNIACPC001	9,066	\$3,435	\$86	\$218	\$6,792	\$645	\$11,177	\$10,729	\$448	\$112	\$900	\$1,012
Vallejo, City	VALACPC001	136,819	\$51,841	\$1,300	\$3,292	\$102,511	\$9,741	\$168,685	\$161,925	\$6,760	\$1,690	\$13,500	\$15,190
Vallejo Sani.& Flood Control Dist	VALACPD001	88,086	\$33,376	\$837	\$2,119	\$65,998	\$6,271	\$108,601	\$104,249	\$4,352	\$1,088	\$8,690	\$9,778
Watsonville, City	WATACPC001	72,137	\$27,333	\$686	\$1,736	\$54,048	\$5,136	\$88,938	\$85,374	\$3,564	\$891	\$7,120	\$8,011
Winters, City	WINACPC001	2,649	\$1,004	\$25	\$64	\$1,985	\$189	\$3,267	\$3,136	\$131	\$33	\$270	\$303
<b>TOTAL - Core</b>		<b>6,014,767</b>	<b>\$2,279,027</b>	<b>\$57,166</b>	<b>\$144,717</b>	<b>\$4,334,371</b>	<b>\$428,217</b>	<b>\$7,243,497</b>	<b>\$6,946,306</b>	<b>\$297,191</b>	<b>\$74,298</b>	<b>\$579,070</b>	<b>\$653,368</b>
Rate (\$/th)			\$0.379	\$0.010	\$0.024	\$0.721	\$0.071	\$1.204					
		Total ABAG POWER Commodity Cost - Core:		\$0.412		Member Rate - Core:		\$0.484					
<b>Non-Core</b>													
San Mateo County		418,734	\$158,661	\$317			\$29,811	\$188,789	\$168,556	\$20,233	\$5,058	\$14,050	\$19,108
Santa Rosa, City (Co-gen)		183,785	\$69,637	\$139			\$13,084	\$82,861	\$73,980	\$8,881	\$2,220	\$6,170	\$8,390
Watsonville, City (Co-gen)		210,337	\$79,698	\$159			\$14,975	\$94,832	\$84,668	\$10,164	\$2,541	\$7,060	\$9,601
<b>TOTAL - Non-core</b>		<b>812,856</b>	<b>\$307,995</b>	<b>\$616</b>	<b>\$0</b>	<b>\$0</b>	<b>\$57,871</b>	<b>\$366,482</b>	<b>\$327,204</b>	<b>\$39,278</b>	<b>\$9,819</b>	<b>\$27,280</b>	<b>\$37,099</b>
Rate (\$/th)			\$0.379	\$0.001	\$0.000	\$0.000	\$0.071	\$0.451					
		Total ABAG POWER Commodity Cost - Non-core:		\$0.380		Member Rate - Non-core:		\$0.451					
<b>GRAND TOTAL (Core + Non-core)</b>		<b>6,827,623</b>	<b>\$2,587,023</b>	<b>\$57,782</b>	<b>\$144,717</b>	<b>\$4,334,371</b>	<b>\$486,087</b>	<b>\$7,609,979</b>	<b>\$7,273,510</b>	<b>\$336,469</b>	<b>\$84,117</b>	<b>\$606,350</b>	<b>\$690,467</b>
								% Change:				4.6%	

Working Capital Deposits: \$ 2,000,785  
Months: 2.90

Notes:

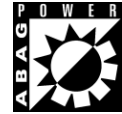
<sup>1</sup> Includes estimates for: Customer Charge, Transportation Charge, Public Purpose Programs surcharge, and franchise fee.

<sup>2</sup> Program expenses less interest income.

# MEMORANDUM

## ASSOCIATION OF BAY AREA GOVERNMENTS

Representing City and County Governments of the San Francisco Bay Area



DATE: February 15, 2019

TO: ABAG POWER Executive Committee

FROM: Ryan Jacoby, ABAG POWER Program Manager

RE: Canadian Natural Gas Supply and Transport Agreements

### Background

At its June 20, 2018 meeting, the ABAG POWER (“POWER”) Executive Committee authorized the Metropolitan Transportation Commission (MTC) Executive Director, or his designee, to negotiate and enter into necessary agreements to allow for the potential future purchase and transport of natural gas from locations within Canada, including gas supply/purchase agreements, acceptance of pipeline capacity and execution of transportation agreements, and various import/export licenses. Staff have since completed all required agreements and acquired various business licenses to enable purchase and transport gas from Alberta, Canada. A summary of actions taken is provided below.

Based on anticipated gas usage, POWER will purchase approximately 25% of February’s gas requirements in Alberta, increasing to an estimated 35-40% for the March through June time period.

Business Requirements	Transportation	Gas Supply
<p><b>Export Licenses:</b></p> <ul style="list-style-type: none"> <li>✓ Canada National Energy Board</li> <li>✓ Alberta Energy Regulator</li> </ul> <p><b>Import Licenses:</b></p> <ul style="list-style-type: none"> <li>✓ U.S. Department of Energy</li> <li>✓ U.S. Customs and Border Protection Import Bond &amp; Brokerage</li> </ul> <p><b>Business License:</b></p> <ul style="list-style-type: none"> <li>✓ Canadian Business Number and Goods and Services Tax (GST) Account</li> </ul>	<p><b>Pipeline Use Agreements and Acceptance of Capacity through June 2019:</b></p> <ul style="list-style-type: none"> <li>✓ NOVA Gas Transmission Limited (Alberta)</li> <li>✓ Foothills (British Columbia)</li> <li>✓ Gas Transmission Northwest (Idaho, Washington, and Oregon)</li> <li>✓ Redwood (Oregon/California)</li> </ul> <p><b>Gas Scheduling Contract:</b></p> <ul style="list-style-type: none"> <li>✓ Amended for compliance with additional pipeline regulations and scheduling procedures</li> </ul>	<p><b>Base Contracts for Purchase/Sale:</b></p> <ul style="list-style-type: none"> <li>✓ Macquarie Energy Canada</li> <li>✓ Shell Energy North America (Canada)</li> <li>✓ BP Energy Canada*</li> </ul> <p><b>Market Index:</b></p> <ul style="list-style-type: none"> <li>✓ Canadian Gas Price Reporter 5A or 7A “US”</li> </ul>

\*Pending signature

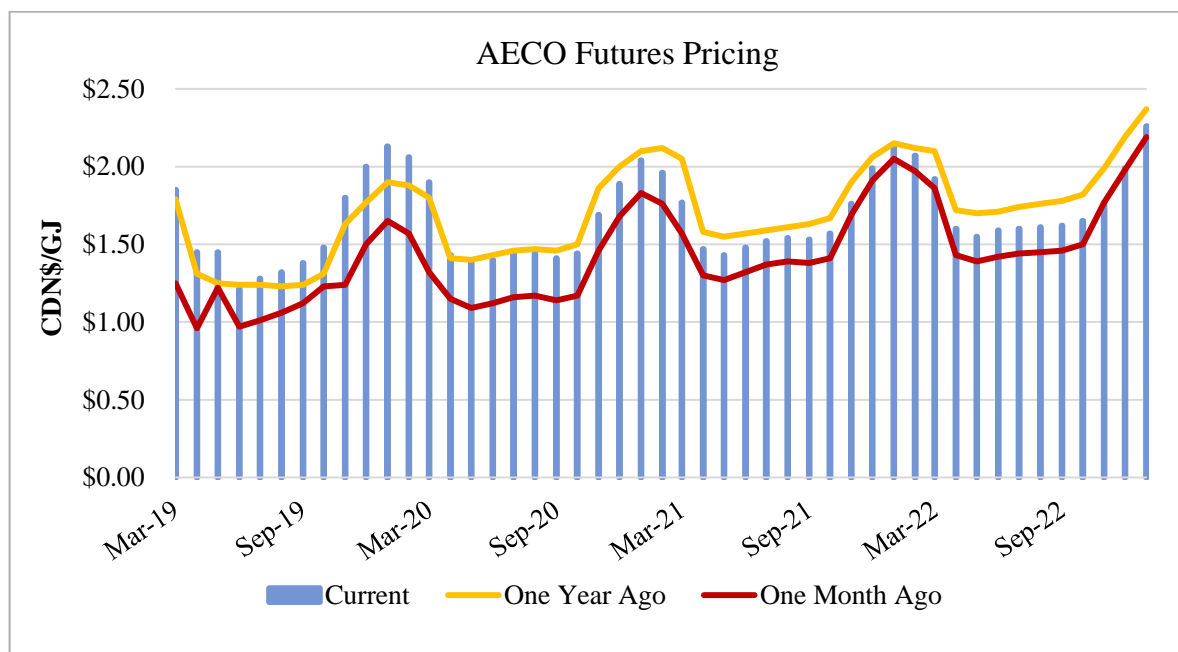
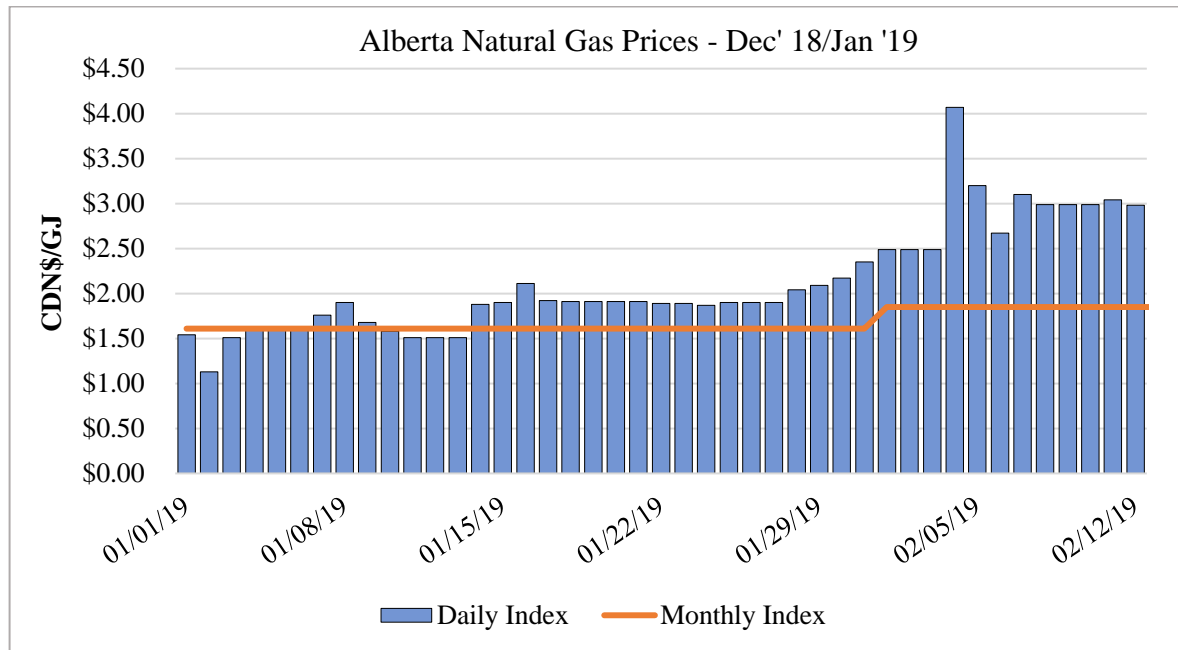


# ASSOCIATION OF BAY AREA GOVERNMENTS

Representing City and County Governments of the San Francisco Bay Area

## Current Market Prices in Alberta

West and northwestern regions have experienced significant price volatility this winter, primarily driven by weather-related demand, low storage inventories in Northern California, and maintenance limiting pipeline operability. Exceptionally cold weather in Alberta has led to increased local demand, freeze-offs limiting production, and decreased pipeline capacity for exports to other regions. While all of these factors contribute to elevated pricing, futures pricing indicates a return to normalcy in the coming months.<sup>1</sup>



<sup>1</sup> <http://www.gasalberta.com/gas-market/market-prices>, February 13, 2019



## ASSOCIATION OF BAY AREA GOVERNMENTS

Representing City and County Governments of the San Francisco Bay Area

### Next Steps and Related Opportunities

Staff have identified several opportunities with the potential to further reduce operating costs:

1. Increase the number of Canadian and domestic gas suppliers.
2. Enter into “Asset Management Agreements” to reassign domestic pipeline capacity to third parties.

### Gas Supply/Purchase Agreements

POWER has contracted with three suppliers (BP Canada Energy; Macquarie Energy Canada; Shell Energy Canada) that can deliver gas at POWER’s desired receipt points within Canada. The general terms and conditions for these transactions are governed by a Base Contract, an industry standard trading-partner agreement. Executing a Base Contract does not commit either party to a transaction, but puts in place the basic terms and conditions that will govern any future transaction. Individual gas purchase/sale transactions will follow MTC’s procurement and finance policies.

### Acceptance of Pipeline Capacity

Pacific Gas & Electric Company (PG&E) currently contracts for capacity on each of the pipelines necessary for transporting gas from Canada to the Bay Area. Every four months, PG&E offers POWER an allocation of the pro-rata share of its pipeline capacity. For capacity offered and not accepted, PG&E attempts to recover costs through an auction; however, POWER retains full cost responsibility for the capacity offered.

It is advantageous for POWER to accept the capacity offered by PG&E rather than contract for its own capacity due to favorable terms associated with the PG&E capacity, i.e.: a shorter contract length (four months) and a lower contract rate. Staff have accepted pipeline capacity along the Canadian (NOVA / Foothills) and interstate (Gas Transmission Northwest (GTN) pipelines through June 2019.

### Customer Use Agreements

In addition to electing to accept PG&E’s capacity on a pipeline, POWER has executed two Customer Use Agreements (“CUAs”) with TransCanada Corporation, the pipeline owner and operator for GTN, NOVA, and Foothills. The agreements, one governing NGTL and Foothills, and the other GTN, enable electronic capacity assignment, gas scheduling, and accounting mechanisms.



## ASSOCIATION OF BAY AREA GOVERNMENTS

Representing City and County Governments of the San Francisco Bay Area



### **International Import/Export/Business Licenses**

The U.S. Department of Energy's (DOE) Natural Gas Act prohibits the import or export of natural gas from or to a foreign country without its prior approval. Parties who want to enter into natural gas transactions with foreign sellers and buyers must file for an import and/or export authorization pursuant to DOE regulations and procedures. Similarly, both Canada's National Energy Board (NEB) and Alberta's Energy Regulator (AER) require an application for an export license to remove natural gas. Each of these applications may be submitted as a request for "Short Term" blanket authorization for up to two years.

In addition to the authorization required to import and export natural gas, registration for a Canadian Business Number and a Goods and Services Tax (GST) account are required to remit the GST from taxable sales, such as re-selling POWER's pipeline capacity. The purchase and immediate export of natural gas from Canada to the United States does not qualify as a taxable sale. As a non-resident of Canada, POWER is subject to (and has fulfilled) a security requirement by providing security in the amount of \$5,000 CAD to the Canada Revenue Agency. Additionally, POWER has requested permission to maintain records and books outside of Canada at its office in San Francisco.

Lastly, the U.S. Customs and Border Protection (CBP) and the North American Free Trade Agreement (NAFTA) govern the basic import and export of goods by Canada, Mexico, and the United States. A trilaterally agreed upon Certificate of Origin ("Certificate") is used by the three countries to certify that goods qualify for the preferential tariff treatment afforded by NAFTA. If a Certificate cannot be provided for pipeline entry, a Merchandise Processing Fee<sup>2</sup> (MPF) is assessed to each day's importations involving the same importer and exporter. POWER has engaged Charter Brokerage to fulfill CBP's monthly reporting requirement and remittance of MPF. The cost of these services is approximately \$1,000 per month. An import bond is also required to be posted with CBP for commercial imports valued over \$2,500. USI Insurance Services, the current insurance provider of ABAG/MTC, has posted a continuous import bond with CBP on POWER's behalf; the cost is \$700 per year.

### **Canadian Jurisdiction**

Any transaction(s) by POWER with Canadian gas suppliers and pipeline companies are governed by Canada law. While POWER staff and legal counsel think a dispute is unlikely, should one arise, Canadian counsel would need to be retained, at significant expense.

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<sup>2</sup> <https://www.cbp.gov/trade/entry-summary/pipeline-monthly-entry-processing/pipeline-line-qa>