



ABAG POWER Executive Committee Meeting No. 2018-03
June 20, 2018 (11a.m - 1:00 p.m.)
Association of Bay Area Governments
375 Beale Street, Conference Room 7102 – Tamalpais (7th Floor)
San Francisco, CA 94105

AGENDA*

1. **Welcome and Introductions**
2. **Public Comments**
3. **Approve Summary Minutes of Executive Committee Meeting**
Action:
ATTACHMENT 3A – SUMMARY MINUTES OF APRIL 18, 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. **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 5A – MONTHLY SUMMARY OF OPERATIONS FY 2017-18
ATTACHMENT 5B – GAS HEDGE CHART
ATTACHMENT 5C – MARKET PRICE CHART
6. **FY 2018-19 Operating Budget**
Action: Staff will present for approval an operating budget for FY 2018-19
ATTACHMENT 6A – FY 2018-19 OPERATING BUDGET
ATTACHMENT 6A1 – FY 2018-19 OPERATING BUDGET – LEVELIZED CHARGES
7. **Canadian Gas Purchase and Transportation Agreements**
Action: Recommendation to negotiate and enter into necessary agreements to allow for the potential future purchase and transport of natural gas from locations within Canada.
ATTACHMENT 7A – PURCHASE AND TRANSPORT OF NATURAL GAS FROM CANADA
8. **Appointment of New Executive Committee Member**
Action: ABAG POWER Vice Chair to appoint Dan Schoenholz (City of Fremont) to the Executive Committee.
ATTACHMENT 8A – DEPARTURE OF EXECUTIVE COMMITTEE CHAIR AND APPOINTMENT OF DAN SCHOENHOLZ TO THE COMMITTEE
ATTACHMENT 8A1 – EXECUTIVE COMMITTEE & KEY PERSONNEL
9. **Other Business**



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AGENDA*

10. Adjournment

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



SUMMARY MINUTES

**ABAG POWER Executive Committee
Regular Meeting 2018-02**

April 18, 2018

Conference Room 7102 – Tamalpais
375 Beale Street, San Francisco, CA 94105

WELCOME AND INTRODUCTIONS

Chair Tonya Gilmore opened the meeting with introductions at 11:00 AM.

Present Committee Representatives

Chris Schroeder
Dave Brees (Vice Chair)
Misty Mersich
Tonya Gilmore (Chair)

Jurisdiction/Agency

City of Milpitas
City of Los Altos
City of Cupertino
City of Orinda

Absent Committee Representatives

Angela Walton
Melissa Morton

City of Richmond
Vallejo Flood & Wastewater District

Guests Present

Dan Schoenholz

City of Fremont

Staff Present

Adrienne Weil
Brad Paul
Debbie Atmaja
Jenny Berg
Jerry Lahr
Karen Kristiansson
Ryan Jacoby
Sonia Elsonbaty

Metropolitan Transportation Commission (MTC)
MTC
MTC
MTC
MTC
MTC
MTC
MTC

PUBLIC COMMENTS & ANNOUNCEMENTS

There were no public comments.

APPROVAL OF SUMMARY MINUTES OF FEBRUARY 21, 2018 EXECUTIVE COMMITTEE MEETING

Motion was made by Schroeder/S/Brees/C/4:0:0 to approve as proposed the Summary Minutes of the February 21, 2018 Executive Committee meeting.

The aye votes were: Brees, Gilmore, Mersich, Schroeder.



The nay votes were: None.

Abstentions were: None.

Absentees were: Morton, Walton.

ABAG-ABAG POWER MEMORANDUM OF UNDERSTANDING

Lahr provided the ABAG-ABAG POWER Memorandum of Understanding signed by both parties. The agreement was approved at the February 21, 2018 Executive Committee meeting.

REPORT ON NATURAL GAS PROGRAM

Executive Committee Membership

Lahr informed members of recent communication with delegates from Contra Costa and Santa Clara Counties and the City of Half Moon Bay regarding membership on the Executive Committee. He reminded the committee that the composition of Chair, Vice Chair, and three directors is the minimum number of participants required by the ABAG POWER Bylaws.

Gilmore provided a suggestion for staff to contact the City of Benicia, and Schroeder recalled recent conversations with a past employee of the County of Alameda, but no identifying information was provided.

Monthly Summary of Operations FY 2017-18

Lahr provided members with the Monthly Summary of Operations reports for FY 2017-18; members were updated on the percentage savings comparisons with PG&E. Lahr noted that financial statements through February, 2018 indicated a cumulative savings figure of -7.6%.

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 current and historical gas prices.

NATURAL GAS PRICE ANALYSIS

Lahr presented the findings of a staff analysis which determined whether various historical fixed-price gas purchases resulted in savings when compared to purchasing on the monthly and daily indices. In addition, he presented a ten-year comparison of Pacific Gas & Electric Company's small commercial procurement rate – the rate which most POWER members would pay if they were a customer of PG&E – and the Natural Gas Intelligence First of Month market index. Lastly, he stated that staff would begin investigating methods to utilize additional pipeline transportation options that may improve the ability of ABAG POWER to meet its goal of cost savings.

Motion was made by Brees/S/Schroeder/C/4:0:0 to approve as proposed the staff recommendation to modify the gas purchasing strategy to move exclusively into the short-term (monthly and daily) index-based market, beginning July 1, 2018.



The aye votes were: Brees, Gilmore, Mersich, Schroeder.

The nay votes were: None.

Abstentions were: None.

Absentees were: Morton, Walton.

ABAG POWER REGULATORY ASSISTANCE

Lahr provided ABAG POWER's regulatory and legal involvement during the current fiscal year, and presented a proposal to increase ABAG POWER's Fiscal Year 2017-18 budget to provide increased legal assistance on regulatory issues.

Motion was made by Mersich/S/Schroeder/C/4:0:0 to increase the approval Fiscal Year 2017-18 budget by \$5,000 to permit increased involvement in PG&E's 2019 Gas Transmission & Storage Rate Case via the Core Transport Agent Consortium.

The aye votes were: Brees, Gilmore, Mersich, Schroeder.

The nay votes were: None.

Abstentions were: None.

Absentees were: Morton, Walton.

PRELIMINARY FISCAL YEAR 2018-19 OPERATING BUDGET

Staff presented a preliminary operating budget for Fiscal Year 2018-19, noting:

1. An increase in the audit fees from \$8,400 to \$77,875 due to a change of the audit firm to PricewaterhouseCoopers, which will provide annual financial and compliance audit services for MTC, ABAG, and ABAG's related entities, including POWER
2. The use of "Top of Range" MTC personnel rates for staff support
3. A seven percent gas commodity adder (decreased from 10% used in prior years)

OTHER BUSINESS

Gilmore expressed interest in staff offering a routine teleconference option for Executive Committee meetings. Staff agreed to re-examine whether the existing policies and procedures are sufficient for Brown Act teleconference meetings under MTC's rules for meeting administration.

ADJOURNMENT

Chair Gilmore adjourned the meeting at 12:29 PM.

*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 2017-18 Monthly Summary of Operations

	days/mo.	Jul-17 31	Aug-17 31	Sep-17 30	Oct-17 31	Nov-17 30	Dec-17 31	Jan-18 31	Feb-18 28	Mar-18 31	Apr-18 30	May-18 31	Jun-18 30	Total
Gas Purchases⁽¹⁾														
Purchase 1	Qty	15,500	15,500	14,986	15,442	15,000	15,489	15,500	14,000	15,500	15,000	15,500	15,000	182,417
	Price	\$2.95	\$2.95	\$2.95	\$2.95	\$2.95	\$2.95	\$2.95	\$2.95	\$2.95	\$2.95	\$2.95	\$2.95	\$2.95
Purchase 2	Qty	15,500	15,500	14,664	15,436	15,000	15,487	15,500	14,000	15,500	15,000	15,500	15,000	167,087
	Price	\$2.73	\$2.71	\$2.70	\$2.56	\$2.69	\$2.89	\$2.61	\$2.71	\$2.23	\$1.93	\$1.94	\$1.94	\$2.95
Purchase 3	Qty	17,500	18,900	19,900	23,925	24,500	50,500	50,150	41,500	38,200	23,100	26,800	26,800	334,975
	Price	\$3.22	\$3.28	\$3.30	\$3.15	\$3.15	\$2.93	\$2.98	\$2.74	\$2.74	\$2.70	\$2.91	\$2.91	\$2.95
Purchase 4	Qty													0
	Price													0
Purchase 5	Qty													0
	Price													0
Total Quantity Purchased		48,500	49,900	49,550	54,803	54,500	81,476	81,150	69,500	69,200	53,100	57,800	15,000	684,479
Total Purchase Cost		\$144,263	\$149,683	\$149,323	\$160,329	\$161,616	\$238,407	\$235,675	\$192,861	\$184,709	\$135,405	\$153,756	\$44,175	\$1,950,200
Backbone Shrinkage (Dths)		(372)	(372)	(369)	(412)	(360)	(373)	(372)	(336)	(372)	(360)			
WACOG⁽²⁾		\$3.00	\$3.02	\$3.04	\$2.95	\$2.99	\$2.94	\$2.92	\$2.79	\$2.68	\$2.57	\$2.66	\$2.95	\$2.85
Storage/Inventory														
Total Injections/ (Withdrawals)		8,736	9,010	9,060	8,602	6,080	(15,800)	(8,466)	(4,900)	(5,257)	0			7,065
Total Inventory Quantity (Dths)		30,659	39,669	48,729	57,331	63,411	47,611	39,145	34,245	28,988	28,988			
Total Inventory (\$)		\$96,221	\$123,260	\$150,639	\$176,755	\$194,679	\$146,173	\$120,182	\$105,139	\$89,000	\$89,000			
Avg. Inventory Rate (\$/Dth)		\$3.14	\$3.11	\$3.09	\$3.08	\$3.07	\$3.07	\$3.07	\$3.07	\$3.07	\$3.07			
Gas Program Monthly Expenses (from Financial Reports)														
Cost of Energy Used⁽³⁾		\$ 149,766	\$ 153,725	\$ 151,384	\$ 165,949	\$ 169,447	\$ 318,630	\$ 296,008	\$ 249,234	\$ 222,982	\$ 155,373			\$ 2,032,498
Program Operating Expenses⁽⁴⁾		26,674	35,792	26,058	23,303	31,555	41,283	18,132	27,885	26,162	16,678			273,523
Subtotal		\$ 176,440	\$ 189,517	\$ 177,442	\$ 189,252	\$ 201,002	\$ 359,913	\$ 314,139	\$ 277,120	\$ 249,144	\$ 172,051	\$ -	\$ -	\$ 2,306,020
Rate (\$/Dth)		\$4.36	\$4.68	\$4.48	\$4.12	\$3.47	\$4.45	\$3.90	\$3.87	\$3.27	\$2.97			\$3.90
PG&E Pass-through costs⁽⁵⁾		207,190	210,474	168,153	269,120	214,379	431,177	600,043	449,690	484,929	525,061			3,560,217
Total ABAG POWER Cost		\$ 383,631	\$ 399,991	\$ 345,595	\$ 458,372	\$ 415,381	\$ 791,091	\$ 914,182	\$ 726,810	\$ 734,073	\$ 697,112			\$ 5,866,238
Actual (metered) Gas Usage														
Core⁽⁶⁾		32,885	31,174	31,712	39,959	53,541	73,727	73,328	65,665	69,717	51,995			523,703
Non Core		7,544	9,336	7,885	5,947	4,394	7,148	7,141	5,992	6,403	5,923			67,712
Total Program Usage		40,429	40,510	39,597	45,906	57,935	80,874	80,469	71,657	76,120	57,917	0	0	591,415
ABAG POWER Total Core Rate		\$ 10.66	\$ 11.43	\$ 9.78	\$ 10.86	\$ 7.47	\$ 10.30	\$ 12.09	\$ 10.72	\$ 10.23	\$ 13.07			
PG&E Rate⁽⁷⁾														
Procurement Charge⁽⁸⁾		3.03	3.12	2.56	2.99	3.25	3.59	3.56	3.89	3.05	3.31	\$2.54		
Transportation/Other Charge⁽⁹⁾		6.30	6.75	5.30	6.73	4.00	5.85	8.18	6.85	6.96	10.10			
Total PG&E Rate		\$ 9.33	\$ 9.87	\$ 7.87	\$ 9.73	\$ 7.25	\$ 9.44	\$ 11.74	\$ 10.74	\$ 10.00	\$ 13.41	\$ 2.54	\$ -	

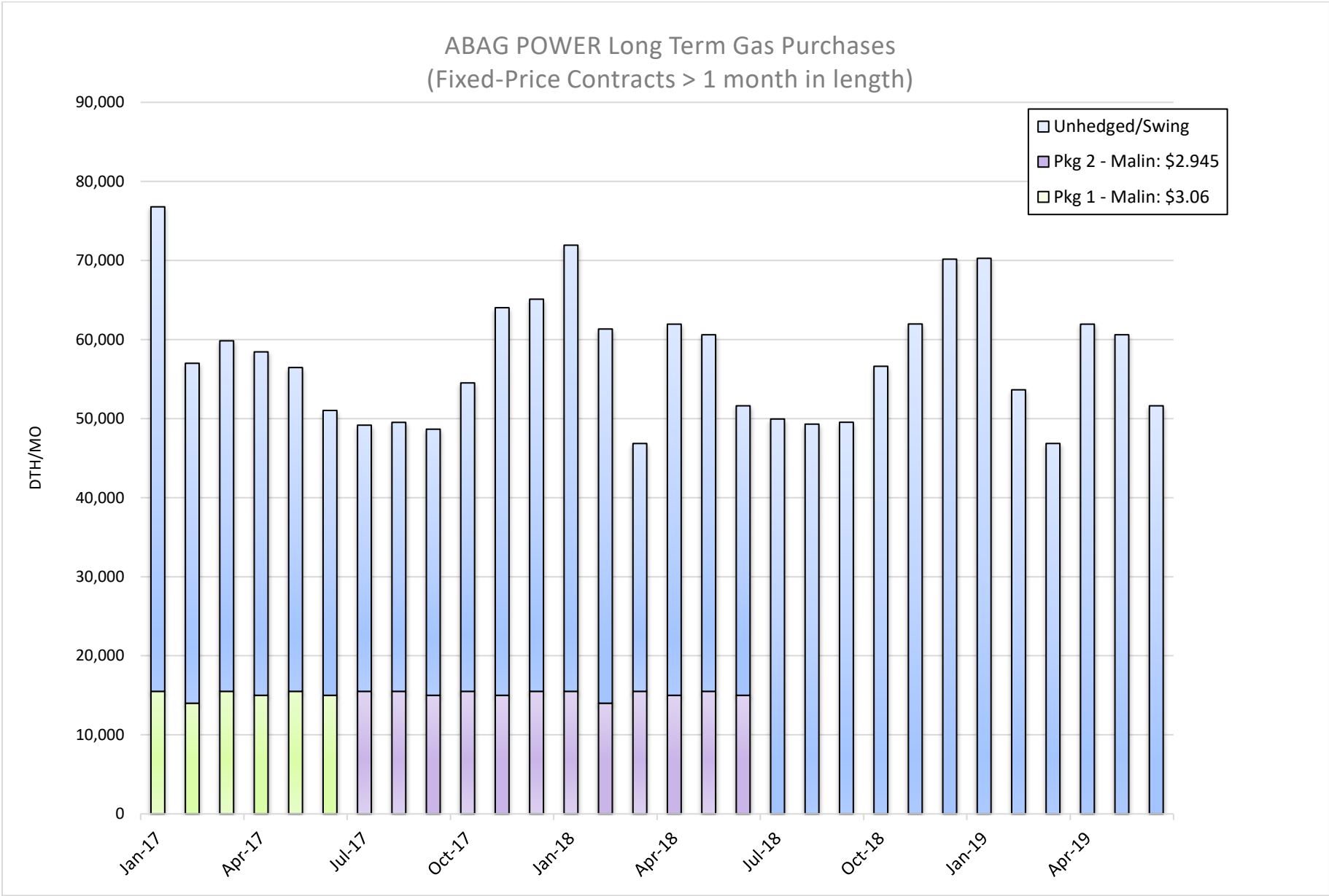
ABAG POWER Natural Gas Program
FY 2017-18 Monthly Summary of Operations

	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Total
<u>G-NR1 Rate Comparison</u>													
Monthly Rate Difference (\$/Dth)	1.33	1.56	1.92	1.13	0.22	0.86	0.34	(0.03)	0.23	(0.34)			
Monthly Savings (\$)	(43,803)	(48,490)	(60,775)	(45,241)	(11,734)	(63,263)	(25,125)	1,673	(15,863)	17,874			
Cumulative 'Savings' (\$)	(43,803)	(92,293)	(153,068)	(198,309)	(210,043)	(273,306)	(298,432)	(296,759)	(312,622)	(294,748)			
Cumulative 'Savings' (%)	-14.3%	-15.0%	-17.7%	-15.8%	-12.8%	-11.7%	-9.3%	-7.6%	-6.8%	-5.6%			
Monthly Index Postings													
NGI Bidweek for PG&E Citygate	\$3.25	\$3.28	\$3.34	\$3.17	\$3.19	\$3.12	\$2.86	\$2.97	\$2.76	\$2.59	\$2.65	\$3.10	
Gas Daily Avg. for PG&E Citygate	\$3.23	\$3.28	\$3.29	\$3.13	\$3.12	\$2.92	\$2.96	\$2.70	\$2.71	\$2.68	\$2.88		
NGI Bidweek for Malin	\$2.72	\$2.70	\$2.69	\$2.55	\$2.68	\$2.88	\$2.60	\$2.70	\$2.22	\$1.92	\$1.93	\$2.09	
G-NR2 Cumulative Savings	-17.8%	-18.5%	-21.5%	-19.4%	-16.6%	-15.4%	-12.8%	-10.9%	-10.1%	-8.7%			
G1 & GM Cumulative Savings	-12.4%	-7.0%	-6.3%	-3.1%	-0.2%	-2.1%	-0.4%	0.3%	-0.1%	0.5%			
G-NGV1 & G-NGV2 Cumulative Savings	-18.1%	-9.7%	-8.4%	-4.7%	-1.8%	-3.8%	-1.6%	-0.5%	-0.8%	0.0%			

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



— "Gas Daily"-Daily	— NGI-Monthly	— Budget (NYMEX Futures 6/10/14)
— Budget (NYMEX Futures 6/1/15)	— Budget (NYMEX Futures 6/7/16)	— Budget (NYMEX Futures 6/12/17)
— Budget (NYMEX Futures 6/8/18)		

ABAG POWER

Operating Budget

Fiscal Year Ending June 30, 2019

	<u>Natural Gas</u>			% Change
	<u>FY 2017-18</u> <u>Approved¹</u>	<u>FY 2017-18</u> <u>Projected²</u>	<u>FY 2018-19</u> <u>Proposed</u>	
Revenues				
Sale of Energy	\$ 7,438,552	\$ 7,441,920	\$ 7,276,200	-2.2%
Interest Income - Banks/LAIF	12,000	31,694	25,000	108.3%
PG&E Billing Credit	-	9,313	9,000	-
Total revenues	<u>7,450,552</u>	<u>7,473,614</u>	<u>7,310,200</u>	-1.9%
Cost of Energy				
Cost of Energy Used	2,739,186	2,438,996	2,460,002	-10.2%
PG&E Pass-Through Costs	<u>4,355,605</u>	<u>4,272,259</u>	<u>4,334,371</u>	-0.5%
Total cost of energy	7,094,791	6,711,255	6,794,373	-4.2%
Other Energy Costs				
Meter fees	-	-	-	
Total Other Energy Costs	-	-	-	
Program Expenses				
Billing Costs, external	900	9,241	10,500	1066.7%
Scheduling agent fees	16,800	16,800	16,800	0.0%
ABAG/MTC fees	318,561	317,499	466,337	46.4%
Interest Expense/Bank Charges	9,500	7,730	9,500	0.0%
Legal Expenses (outside)	15,000	14,283	10,000	-33.3%
Other Expenses	-	-	-	-
Total Program Expenses	<u>360,761</u>	<u>365,554</u>	<u>513,137</u>	42.2%
Total expenses	<u>7,455,552</u>	<u>7,076,809</u>	<u>7,307,510</u>	-2.0%
True-up Adjustment	(5,000)	396,806	2,690	
Core Annual Usage (Dths):	616,539	646,153	601,477	-2.4%
Noncore Annual Usage (Dths):	80,993	88,976	81,286	0.4%
Core Gas Commodity ³ (\$/Dth):	\$3.96	\$3.34	\$3.64	-8.1%
Noncore Gas Commodity ³ (\$/Dth):	\$3.65	\$3.12	\$3.32	-8.9%
PG&E Pass-through (\$/Dth):	\$7.06	\$6.61	\$7.21	2.1%
Program Expenses ⁴ (\$/Dth):	\$0.49	\$0.45	\$0.70	43.2%
Core Total Rate (\$/Dth):	\$11.52	\$10.41	\$11.55	0.2%
Noncore Total Rate (\$/Dth):	\$4.15	\$3.58	\$4.03	-3.0%

Notes:¹Approved budget June 2017²Actual April 2018 financials projected through June³Storage costs allocated to core accounts only⁴Program expenses minus interest income and PG&E Billing Credit

Customer		Estimated Annual Usage	Gas Cost	Distribution Shrinkage	Storage Costs	PG&E Pass-through Costs ¹	Program Expenses ²	Total Cost	FY2018-19 Monthly Levelized Charge	FY2017-18 Monthly Levelized Charge
							\$479,137			
rate (\$/th):			\$0.332	2.5%	\$0.024	\$0.749	\$0.070			
Core										
<u>Alameda, City</u>										
Alameda, City	ALAACPC001	51,571	\$17,106	\$429	\$1,241	\$38,639	\$3,619	\$61,034	\$5,090	\$5,270
Alameda Municipal Power	ALAACPC002	749	\$248	\$6	\$18	\$561	\$53	\$886	\$80	\$90
Alameda Total		52,320	\$17,354	\$435	\$1,259	\$39,200	\$3,672	\$61,921	\$5,170	\$5,360
Alameda City Housing Authority	ALAACPC003	47,319	\$15,696	\$394	\$1,139	\$50,417	\$3,321	\$70,965	\$5,920	\$5,850
Albany, City	ALBACPC001	10,900	\$3,615	\$91	\$262	\$8,166	\$765	\$12,900	\$1,080	\$1,080
Atherton, Town	ATHACPT001	4,745	\$1,574	\$39	\$114	\$3,555	\$333	\$5,616	\$470	\$430
Benicia, City	BENACPC001	60,146	\$19,950	\$500	\$1,447	\$45,064	\$4,221	\$71,183	\$5,940	\$6,060
Contra Costa County GSD	CONACPN001	1,224,677	\$406,222	\$10,189	\$29,466	\$917,581	\$85,943	\$1,449,402	\$120,790	\$118,710
Cupertino, City	CUPACPC001	37,742	\$12,519	\$314	\$908	\$28,278	\$2,649	\$44,667	\$3,730	\$3,500
Fremont, City	FREACPC001	159,992	\$53,069	\$1,331	\$3,849	\$119,873	\$11,228	\$189,350	\$15,780	\$15,490
Golden Gate Bridge	GOLACPC001	57,227	\$18,982	\$476	\$1,377	\$42,877	\$4,016	\$67,728	\$5,650	\$5,460
Gonzales, City	GONACPC001	12,042	\$3,994	\$100	\$290	\$9,022	\$845	\$14,251	\$1,190	\$840
Half Moon Bay, City	HALACPC001	3,740	\$1,240	\$31	\$90	\$3,984	\$262	\$5,608	\$470	\$530
Hercules, City	HERACPC001	43,665	\$14,484	\$363	\$1,051	\$32,716	\$3,064	\$51,678	\$4,310	\$3,750
Los Altos, City	LOSACPC001	23,883	\$7,922	\$199	\$575	\$17,894	\$1,676	\$28,265	\$2,360	\$2,460
Mill Valley, City	MILACPC001	66,593	\$22,089	\$554	\$1,602	\$49,894	\$4,673	\$78,813	\$6,570	\$6,120
<u>Millbrae, City</u>										
Millbrae, City	MILACPC003	25,745	\$8,539	\$214	\$619	\$19,289	\$1,807	\$30,469	\$2,540	\$2,980
Millbrae WWTP	MILACPC004	0	\$0	\$0	\$0	\$405	\$0	\$405	\$40	\$8,280
Millbrae Total		25,745	\$8,539	\$214	\$619	\$19,694	\$1,807	\$30,874	\$2,580	\$11,260
Milpitas, City	MILACPC002	147,252	\$48,843	\$1,225	\$3,543	\$110,327	\$10,334	\$174,272	\$14,530	\$14,080
Monte-Sereno, City	MONACPC001	856	\$284	\$7	\$21	\$642	\$60	\$1,013	\$90	\$90
Moraga, Town	MORACPT001	4,736	\$1,571	\$39	\$114	\$3,549	\$332	\$5,605	\$470	\$500
<u>Napa County</u>										
Napa County001	NAPACPN001	1,381	\$458	\$11	\$33	\$1,034	\$97	\$1,634	\$140	\$140
Napa County002	NAPACPN002	13,281	\$4,405	\$111	\$320	\$9,951	\$932	\$15,718	\$1,310	\$1,440
Napa County004	NAPACPN004	10,570	\$3,506	\$88	\$254	\$7,919	\$742	\$12,509	\$1,050	\$1,150
Napa County005	NAPACPN005	80,453	\$26,686	\$669	\$1,936	\$60,279	\$5,646	\$95,216	\$7,940	\$8,070
Napa County Total		105,684	\$35,055	\$879	\$2,543	\$79,183	\$7,417	\$125,077	\$10,440	\$10,800
<u>Oakland, City</u>										
Oakland, City	OAKACPC001	673,025	\$223,240	\$5,600	\$16,193	\$504,260	\$47,230	\$796,523	\$66,380	\$68,370
Oakland Zoological	OAKACPC002	14,291	\$4,740	\$119	\$344	\$10,707	\$1,003	\$16,913	\$1,410	\$1,350
Oakland, City Total		687,316	\$227,981	\$5,719	\$16,537	\$514,967	\$48,233	\$813,437	\$67,790	\$69,720

Customer		Estimated Annual Usage	Gas Cost	Distribution Shrinkage	Storage Costs	PG&E Pass-through Costs ¹	Program Expenses ²	Total Cost	FY2018-19 Monthly Levelized Charge	FY2017-18 Monthly Levelized Charge
							\$479,137			
rate (\$/th):			\$0.332	2.5%	\$0.024	\$0.749	\$0.070			
Orinda, City	ORIACPC001	9,908	\$3,287	\$82	\$238	\$7,424	\$695	\$11,727	\$980	\$850
Pacifica, City	PACACPC001	26,004	\$8,625	\$216	\$626	\$19,483	\$1,825	\$30,775	\$2,570	\$2,910
Petaluma, City	PETACPC001	21,436	\$7,110	\$178	\$516	\$16,061	\$1,504	\$25,369	\$2,120	\$2,110
Pleasanton, City	PLEACPC001	170,787	\$56,649	\$1,421	\$4,109	\$127,961	\$11,985	\$202,126	\$16,850	\$16,160
Regional Admin. Facility	RAFACPC001	43,654	\$14,480	\$363	\$1,050	\$32,708	\$3,063	\$51,665	\$4,310	\$4,580
Richmond, City	RICACPC001	427,781	\$141,894	\$3,559	\$10,292	\$320,512	\$30,020	\$506,277	\$42,190	\$42,470
Salinas, City	SALACPC001	121,250	\$40,218	\$1,009	\$2,917	\$90,846	\$8,509	\$143,499	\$11,960	\$8,200
San Carlos, City	SANACPC003	33,997	\$11,277	\$283	\$818	\$25,472	\$2,386	\$40,236	\$3,360	\$4,070
San Mateo County										
San Mateo County006	SANACPC006	338,640	\$112,326	\$2,818	\$8,148	\$253,724	\$23,765	\$400,780	\$33,400	\$33,850
San Mateo County007	SANACPC007	415,633	\$137,864	\$3,458	\$10,000	\$121,667	\$29,168	\$302,157	\$25,180	\$43,140
San Mateo County008	SANACPC008	6,567	\$2,178	\$55	\$158	\$5,958	\$461	\$8,810	\$740	\$640
San Mateo County009	SANACPC009	4,254	\$1,411	\$35	\$102	\$3,187	\$299	\$5,035	\$420	\$350
San Mateo County011	SANACPC011	8,102	\$2,687	\$67	\$195	\$6,070	\$569	\$9,588	\$800	\$890
San Mateo County013	SANACPC013	54,066	\$17,934	\$450	\$1,301	\$40,509	\$3,794	\$63,987	\$5,340	\$5,120
San Mateo County015	SANACPC015	67,727	\$22,465	\$563	\$1,630	\$50,744	\$4,753	\$80,155	\$6,680	\$5,110
San Mateo County016	SANACPC016	7,182	\$2,382	\$60	\$173	\$5,381	\$504	\$8,500	\$710	\$740
San Mateo County Total		902,171	\$299,248	\$7,506	\$21,706	\$487,240	\$63,311	\$879,011	\$73,270	\$89,840
San Rafael, City	SANACPC001	70,575	\$23,410	\$587	\$1,698	\$52,878	\$4,953	\$83,526	\$6,970	\$7,360
Santa Clara County	SANACPN001	800,563	\$265,545	\$6,661	\$19,262	\$599,817	\$56,181	\$947,465	\$78,960	\$77,900
Santa Rosa, City	SANACPC005	288,646	\$95,743	\$2,402	\$6,945	\$216,266	\$20,256	\$341,612	\$28,470	\$28,180
Saratoga, City	SARACPC001	12,658	\$4,199	\$105	\$305	\$9,484	\$888	\$14,981	\$1,250	\$1,170
Union City	UNIACPC001	9,066	\$3,007	\$75	\$218	\$6,792	\$636	\$10,729	\$900	\$880
Vallejo, City	VALACPC001	136,819	\$45,382	\$1,138	\$3,292	\$102,511	\$9,601	\$161,925	\$13,500	\$7,170
Vallejo Sani.& Flood Control Dist	VALACPD001	88,086	\$29,218	\$733	\$2,119	\$65,998	\$6,182	\$104,249	\$8,690	\$8,990
Watsonville, City	WATACPC001	72,137	\$23,928	\$600	\$1,736	\$54,048	\$5,062	\$85,374	\$7,120	\$6,950
Winters, City	WINACPC001	2,649	\$879	\$22	\$64	\$1,985	\$186	\$3,136	\$270	\$280
TOTAL - Core		6,014,767	\$1,995,081	\$50,043	\$144,717	\$4,334,371	\$422,094	\$6,946,306	\$579,070	\$592,160
Rate (\$/th)			\$0.332	\$0.008	\$0.024	\$0.721	\$0.070	\$1.155		
		Total ABAG POWER Commodity Cost - Core:			\$0.364					
		Member Rate - Core:			\$0.434					

Customer	Estimated Annual Usage	Gas Cost	Distribution Shrinkage	Storage Costs	PG&E Pass-through Costs ¹	Program Expenses ²	Total Cost	FY2018-19 Monthly Levelized Charge	FY2017-18 Monthly Levelized Charge
rate (\$/th):		\$0.332	2.5%	\$0.024	\$0.749	\$479,137 \$0.070			
Non-Core			0.2%						
San Mateo County	418,734	\$138,893	\$278			\$29,385	\$168,556	\$14,050	\$14,750
Santa Rosa, City (Co-gen)	183,785	\$60,961	\$122			\$12,897	\$73,980	\$6,170	\$5,930
Watsonville, City (Co-gen)	210,337	\$69,768	\$140			\$14,761	\$84,668	\$7,060	\$7,320
TOTAL - Non-core	812,856	\$269,622	\$539	\$0	\$0	\$57,043	\$327,204	\$27,280	\$28,000
Rate (\$/th)		\$0.332	\$0.001	\$0.000	\$0.000	\$0.070	\$0.403		
		Total ABAG POWER Commodity Cost - Non-core:		\$0.332					
		Member Rate - Non-core:		\$0.403					
GRAND TOTAL (Core + Non-core)	6,827,623	\$2,264,703	\$50,583	\$144,717	\$4,334,371	\$479,137	\$7,273,510	\$606,350	\$620,160
							% Change:	-2.2%	

Working Capital Deposits: \$ 2,000,785
Months: 3.30

Notes:

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

² Program expenses less interest income and PG&E's G-CRED billing credits for CTA-Consolidated Billing.

MEMORANDUM

ASSOCIATION OF BAY AREA GOVERNMENTS

Representing City and County Governments of the San Francisco Bay Area



DATE: June 20, 2018

TO: ABAG POWER Executive Committee

FROM: Gerald Lahr, ABAG POWER Manager

RE: Purchase and Transport of Natural Gas from Canada

Staff Recommendation

Staff recommends the ABAG POWER Executive Committee authorize the Metropolitan Transportation Commission 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.

Background

Nearly 90 percent of the natural gas consumed in California is imported from out of state. The primary sources of natural gas for California are the Western Canadian Sedimentary basin, the Permian and San Juan basins in the Southwest, and the Rocky Mountain Region. A system of interstate natural gas pipelines deliver natural gas to the California border (shown to the right). Regardless of procurement and transportation strategy, ABAG POWER is ultimately responsible for delivering gas to Pacific Gas & Electric Company's (PG&E) 'Citygate' virtual receipt system.



PG&E, on behalf of its core customers and those served by Core Transport Agents (CTAs), contracts for capacity on many of these pipelines. Every four months, PG&E offers each CTA an allocation of a pro rata share of the pipeline capacity it holds. If accepted, a CTA pays the same rate that PG&E pays for capacity, as well as any other applicable rates, fees, and charges. Although a CTA may accept the capacity offered by PG&E, each pipeline is subject to separate nominating procedures and requirements, rates and tariffs. For capacity offered to a CTA and not accepted, PG&E attempts to recover costs through an auction, although the CTA retains full cost responsibility for the capacity offered to it.

Historically, ABAG POWER has elected to accept capacity on the Redwood pipeline; reject capacity on all the other pipelines, and then accept the program's share of the proceeds from PG&E's auction of the rejected capacity. This was done due to the significant administrative burden of managing contracts

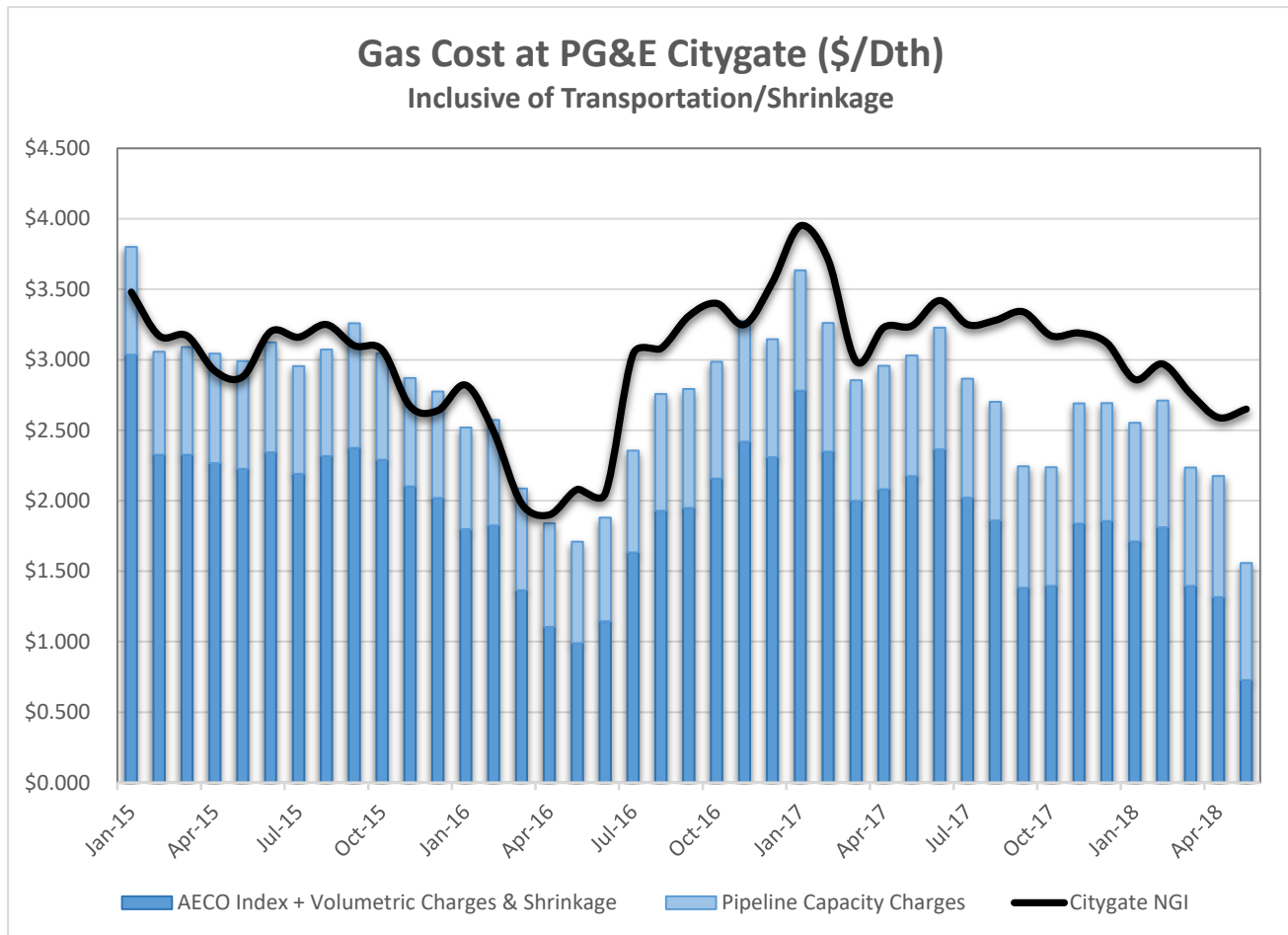


ASSOCIATION OF BAY AREA GOVERNMENTS

Representing City and County Governments of the San Francisco Bay Area

with the various pipeline companies and suppliers, as well as, the theory that the market would value the rejected capacity in proportion to the price differential between gas priced at the different delivery points. However, the past few years have seen comparatively low Canadian gas prices at the AECO pricing point,¹ and the proceeds from PG&E’s auction of the associated pipeline capacity has not been sufficient to offset the price differential to PG&E delivery points. The significant difference in pricing is illustrated below.

Illustrative Pricing Difference – AECO C vs Citygate NGI²



	2015	2016	2017	2018 YTD
Average Price Difference	\$0.031	(\$0.252)	(\$0.457)	(\$0.520)

¹ The AECO Hub is a trademarked name used to describe Niska Gas Storage's two facilities (Suffield and Countess) in Alberta Canada, but the pricing point AECO C is a virtual point that has come to mean all gas that is traded along NOVA under the provisions of the NOVA Inventory Transfer service. The NOVA/AECO “C” indices include deals that are conducted anywhere within TransCanada's Alberta System, otherwise known as NOVA.

² The PG&E-sourced data is included in publicly available Advice Letters filed monthly by PG&E.

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Representing City and County Governments of the San Francisco Bay Area



In order to purchase gas at AECO and deliver it to the PG&E Citygate, ABAG POWER would need to accept capacity on the NOVA, Foothills, Gas Transmission Northwest (GTN), and Redwood pipelines.

Anticipated Budget Impacts

ABAG POWER's cost of gas is comprised of two main components: the commodity price and associated transportation costs. If afforded the opportunity to purchase gas at a lower commodity price at AECO, staff expects a decrease in commodity costs to offset an increase in transportation costs.

Required Agreements and Business Actions

Although ABAG POWER may currently elect to accept capacity on interstate pipelines, it does not have the required agreements in place with suppliers or pipeline operators to purchase gas in Canada nor transport the gas to the Bay Area. Representative examples of the required documentation include but are not limited to:

1. GTN – Agreement for Use of Customer Activities Website
2. TransCanada Pipelines Customer Use Agreement
3. Base Contracts for the Purchase/Sale of Natural Gas with suppliers able to provide pricing for points in Canada
4. Potential Amendment to Gas Scheduling Contract for Services
5. National Energy Board Export and Import License
6. Canadian Goods and Services Tax

Timeline

ABAG POWER recently accepted the Redwood capacity allocation for the July-October period, rejecting all other capacity. The earliest opportunity to accept capacity on the GTN, NOVA, and Foothills pipelines is mid-September for the November-February period. Staff anticipates executing the required agreements and completing required business actions within this timeline.

Staff will provide a status update at the August 15 Executive Committee meeting.

MEMORANDUM

ASSOCIATION OF BAY AREA GOVERNMENTS

Representing City and County Governments of the San Francisco Bay Area



DATE: June 20, 2018

TO: ABAG POWER Executive Committee

FROM: Gerald Lahr, ABAG POWER Manager

RE: Departure of Executive Committee Chair and Appointment of Dan Schoenholz (City of Fremont) to the Committee

On May 11, 2018, Tonya Gilmore, Chair of the ABAG POWER Executive Committee, resigned as Assistant to the City Manager of the City of Orinda and as POWER's Chair. Ms. Gilmore's departure results in a vacancy of Chair to the Executive Committee. The election for the offices of Chair and Vice Chair are made by the ABAG POWER Board of Directors at its annual meeting, scheduled this year for October 25, 2018.

Pursuant to Section 8.6.2 of ABAG POWER's Bylaws (Vice Chair of the Board), "the Vice Chair of the Board fulfills all the duties of the Chair in his/her absence". The current Vice Chair, Dave Brees, will fulfill the duties of the Chair and inherit the authority for which to do so until the ABAG POWER Board votes to elect a Chair at its annual meeting in October.

The agenda for the June 20, 2018 meeting of the ABAG POWER Executive Committee (Meeting No. 2018-03) includes the following as an action item:

Item: 8
Description: Appointment of New Executive Committee Member.
Action: ABAG POWER Vice Chair to appoint Dan Schoenholz (City of Fremont) to the Executive Committee.

Pursuant to Section 7.1.4 (Vacancies) of the bylaws, "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".

Vice Chair Dave Brees, in the absence of a Chair, will appoint Dan Schoenholz (City of Fremont) to the ABAG POWER Executive Committee in accordance with the above authorities provided by the Bylaws.

Attachments: Attachment 8A1 – Executive Committee and Key Personnel

ASSOCIATION OF BAY AREA GOVERNMENTS

Representing City and County Governments of the San Francisco Bay Area

**Adopted ABAG POWER 2018 Meeting Schedule****February 21, 2018**

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

June 20, 2018

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

October 25, 2018

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

April 18, 2018

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

August 15, 2018

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

December 12, 2018

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	Member	DIMO Administrative Manager	(510) 621-1610	Angela_Walton@ci.richmond.ca.us
Chris Schroeder	City of Milpitas	Member	Purchasing Officer	(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	Vice Chair	Special Projects Manager	(650) 947-2888	DBrees@losaltosca.gov
Misty Mersich	City of Cupertino	Member	Sustainability Manager	(408) 777-3362	MistyM@cupertino.org
Melissa Morton	VSFCD	Member	District Manager	(707) 644-8949 x221	MMorton@vsfcd.com
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
Jerry Lahr	MTC	ABAG POWER Secretary	Energy Programs Manager	(415) 820-7908	jlahr@bayareametro.gov
Ryan Jacoby	MTC	Staff	Energy Programs Coordinator	(415) 820-7956	rjacoby@bayareametro.gov