



ABAG POWER Executive Committee Meeting No. 2018-05
December 12, 2018 (11:00 a.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 AUGUST 15, 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 New Executive Committee Member**
Action: ABAG POWER Chair to appoint Doug Williams (City of Santa Rosa) to the Executive Committee.
ATTACHMENT 5A – APPOINTMENT OF DOUG WILLIAMS TO THE COMMITTEE
ATTACHMENT 5A1 – EXECUTIVE COMMITTEE & KEY PERSONNEL
6. **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 6A – MONTHLY SUMMARY OF OPERATIONS FY 2018-19
ATTACHMENT 6B – GAS HEDGE CHART
ATTACHMENT 6C – MARKET PRICE CHART
ATTACHMENT 6D – BUDGET-TO-ACTUAL COMPARISON
7. **2017-18 Natural Gas Program True-up**
Information: Staff will review the 2017-18 true-up calculation.
ATTACHMENT 7A – GAS TRUE-UP SUMMARY FY 2017-18
8. **Canadian Gas Purchase and Transportation Agreements**
Action: Staff will provide a status update on necessary agreements and recommended compliance actions to allow for the potential future purchase and transport of natural gas from locations within Canada.
ATTACHMENT 8A – CANADIAN GAS SUPPLY AND TRANSPORT AGREEMENTS



**ABAG POWER Executive Committee Meeting No. 2018-05
December 12, 2018 (11:00 a.m. - 1:00 p.m.)
Association of Bay Area Governments
375 Beale Street, Conference Room 7102 – Tamalpais (7th Floor)
San Francisco, CA 94105**

AGENDA*

9. Natural Gas Scheduling Services

Action: Approve natural gas scheduling services contract amendment with DMJ Gas Marketing Consultants LLC and an increase of \$1,500 to the FY 2018-19 Operating Budget

ATTACHMENT 9A – DMJ CONTRACT AMENDMENT MEMO

ATTACHMENT 9B – ABAG POWER-DMJ CONTRACT FOR SERVICES

ATTACHMENT 9C – AMENDED FY 2018-19 OPERATING BUDGET

10. Calendar Year 2019 ABAG POWER Executive Committee Meeting Schedule

Action: Approve meeting schedule for calendar year 2019.

ATTACHMENT 10A – PROPOSED CY 2019 MEETING SCHEDULE

11. Other Business

12. Adjournment

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



SUMMARY MINUTES

**ABAG POWER Executive Committee
Regular Meeting 2018-04**

August 15, 2018

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

WELCOME AND INTRODUCTIONS

Vice Chair Dave Brees opened the meeting with introductions at 11:05 A.M.

Present Committee Representatives

Angela Walton
Dave Brees (Vice Chair)
Misty Mersich

Jurisdiction/Agency

City of Richmond
City of Los Altos
City of Cupertino

Absent Committee Representatives

Chris Schroeder
Dan Schoenholz
Melissa Morton

City of Milpitas
City of Fremont
Vallejo Flood & Wastewater District

Staff Present

Adrienne Weil
Brad Paul
Debbie Atmaja
May Yin
Jenny Berg
Jerry Lahr
Ryan Jacoby

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

Guests Present

Philip Nowak

PricewaterhouseCoopers LLP

PUBLIC COMMENTS & ANNOUNCEMENTS

There were no public comments.

APPROVAL OF SUMMARY MINUTES OF JUNE 20, 2018 EXECUTIVE COMMITTEE MEETING

Staff noted the distribution of corrected meeting minutes, made available by email and website access.

Motion was made by Mersich/S/Walton/C/3:0:0 to approve as corrected the Summary Minutes of the June 20, 2018 Executive Committee meeting.

ASSOCIATION OF BAY AREA GOVERNMENTS

Representing City and County Governments of the San Francisco Bay Area



The aye votes were: Brees, Mersich, Walton.

The nay votes were: None.

Abstentions were: None.

Absentees were: Morton, Schroeder.

ENERGY PROGRAM MANAGER'S REPORT

Lahr noted communications with several members regarding potential additions to the Executive Committee, though no reportable action was taken. He also noted several follow-up conversations with members regarding a recent inquiry surrounding biogas/biomethane projects.

In addition, he announced the California Public Utilities Commission's recent approval of the Bay Area Regional Energy Network (BayREN) Business Plan for expanded energy efficiency programs and services through 2025.

Lastly, he provided an update on ABAG POWER's involvement in Pacific Gas and Electric Company's (PG&E) 2019 Gas Transmission & Storage Rate Case and the initiation of settlement discussions.

REPORT ON NATURAL GAS PROGRAM

Monthly Summary of Operations FY 2017-18

Staff noted the distribution of a correction to Attachment 5A – Monthly Summary of Operations for FY 2017-18 made available by email and website access. Staff provided members with the Monthly Summary of Operations reports for FY 2017-18; members were updated on the percentage savings comparisons with PG&E, noting that financial statements through June, 2018 indicated a cumulative savings figure of -7.4%. Staff also provided information on the program's current preliminary imbalance inventory, recorded once annually at the close of each fiscal year.

Monthly Summary of Operations FY 2018-19

Staff provided members with the preliminary Monthly Summary of Operations reports for FY 2018-19, including gas purchases and storage activity. PG&E's G-NR1 Procurement Charge was also provided through August, 2018.

Gas Hedge Chart

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

Market Price Chart

Staff provided information on current and historical gas prices.

ASSOCIATION OF BAY AREA GOVERNMENTS

Representing City and County Governments of the San Francisco Bay Area



Preliminary Income Statement as of June 30, 2018

Staff provided a preliminary/unaudited year-end Income Statement reflecting a budget surplus of approximately \$675,000. Once financials are finalized, the surplus is expected to be returned to program participants through the annual true-up process.

2018 ABAG POWER Audit Plan

Staff provided a timeline of the Fiscal Year 2017-18 audit plan, expected to conclude in October 2018. Lahr requested clarification as to whether the “Significant Risk” identified within the report was intended as identifying a specific risk to ABAG POWER; Philip Nowak with PricewaterhouseCoopers LLP clarified that to-date, there was no specific cause for increased concern above and beyond the organization’s typical auditing standards.

Mr. Nowak also expressed a requirement to initiate discussions with at least one member of the Executive Committee to identify awareness of any potential fraud in the entity and existing fraud prevention measures.

RENEWABLE NATURAL GAS OPPORTUNITIES

Staff presented an overview of a soon-to-be-released Request for Information (RFI) for Renewable Natural Gas Supply and Natural Gas Offset Products. The RFI is intended to assist ABAG POWER in determining whether to add physical renewable natural gas and/or gas offset products to the current natural gas supply offered to member agencies. The RFI provides a response period of three weeks, closing September 5, 2018. Lahr noted a desire to form a small review committee to digest information received from submissions and other discussions related to biomethane projects.

He also referenced a City of Union City Staff Report provided as a handout which described the City’s current process for using renewable natural gas as vehicle fuel for its municipal fleet.

CANADIAN GAS PURCHASE AND TRANSPORTATION AGREEMENTS

Staff presented an overview of required processes and documentation to enable the purchase and transport gas from receipt points within Canada, as well as intra/interstate pipelines and natural gas basins located in the western region of the U.S. and southwestern Canada.

Mersich questioned whether there was a significant difference in gas quality between purchase points within the U.S. and Canada which may result in a higher emissions factor when consumed. Staff agreed to report back after determining whether any significant quality requirements exist among the different pipeline operators.

APPOINTMENT OF NEW EXECUTIVE COMMITTEE MEMBER

Staff reminded members of the May 11, 2018 resignation of Tonya Gilmore as the ABAG POWER Executive Committee Chair and the inheritance of authority to the Vice Chair (Dave Brees) to fulfill the duties of the Chair until new officers are elected at the annual Board meeting, pursuant to Section 7.1.4 (Vacancies) of the Bylaws. Subsequently, Dave Brees appointed (in absentia) Dan Schoenholz, Deputy Community Development Director with the City of Fremont, to the ABAG POWER Executive Committee.

ASSOCIATION OF BAY AREA GOVERNMENTS

Representing City and County Governments of the San Francisco Bay Area



Motion was made by Mersich/S/Walton/C/3:0:0 to ratify the appointment of Dan Schoenholz to the Executive Committee.

The aye votes were: Brees, Mersich, Walton.

The nay votes were: None.

Abstentions were: None.

Absentees were: Morton, Schroeder.

EXECUTIVE COMMITTEE & KEY PERSONNEL

Staff provided a list of Calendar Year 2018 meeting dates and contact information for key personnel.

PRELIMINARY AGENDA FOR ANNUAL BOARD MEETING

Staff presented a preliminary agenda for the October 25, 2018 annual board meeting. Committee members discussed item timing and a desire to hear an update regarding the ABAG-MTC staff consolidation, and host one or more guest speakers presenting local biogas/renewable natural gas projects or initiatives.

ADJOURNMENT

Vice Chair Dave Brees adjourned the meeting at 12:37 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.

MEMORANDUM

ASSOCIATION OF BAY AREA GOVERNMENTS

Representing City and County Governments of the San Francisco Bay Area



DATE: December 12, 2018

TO: ABAG POWER Executive Committee

FROM: Gerald Lahr, ABAG POWER Manager

RE: Appointment of Doug Williams (City of Santa Rosa) to the Committee

Pursuant to Section 7.1.4 (Vacancies) of the ABAG POWER 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”.

Dave Brees, elected as Chair for the 2018-19 program year during ABAG POWER’s October 25, 2018 Board of Directors meeting, will appoint Doug Williams, Facilities Maintenance and Operations Coordinator, City of Santa Rosa, to the ABAG POWER Executive Committee in accordance with the above authorities provided by the Bylaws.

Attachments: Attachment 5A1 – 2018 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

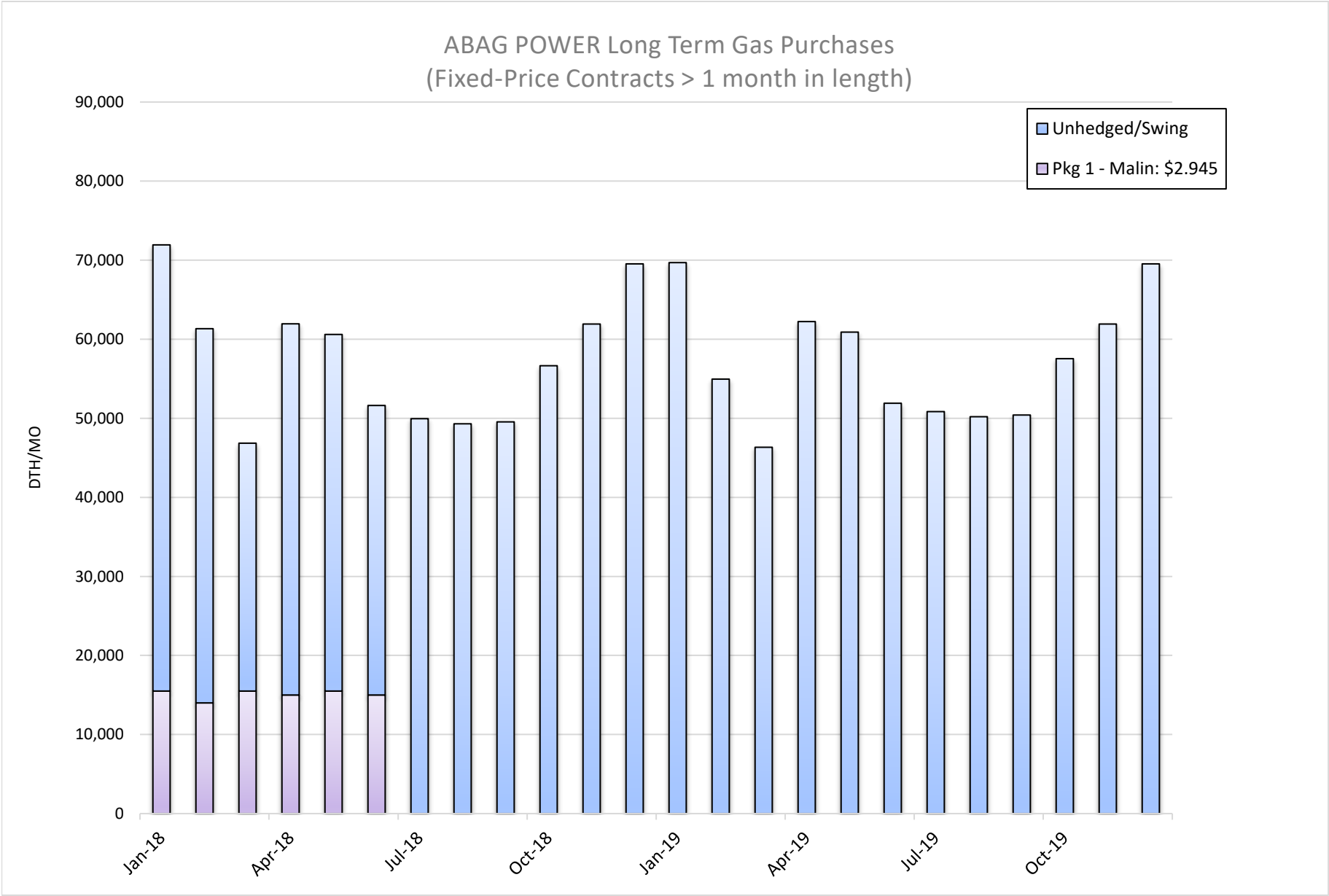
December 12, 2018

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	Vice Chair	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	Chair	Special Projects Manager	(650) 947-2888	DBrees@losaltosca.gov
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, LGS	(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	Assistant Director, Energy Programs	(415) 820-7908	jlahr@bayareametro.gov
Jenny Berg	MTC	Staff	Assistant Director, Energy Programs (effective January 1, 2019)	(415) 820-7947	jberg@bayareametro.gov
Ryan Jacoby	MTC	Staff	ABAG POWER Program Manager (effective January 1, 2019)	(415) 820-7956	rjacoby@bayareametro.gov
Cindy Chen	MTC	Staff	Energy Programs Coordinator	(415) 820-7973	cchen@bayareametro.gov

	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q
2	ABAG POWER Natural Gas Program															
3	FY 2018-19 Monthly Summary of Operations															
4																
5			Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Total	
7	Gas Purchases⁽¹⁾															
8	Purchase 1	Qty	30,974	31,000	29,828	30,791										122,593
9		Price	\$2.31	\$2.50	\$2.38	\$2.33										
10	Purchase 2	Qty	15,400	18,600	20,350	13,800										68,150
11		Price	\$3.02	\$3.34	\$3.15	\$3.76										
12	Purchase 3	Qty														0
13		Price														
14	Purchase 4	Qty														0
15		Price														
16	Purchase 5	Qty														0
17		Price														
18	Total Quantity Purchased		46,374	49,600	50,178	44,591	0	0	0	0	0	0	0	0	0	190,743
19	Total Purchase Cost		\$117,931	\$139,633	\$135,097	\$123,641	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$516,302
20	Backbone Shrinkage (Dths)		(373)	(372)	(366)	(380)										
21	WACOG ⁽²⁾		\$2.56	\$2.84	\$2.71	\$2.80										\$2.71
22																
23	Storage/Inventory															
24	Total Injections/ (Withdrawals)		6,961	6,854	7,327	8,229										29,371
25	Total Inventory Quantity (Dths)		43,034	49,888	57,215	65,444										
26	Total Inventory (\$)		\$127,019	\$144,593	\$165,372	\$187,689										
27	Avg. Inventory Rate (\$/Dth)		\$2.95	\$2.90	\$2.89	\$2.87										
28																
29	Gas Program Monthly Expenses (from Financial Reports)															
30	Cost of Energy Used ⁽³⁾		\$ 113,612	\$ 135,589	\$ 128,268	\$ 115,593										\$ 493,062
31	Program Operating Expenses ⁽⁴⁾		9,366	30,455	69,647	14,818										124,285
32	Subtotal		\$ 122,978	\$ 166,044	\$ 197,915	\$ 130,411	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 617,347
33	Rate (\$/Dth)		\$3.06	\$4.07	\$5.07	\$2.90										\$3.74
34																
35	PG&E Pass-through costs ⁽⁵⁾		218,780	267,111	263,339	211,936										961,166
36	Total ABAG POWER Cost		\$ 341,758	\$ 433,155	\$ 461,254	\$ 342,347										\$ 1,578,513
37																
38	Actual (metered) Gas Usage															
39	Core ⁽⁶⁾		33,315	34,389	32,806	39,181										139,691
40	Non Core		6,939	6,415	6,226	5,845										25,426
41	Total Program Usage		40,254	40,805	39,032	45,026	0	0	0	0	0	0	0	0	0	165,116
42																
43	ABAG POWER Total Core Rate		\$ 9.62	\$ 11.84	\$ 13.10	\$ 8.31										
44																
45																
46	PG&E Rate⁽⁷⁾															
47	Procurement Charge ⁽⁸⁾		2.09	2.72	2.40	2.57	3.37	4.13								
48	Transportation/Other Charge ⁽⁹⁾		6.57	7.77	8.03	5.41										
49	Total PG&E Rate		\$ 8.65	\$ 10.49	\$ 10.42	\$ 7.98	\$ 3.37	\$ 4.13	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
50																
51	Monthly Index Postings															
52	NGI Bidweek for PG&E Citygate		\$2.98	\$3.08	\$3.19	\$3.29	\$4.05	\$6.42								
53	Gas Daily Avg. for PG&E Citygate		\$3.00	\$3.32	\$3.13	\$3.73	\$5.01									
54	NGI Bidweek for Malin		\$2.30	\$2.49	\$2.37	\$2.33	\$3.35	\$6.04								
55																

Gas Hedge Chart



Market Price Chart

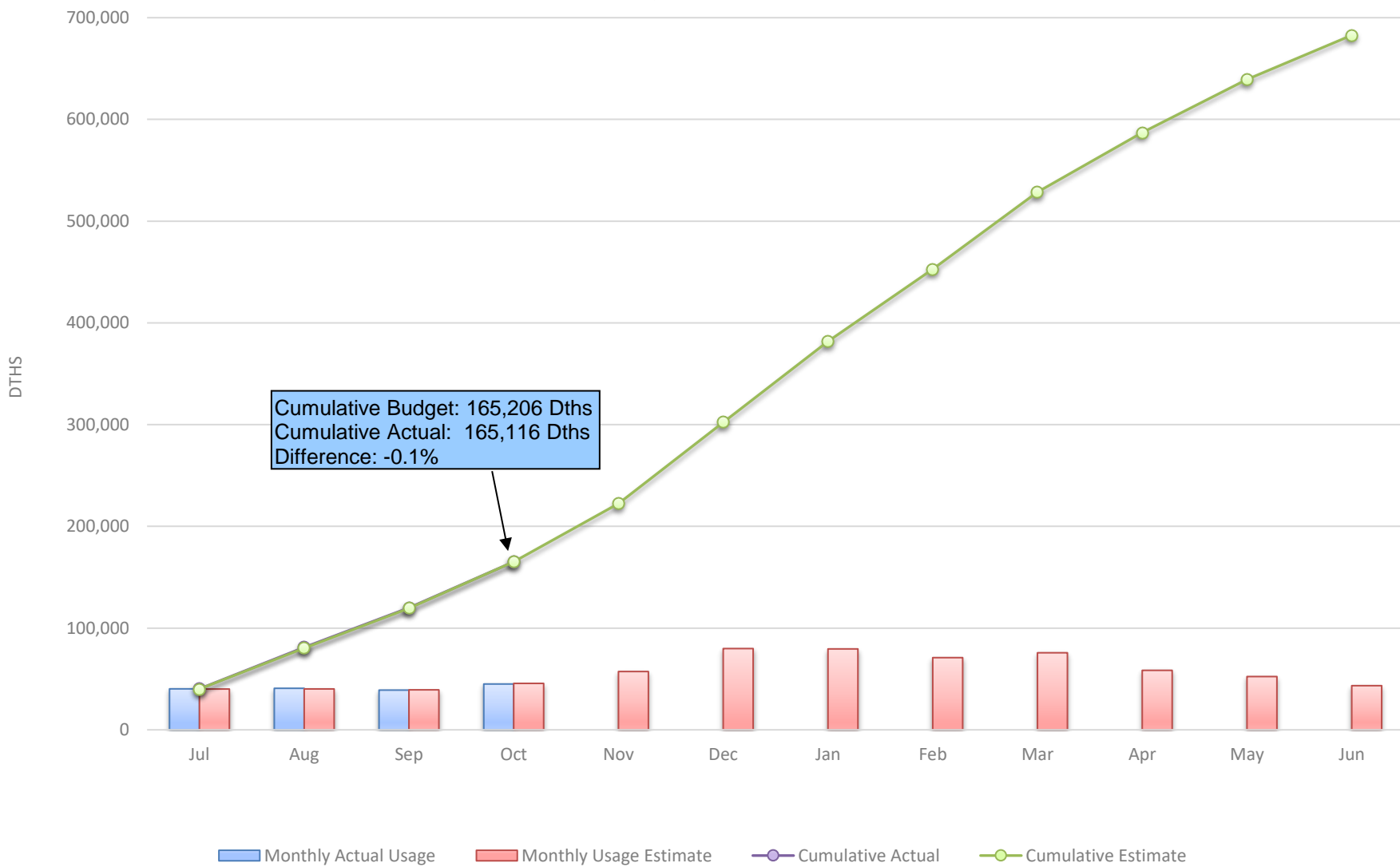
5-Yr Historical/Future Market Price Indices @ PG&E Citygate



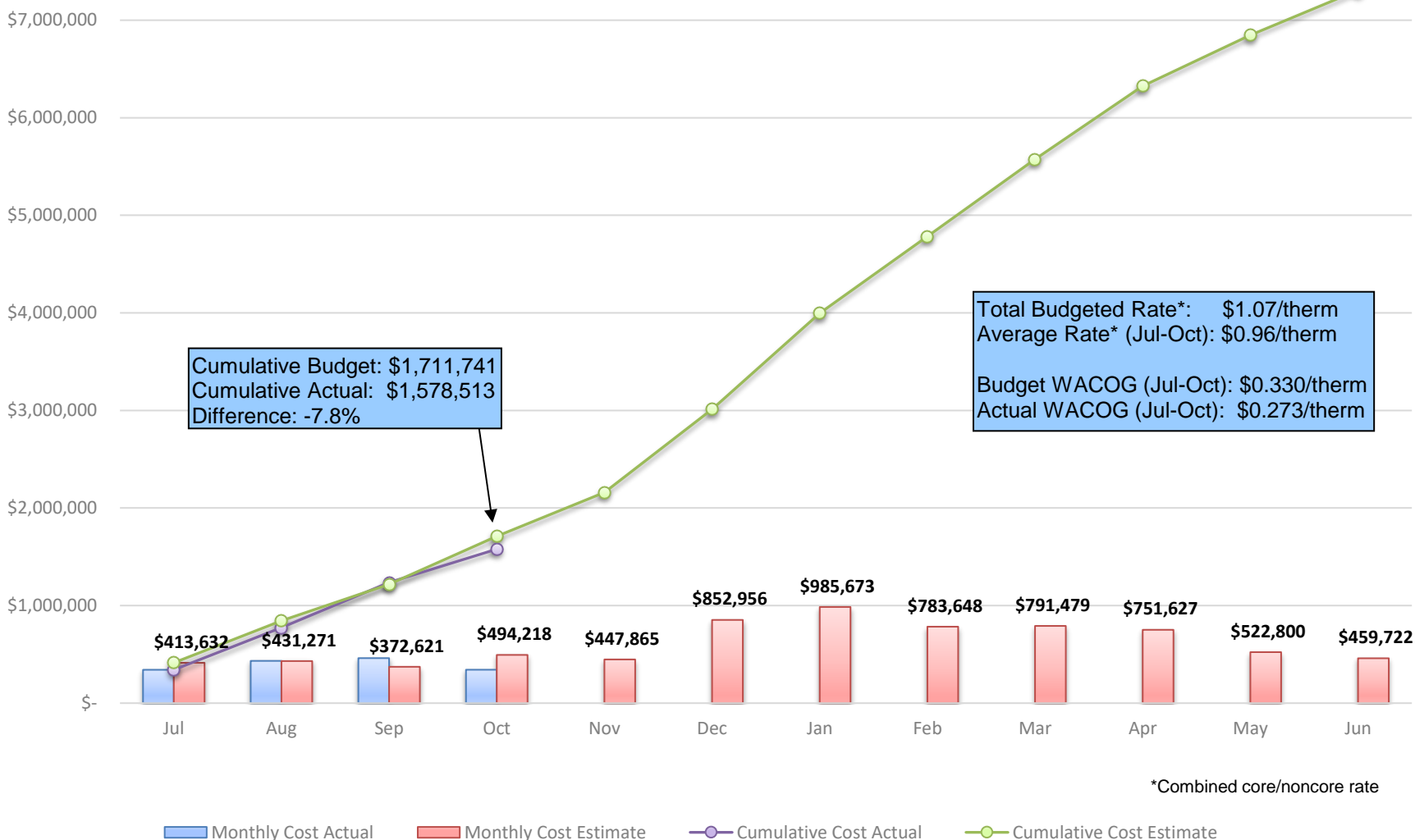
Legend:

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

2018-19 Monthly & Cumulative Usage Summary (Actual vs. Budgeted - Core & Non-core)



2018-19 Monthly & Cumulative Usage Summary (Actual vs. Budgeted)



ABAG POWER Natural Gas Pool 2017-18
Trueup

Master Acct ID	Total Usage FY 2017-18 (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	53,122	\$ 19,667.54	\$ 1,261.38	\$ 44,869.00	\$ (839.00)	\$ 64,958.92	\$ 63,240.00	\$ 1,718.92
Alameda Pwr & Telecom	ALAACPC002	709	262.61	16.84	731.82	(13.68)	997.59	1,080.00	\$ (82.41)
Alameda City Housing Authority	ALAACPC003	48,980	18,134.10	1,163.03	49,558.57	(926.69)	67,929.01	70,200.00	\$ (2,270.99)
Albany, City	ALBACPC001	10,897	4,034.38	258.74	9,328.78	(174.44)	13,447.47	12,960.00	\$ 487.47
Atherton, Town	ATHACPT001	5,429	2,010.14	128.92	6,246.30	(116.80)	8,268.56	5,160.00	\$ 3,108.56
Benicia, City	BENACPC001	62,407	23,105.29	1,481.86	47,987.32	(897.31)	71,677.15	72,720.00	\$ (1,042.85)
Contra Costa County GSD	CONACPN001	1,273,385	471,451.75	30,236.51	746,952.27	(13,967.12)	1,234,673.41	1,424,520.00	\$ (189,846.59)
Cupertino, City	CUPACPC001	42,018	15,556.36	997.71	33,386.76	(624.29)	49,316.53	42,000.00	\$ 7,316.53
Fremont, City	FREACPC001	176,303	65,273.45	4,186.31	136,616.31	(2,554.56)	203,521.51	185,880.00	\$ 17,641.51
Golden Gate Bridge	GOLACP001	58,436	21,635.12	1,387.57	42,599.16	(796.55)	64,825.29	65,520.00	\$ (694.71)
Gonzales, City	GONACPC001	18,339	6,789.73	435.46	14,209.78	(265.71)	21,169.26	10,080.00	\$ 11,089.26
Half Moon Bay, City	HALACPC001	2,037	754.21	48.37	1,917.05	(35.85)	2,683.78	6,360.00	\$ (3,676.22)
Hercules, City	HERACPC001	47,642	17,638.83	1,131.26	36,345.92	(679.63)	54,436.39	45,000.00	\$ 9,436.39
Los Altos, City	LOSACPC001	21,887	8,103.49	519.72	18,413.46	(344.31)	26,692.35	29,520.00	\$ (2,827.65)
Mill Valley, City	MILACPC001	70,104	25,954.99	1,664.62	53,625.45	(1,002.73)	80,242.33	73,440.00	\$ 6,802.33
Millbrae, City	MILACPC003	21,397	7,921.95	508.07	17,202.53	(321.67)	25,310.89	35,760.00	\$ (10,449.11)
Millbrae, City - 400 E. Millbrae Ave	MILACPC004	0	-	-	414.71	(7.75)	406.96	99,360.00	\$ (98,953.04)
Milpitas, City	MILACPC002	151,915	56,244.16	3,607.21	109,960.28	(2,056.13)	167,755.52	168,960.00	\$ (1,204.48)
Monte-Sereno, City	MONACPC001	904	334.83	21.47	976.90	(18.27)	1,314.94	1,080.00	\$ 234.94
Moraga, Town	MORACPT001	4,570	1,691.84	108.51	3,971.43	(74.26)	5,697.51	6,000.00	\$ (302.49)
Napa County - Airport	NAPACPN001	1,388	513.78	32.95	1,252.28	(23.42)	1,775.59	1,680.00	\$ 95.59
Napa County - HHS	NAPACPN002	2,013	745.32	47.80	1,835.42	(34.32)	2,594.22	17,280.00	\$ (14,685.78)

ABAG POWER Natural Gas Pool 2017-18
Trueup

	Master Acct ID	Total Usage FY 2017-18 (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
Napa County - Library	NAPACPN004	9,271	3,432.33	220.13	7,641.45	(142.89)	11,151.03	13,800.00	\$ (2,648.97)
Napa County - Various	NAPACPN005	80,669	29,866.63	1,915.49	57,903.29	(1,082.72)	88,602.69	96,840.00	\$ (8,237.31)
Oakland, City	OAKCPC001	660,739	244,628.54	15,689.23	509,974.15	(9,535.91)	760,756.01	820,440.00	\$ (59,683.99)
Oakland Zoological	OAKCPC002	14,754	5,462.48	350.34	14,004.60	(261.87)	19,555.54	16,200.00	\$ 3,355.54
Orinda, City	ORACPC001	11,539	4,272.31	274.00	9,460.31	(176.90)	13,829.73	10,200.00	\$ 3,629.73
Pacifica, City	PACACPC001	24,259	8,981.65	576.04	21,173.65	(395.92)	30,335.42	34,920.00	\$ (4,584.58)
Petaluma, City	PETACPC001	21,383	7,916.89	507.75	17,700.64	(330.98)	25,794.30	25,320.00	\$ 474.30
Pleasanton, City	PLEACPC001	190,406	70,494.82	4,521.18	132,853.34	(2,484.20)	205,385.14	193,920.00	\$ 11,465.14
Regional Admin. Facility	RAFACPC001	44,969	16,649.19	1,067.79	34,352.77	(642.36)	51,427.40	54,960.00	\$ (3,532.60)
Richmond, City	RICACPC001	429,778	159,118.75	10,205.06	279,131.76	(5,219.43)	443,236.15	509,640.00	\$ (66,403.85)
Salinas, City	SALACPC001	174,145	64,474.53	4,135.07	121,292.74	(2,268.03)	187,634.31	98,400.00	\$ 89,234.31
San Carlos, City	SANACPC003	27,056	10,016.99	642.44	22,513.96	(420.98)	32,752.40	48,840.00	\$ (16,087.60)
San Mateo County - Public Works	SANACPC006	340,231	125,965.40	8,078.78	227,576.43	(4,255.41)	357,365.20	406,200.00	\$ (48,834.80)
San Mateo County - Hospital	SANACPC007	282,294	104,515.10	6,703.07	182,205.38	(3,407.02)	290,016.52	517,680.00	\$ (227,663.48)
San Mateo County - Parks & Rec	SANACPC008	7,824	2,896.80	185.79	8,285.63	(154.93)	11,213.28	7,680.00	\$ 3,533.28
San Mateo County - Central Library	SANACPC009	2,746	1,016.51	65.19	2,453.73	(45.88)	3,489.55	4,200.00	\$ (710.45)
San Mateo County - Hospital	SANACPC011	7,781	2,880.79	184.76	6,263.04	(117.11)	9,211.47	10,680.00	\$ (1,468.53)
San Mateo County - Cordilleras Me	SANACPC013	58,354	21,604.86	1,385.63	38,339.63	(716.91)	60,613.21	61,440.00	\$ (826.79)
San Mateo County - Public Works	SANACPC015	87,336	32,334.78	2,073.79	51,846.38	(969.47)	85,285.48	61,320.00	\$ 23,965.48
San Mateo County - Airport	SANACPC016	6,949	2,572.71	165.00	5,310.84	(99.31)	7,949.25	8,880.00	\$ (930.75)
San Rafael, City	SANACPC001	64,568	23,905.24	1,533.16	50,961.02	(952.91)	75,446.51	88,320.00	\$ (12,873.49)
Santa Clara County	SANACPN001	798,557	295,653.75	18,961.72	550,035.41	(10,285.01)	854,365.88	934,800.00	\$ (80,434.12)

**ABAG POWER Natural Gas Pool 2017-18
Trueup**

	Master Acct ID	Total Usage FY 2017-18 (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
Santa Rosa, City	SANACPC005	289,518	107,189.77	6,874.60	179,889.39	(3,363.72)	290,590.05	338,160.00	\$ (47,569.95)
Saratoga, City	SARACPC001	13,474	4,988.66	319.95	11,127.96	(208.08)	16,228.49	14,040.00	\$ 2,188.49
Union City	UNIACPC001	8,883	3,288.91	210.93	7,807.91	(146.00)	11,161.76	10,560.00	\$ 601.76
Vallejo, City	VALACPC001	206,615	76,496.22	4,906.08	121,558.27	(2,272.99)	200,687.57	86,040.00	\$ 114,647.57
Vallejo Sani.& Flood Control Dist	VALACPD001	81,749	30,266.25	1,941.12	42,857.85	(801.39)	74,263.84	107,880.00	\$ (33,616.16)
Watsonville, City	WATACPC001	72,421	26,812.67	1,719.63	57,042.46	(1,066.63)	84,508.13	83,400.00	\$ 1,108.13
Winters, City	WINACPC001	2,466	913.16	58.57	2,420.69	(45.26)	3,347.15	3,360.00	\$ (12.85)
TOTAL - Core		6,094,618.03	\$ 2,256,440.54	\$ 144,716.58	\$ 4,152,386.18	\$ (77,644.67)	\$ 6,475,898.64	\$ 7,105,920.00	\$ (630,021.36)
	Core True-up Rate		\$0.3940				\$1.0626		
Non-Core									
San Mateo County	SANACPC014	400,725	148,362.40	-	-	-	148,362.40	177,000.00	\$ (28,637.60)
Santa Rosa, City (Co-gen)	SANACPC012	185,796	68,788.17	-	-	-	68,788.17	71,160.00	\$ (2,371.83)
Watsonville, City (Co-gen)	WATACPC002	202,936	75,134.00	-	-	-	75,134.00	87,840.00	\$ (12,706.00)
TOTAL - Noncore		789,457	\$ 292,284.57	\$ -	\$ -	\$ -	\$ 292,284.57	\$ 336,000.00	\$ (43,715.43)
			\$ 0.3702						
GRAND TOTAL (Core + Noncore)		6,884,075.03	\$ 2,548,725.11	\$ 144,716.58	\$ 4,152,386.18	\$ (77,644.67)	\$ 6,768,183.21	\$ 7,441,920.00	\$ (673,736.79)
								Master Accounts w/ Credit Total:	\$ (985,872.02)
								Master Accounts w/ Debit Total:	\$ 312,135.23

Notes:

- (1) Actual usage based on meter read data from PG&E, prorated to calendar months. Data is current as of 09/24/18.
- (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. Data is current as of 10/12/18.
- (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."

MEMORANDUM

ASSOCIATION OF BAY AREA GOVERNMENTS

Representing City and County Governments of the San Francisco Bay Area



DATE: December 12, 2018

TO: ABAG POWER Executive Committee

FROM: Gerald Lahr, ABAG POWER Manager

RE: Canadian Natural Gas Supply and Transport Agreements

Recommendation

The ABAG POWER Executive Committee is requested 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
2. Fulfill the registration requirements of the Alberta Corporate Registry, including the appointment of an Attorney for Service, with an immediate and ongoing annual anticipated fiscal impact \$1,000 CAD per calendar year

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 outlined below.

Gas Supply/Purchase Agreements

To enable the purchase of gas within Canada, staff has identified three suppliers (BP Canada Energy; Macquarie Energy Canada; Shell Energy Canada) with the ability and willingness to deliver gas at POWER's desired receipt points within Canada.¹ POWER has existing satisfactory business relationships with the U.S.-based operations for each entity; however, purchasing in Canada requires separate agreements with the suppliers' Canadian subsidiaries. While these are not the only suppliers able to provide gas in Canada, staff finds it reasonable to select the recommended firms due to POWER's current relationship with the U.S.-based companies, to accelerate the ability to capitalize on comparatively low Canadian commodity prices.

The general terms and conditions for these transactions are governed by an industry standard trading-partner agreement titled a Base Contract for Sale and Purchase of Natural Gas ("Base Contract"). Executing a Base Contract does not commit either party to a transaction, but puts in place the basic

¹ POWER anticipates taking delivery of gas at the AECO Hub in Alberta Canada.



ASSOCIATION OF BAY AREA GOVERNMENTS

Representing City and County Governments of the San Francisco Bay Area

terms and conditions that will govern any future transaction. Individual gas purchase/sale transactions are initiated and governed by a bidding process in accordance with MTC's procurement and finance requirements.

Current Status: Staff have executed a Base Contract with Macquarie Energy Canada, and anticipate execution of the Shell Canada Energy and BP Canada Energy agreements in the near future.

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 to it 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.

Current Status: Staff has elected to accept pipeline capacity on the Canadian (NOVA/Foothills) and interstate (Gas Transmission Northwest (GTN) pipelines for February 2019, and expects to use this capacity to ship gas for POWER's use at that time. In mid-January, POWER will be offered the capacity for March-June 2019; staff currently intends to accept the offered capacity along the NOVA/Foothills and GTN pipelines.



Customer Use Agreements

In addition to electing to accept PG&E's capacity on a pipeline, POWER is required to execute two Customer Use Agreements ("CUAs") with TransCanada Corporation, the pipeline owner and operator for GTN, NOVA, and Foothills. The agreement enables electronic capacity assignment, gas scheduling, and accounting mechanisms. Two CUAs with TransCanada must be executed: one to govern the Canadian pipelines, and another with TransCanada U.S. to govern the use of GTN.

Current Status: Staff have executed both CUAs.

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



ASSOCIATION OF BAY AREA GOVERNMENTS

Representing City and County Governments of the San Francisco Bay Area

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 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.

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 Fee² is assessed to each day’s importations involving the same importer and exporter. The fee is calculated as the lesser of:

\$400 for each day’s importations	(approximately \$12,000/month)
or	
0.3464% ad valorem tax	(based on the value of the gas; staff estimates approximately \$210/month)

Approved Applications:

- Short-Term Natural Gas Export License from Canada’s National Energy Board
- Short-Term Authorization from the U.S. Department of Energy to Import Natural Gas
- Canadian Business Number and Goods and Services Tax (GST) Account

Applications Not Yet Filed:

- Short-Term Natural Gas Removal Permit from Alberta’s Energy Regulator

Alberta Energy Regulator

The Alberta Energy Regulator (AER) has the authority to regulate natural gas removal in Alberta through the Gas Resources Preservation Act, which requires application for a removal permit when a person or entity appears to AER to have made an arrangement to purchase and remove gas from Alberta. The estimated processing time for each short-term removal application is ten business days, however, application for a permit requires registration with the Alberta Corporate Registry (“Registry”), which in turn requires either:

1. Incorporation within Alberta
2. Registration of the existing entity in Alberta, and the appointment of an Attorney for Service.

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



ASSOCIATION OF BAY AREA GOVERNMENTS

Representing City and County Governments of the San Francisco Bay Area

The Registry enlists service providers to process registrations, which charge a varying service fee. Appointment of an Attorney for Service is required for extra-provincial registrations. The Registry and its authorized agents provide services intended for Alberta corporations, out-of-province corporations, non-profit companies, religious societies, and cooperatives. Staff is continuing to investigate the registration requirement for a government entity.

GST Security Requirements for Non-Residents

With few exceptions, a non-resident person or entity who does not have a permanent establishment in Canada and who is required, or who applies voluntarily, to be registered must provide and maintain security in an amount and a form satisfactory to the Government of Canada. This security is required to ensure that the non-resident person or entity pays or remits all amounts payable or remittable.

In general, the amount of the security that must be posted is set at a minimum of \$5,000 Canadian dollars and is based on 50% of the estimated net tax for the 12-month period following registration. In subsequent years, the amount of security required will be based upon the net tax during the previous 12-month period.

Although POWER's purchase and immediate export of natural gas from Canada is a 'Zero-rated Transaction', meaning that no GST is applied, POWER is not exempt from the \$5,000 minimum security requirement.

Additionally, all persons or entities registering for a Canadian GST account with the Canada Revenue Agency ("Agency") are required to keep records and books of account either in Canada in accordance with Canada's Excise Tax Act, or permission may be granted for the registrant to maintain such records and books outside Canada, provided specific requirements are met. These requirements include:

- Agreeing to keep the Agency advised of any changes to the address at which the books and records will be kept
- Agreeing to make the books and records of account available, when and as requested, to a representative of the Agency at a designated Tax Services Office in Canada should an inspection be required by the Agency; and
- Agreeing to bear all the travel and living costs of Agency's staff traveling outside of Canada to conduct an on-site audit, should the books and records not be made available when and as requested by the Agency's representative or should the records provided be inaccurate or incomplete

Reporting Requirements

ABAG POWER is subject to several recurring reporting requirements, summarized below:

Entity	Frequency	Nature of Reporting
U.S. DOE	Monthly	Actual daily import volumes
U.S. CBP	Three times Monthly	Forecast/update/actual import volumes
Canada NEB	Monthly	Actual daily export volumes
Canada Revenue Agency	Annually	Taxable sales and GST remittance
AER	Monthly	Actual daily export volumes

ASSOCIATION OF BAY AREA GOVERNMENTS

Representing City and County Governments of the San Francisco Bay Area



Canadian Jurisdiction

Any transaction(s) by POWER with Canadian gas suppliers and pipeline companies, will be governed by Canada law. While POWER staff and legal counsel, after reviewing the agreements believe that a dispute regarding POWER business is unlikely, should such a dispute arise, Canadian counsel would need to be retained, which could be costly.

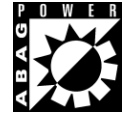
Next Steps

Staff and internal counsel are continuing to review the applicability and administrative processes related to the extra-provincial registration of ABAG POWER within Alberta, as well as ensuring the feasibility of conducting transactions in a foreign currency. External counsel with gas industry experience has also been engaged to review various agreements. Staff expects to have all necessary agreements in place by the end of the calendar year in order to begin utilizing Canadian gas supply and/or pipeline capacity by February 1, 2019.

MEMORANDUM

ASSOCIATION OF BAY AREA GOVERNMENTS

Representing City and County Governments of the San Francisco Bay Area



DATE: December 12, 2018

TO: ABAG POWER Executive Committee

FROM: Gerald Lahr, ABAG POWER Manager

RE: Natural Gas Scheduling Services – DMJ Contract Amendment

Background

In the spring of 2013, DMJ Gas Marketing Consultants, LLC (DMJ) was selected through a competitive process to provide ABAG POWER a variety of services related to natural gas scheduling and balancing. The original contract period was for two years, but was extended for an additional two years, ending in June 2017.

It has been ABAG POWER's practice to competitively bid the scheduling services contract at least every five years.

In February, 2017, ABAG POWER issued a Request for Qualifications and Proposals for Natural Gas Scheduling Services. One (1) proposal was received in response to the RFP. The sole proposer was DMJ. A proposal review committee made up of the ABAG POWER Program Manager and three members of the Executive Committee reviewed the DMJ proposal, and ultimately found that the proposal met or exceeded the minimum operational and strategic consulting services desired by the solicitation. Subsequently, the Executive Committee approved the Proposal Review Committee's recommendation and negotiated a contract for scheduling services with DMJ for the period July 1, 2017 to June 30, 2019, with an option to extend the contract for up to three years.

Summary

As ABAG POWER continues to negotiate and enter into necessary agreements to allow for the purchase and transport of natural gas from locations within Canada, staff acknowledges the requirement of additional scheduling services beyond the scope of the current contract with DMJ.

The current contract includes compliance obligations with Pacific Gas and Electric Company's (PG&E) applicable agreements, Rules, and Tariffs; however, it does not include obligations for complying with the interstate and international scheduling systems and governing documents external to PG&E's system. ABAG POWER currently intends to purchase gas at the AECO hub in Alberta, Canada, requiring transportation along the NOVA Gas Transmission Ltd. (NGTL), Foothills, and Gas Transmission Northwest (GTN) pipelines before entering PG&E's system. Transportation 'nominations' are made on a daily basis and must be completed in accordance with the Customer Use Agreements and transportation tariffs which govern the various pipelines.

In addition, the contract's compensation structure prescribes a flat rate of \$1,400 per month for all services performed on behalf of ABAG POWER. Given the anticipated increase in scheduling services required as described above, staff finds it reasonable to also consider an increase in monthly

ASSOCIATION OF BAY AREA GOVERNMENTS

Representing City and County Governments of the San Francisco Bay Area



compensation (\$250.00) during any month in which gas is scheduled for delivery at points external to California.

Recommendation

The ABAG POWER Executive Committee is requested 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 scheduling and related services in an amount not to exceed \$1,500 for a total contracted amount of \$18,300 for Fiscal Year 2018-19. By approval of this recommendation, the ABAG POWER Executive Committee authorizes a corresponding increase of \$1,500 to ABAG POWER's Fiscal Year 2018-19 Operating Budget.

Attachments: (1) Existing ABAG POWER-DMJ Contract for Services
(2) Revised FY 2018-19 Operating Budget

**ABAG Publicly OWned Energy Resources
(ABAG POWER)**

CONTRACT FOR SERVICES

This contract is made and entered into effective July 1, 2017 by and between ABAG Publicly OWned Energy Resources (ABAG POWER), a public entity formed under the California Joint Exercise of Powers Act, Government Code Sections 6500, *et seq.* and DMJ Gas Marketing Consultants, LLC (Contractor), a limited liability company duly existing under the laws of California.

RECITALS

ABAG POWER wishes to retain Contractor to provide gas scheduling services for a natural gas purchasing pool of local governments in Northern California.

- A. Contractor has experience and expertise in providing the required services.
- B. ABAG POWER desires to hire Contractor and Contractor desires to provide such services to ABAG POWER.

AGREEMENT

1. Employment of Contractor. ABAG POWER agrees to engage Contractor and Contractor agrees to undertake, carry out, and complete in a satisfactory and proper manner certain work and services set forth in the attached Exhibit A, "Scope of Services," which is incorporated herein by this reference.
2. Term. This Agreement shall be in full force and effect from the effective date shown above until June 30, 2019. ABAG POWER has three options to extend for one (1) year, exercisable by ABAG POWER submitting written notice to Contractor no less than thirty (30) days prior to the expiration date.
3. Independent Contractor. Contractor renders services under this contract as an independent contractor. None of Contractor's agents or employees shall be agents or employees of ABAG POWER, unless otherwise agreed to by ABAG POWER.
4. Subcontractors. Contractor may not subcontract any of the services provided for under this contract without the express written approval of ABAG POWER, which approval shall not be unreasonably withheld. Upon termination of any subcontract, ABAG POWER shall be notified immediately.

In compliance with this section, Partners In Energy, LLC (PIE) is approved as an authorized subcontractor for gas scheduling services. PIE shall act as a backup to DMJ by providing scheduling services if DMJ becomes unavailable for any reason. DMJ and PIE shall notify ABAG POWER as soon as possible whenever PIE acts as the scheduling agent for ABAG POWER.

5. Compensation and Method of Payment. Contractor shall be compensated for all services to be rendered under this Contract as set forth in the attached Exhibit C, "Compensation," which is incorporated herein by this reference.

Contractor shall submit invoices for payment no more frequently than once monthly following the month in which the services were performed. Each invoice shall specify in detail Contractor's services performed and billing rates. ABAG POWER shall review Contractor's invoices and approve or disapprove them for payment which shall be made by ABAG POWER as appropriate within thirty (30) days of its receipt of each invoice.

6. Termination.

(a) Termination for Cause. If, through any cause, Contractor fails to fulfill in timely and proper manner its obligations under this contract, or if Contractor shall violate any covenants, conditions, or stipulations of this contract, and should such failure or violation continue unremedied for a period of thirty (30) days after receipt of ABAG POWER's written notice to Contractor specifying the details of such failure or violation, then ABAG POWER may terminate this contract by giving not less than five (5) days prior written notice of such termination which specifies the effective date thereof. Upon termination under this paragraph, all unfinished or finished documents, data, studies, surveys, computer disks, computer tapes, drawings, models, photographs, reports, and other materials prepared by Contractor, if any, under this contract, shall, at the option of ABAG POWER, become ABAG POWER's property and Contractor shall be entitled to receive just and equitable compensation for satisfactory work completed to the date of termination. Notwithstanding the above, Contractor shall not be relieved of liability to ABAG POWER for damages sustained by ABAG POWER by virtue of any breach of the contract by Contractor, and ABAG POWER may withhold any payment to Contractor for the purpose of set-off until such time as the exact amount of damage due ABAG POWER from Contractor is determined; provided, however, that under no circumstances will Contractor be liable to ABAG POWER or its constituent members for indirect, special, consequential, exemplary or punitive damages resulting from its failure to perform its obligations under this contract.

(b) Termination for Convenience. ABAG POWER may terminate this contract at any time by giving not less than ninety (90) days prior written notice of termination to Contractor which shall specify the effective date thereof. Upon termination under this paragraph, all finished or unfinished documents and other materials described in paragraph (a) shall at the option of ABAG POWER become its property. If the contract is terminated by ABAG POWER as provided in this paragraph, Contractor shall be paid for services actually performed at the rate set forth in Exhibit C; provided that, if this contract is terminated due to the fault of Contractor, only the paragraph relative to termination for cause shall apply.

7. Hold Harmless. Contractor shall hold harmless, defend at its own expense and indemnify ABAG POWER against any and all liability, claims, losses, damages, or expenses, including, but not limited to, penalties or fees that are the result of scheduling errors, and reasonable attorneys' fees, arising from all acts or omissions to act of Contractor or its officers, agents, or employees in rendering services under this contract; excluding, however, such liability, claims, losses, damages or expenses resulting in whole or in part from an act of ABAG POWER or one or more of its constituent members, directors, officers, agents, suppliers or employees.

8. Findings Confidential. Any documents, reports, information, data or other such materials given to, or prepared or assembled by, Contractor shall be kept as confidential and shall not be made available to any individual or organization by Contractor without the prior written approval of ABAG POWER; provided, however, that if Contractor is required by law, applicable regulations or an order of a regulatory authority having jurisdiction over Contractor or the subject matter of this contract to disclose such documents, reports, information, data or other such materials, it shall promptly notify ABAG POWER of such

disclosure request in writing to afford ABAG POWER the opportunity to negotiate a protective order or agreement preserving the confidentiality of such documents, reports, information, data or other such materials to be disclosed; and, further provided, that the provisions of this section will not apply to documents, reports, information, data or other such materials that are already publicly known or in the public domain. The provisions of this paragraph will not be construed to limit Contractor's ability to utilize its relationship with ABAG POWER under this contract for the purposes of references given to other parties to whom Contractor seeks to provide similar services.

9. Waiver. The waiver by ABAG POWER of a breach by Contractor of any provision of this contract shall not constitute a continuing waiver or a waiver of any subsequent breach either of the same or of a different provision of this contract.
10. Assignment. This contract shall not be assigned, transferred, hypothecated or pledged by Contractor or ABAG POWER without prior written consent of the other party which consent shall not be unreasonably withheld; provided, however, that the foregoing provision will not apply to assignments by a party to an affiliate or subsidiary of the party making the assignment.
11. Amendment. This contract may only be amended by a writing signed by both parties.
12. Entire Agreement. This contract, and the attachments hereto, comprise the entire agreement between the parties as to the services to be rendered under it. This contract supersedes any and all other contracts either oral or in writing between ABAG POWER and Contractor with respect to the subject matter hereof and contains all of the covenants and contracts between the parties with respect to such matters. ABAG POWER and Contractor acknowledge that no representations, inducements, promises or agreements, orally or otherwise, have been made to any party, or anyone acting on behalf of any party, which are not embodied herein, and that no other contract, statement, or promise not contained in this contract shall be valid or binding.
13. Conflict of Interest. Contractor covenants that presently there is no interest, and none shall be acquired, direct or indirect, which conflicts in any material manner or degree with its performance of services as required under this contract. Contractor further covenants that in the performance of this contract, no person having any interest shall be employed by it.
14. Notices. Any notices, demands, or elections required or permitted to be given or made hereunder shall be in writing, shall be personally delivered or mailed by certified or registered mail, return receipt requested, or sent by facsimile, addressed to the respective parties as follows:

ABAG POWER
Attn: Jerry Lahr 375 Beale Street, 7th Floor
San Francisco, CA 94105
Phone: (415) 820-7908
Fax: (415) 660-3508

Contractor:
DMJ Gas Marketing Consultants, LLC
Attn: Dave Jones, President
3072 N. Sharon Ave
Meridian, ID 83646
Phone: (925) 200-6325

15. Binding on Heirs. This contract shall be binding upon the heirs, successors, assigns, or transferees of ABAG POWER or Contractor, as the case may be. This provision shall not be construed as an authorization to assign, transfer, hypothecate or pledge this contract other than as provided above.
16. Uncontrollable Forces. If an event occurs that is beyond the control of a party to this contract, which prevents it from performing under this contract, neither party, as the case may be, will be considered to be in default; except the preceding condition will not apply to ABAG POWER's obligation to make all payments when due as called for under this contract.

In addition, neither party will be liable to each other for damages or costs resulting from its failure to perform, when a failure of performance is due to an event which is beyond the control of the party affected by it (hereafter referred to as "uncontrollable forces"). The party affected by an uncontrollable force will promptly provide written notice to the other party describing the nature of the event; the length of time it is expected to continue; and the party's efforts (planned or under way) to overcome the affects of the event.

The term "uncontrollable force" as used in this Section means natural, operational and mechanical events that are not within the control of the party affected by the event, and which that party is unable to prevent or overcome. For example, these include, but are not limited to, occurrences such as acts of God, storms, floods, earthquakes, tornadoes; failure to receive needed information in a timely manner that will enable the performance of this contract; the necessity for making unscheduled, emergency repairs; labor disruptions; shortages, disruptions or shortages in the supply or transportation of materials and supplies; and acts of government authorities. Uncontrollable forces do not include economic events, like changes in market conditions or prices.

17. Governing Law. This contract will be construed and enforced in accordance with the laws of the State of California.
18. Resolution of Disputes. If a dispute arises between the parties regarding a provision contained in this contract, or a party's performance of its obligations as stated in the contract, or any other matter governed by the terms of the contract, the parties agree that such dispute will be resolved in the manner prescribed in this Section.

(a) Promptly upon the occurrence of the dispute, the aggrieved party will notify the other party in writing (the "Claimant's Statement"), setting forth in sufficient detail the basis for the dispute, the aggrieved party's position and its proposal for resolution of the dispute. Within ten (10) days following receipt of the Claimant's Statement, the other party will respond in writing (the "Responsive Statement") setting forth in sufficient detail the respondent's position and its proposal for resolution of the dispute.

(b) Within ten (10) business days after the aggrieved party's receipt of the Responsive Statement, the parties will meet and attempt in good faith to expeditiously negotiate a resolution to the dispute. In attendance for each party at that opening session and throughout the dispute resolution procedure described in this Section, will be a representative or representatives of each party who is authorized to act for the party and resolve the dispute without resort to higher authority. If the parties cannot reach a mutually acceptable solution within thirty (30) days after discussions begin, either party may refer the matter to arbitration in accordance with the rules of the American Arbitration Association.

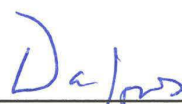
(c) Negotiations undertaken pursuant to this Section will be deemed confidential as settlement discussions. Nothing said by a party, nor any position taken during the course of the negotiations, will be introduced as evidence by the opposing party in any subsequent litigation concerning the same or related transactions.

19. Other Contract Provisions. This contract shall be subject to the Standard Contract Provisions which are set forth in the attached Exhibit B, which is incorporated herein by this reference.

IN WITNESS WHEREOF, the parties have executed this contract on the dates set forth below.

Dated: 5-18-17

DMJ Gas Marketing Consultants, LLC



Dave Jones
President

Dated: 5/31/17

ABAG Publicly OWned Energy Resources



Brad Paul
President

Approved as to Legal Form and Content:

By:



Kenneth K. Moy, Legal Counsel
ABAG Publicly OWned Energy Resources

EXHIBIT A

SCOPE OF SERVICES

The following is a detailed listing of the gas scheduling responsibilities. These responsibilities may change or be modified to reflect changing program needs.

- A. GAS SCHEDULING. GAS MANAGEMENT RESPONSIBILITIES ARE AS FOLLOWS: (Gas scheduling services shall begin July 1, 2017)**
1. Nominate natural gas supplies, including storage injection and withdrawal, on behalf of ABAG POWER in accordance with the Core Gas Aggregation Service Agreement (CTA Agreement), the Gas Transmission Service Agreement (GTSA), and all applicable PG&E natural gas Rules and Tariffs.
 2. Monitor gas usage and imbalances, and reconcile gas orders/deliveries. Monitor consumption to eliminate shortfalls and over-deliveries, and handle adjustments as necessary. Some of the areas for consideration include, but are not limited to the following:
 - a) Monitoring of the PG&E Core Load Forecasting Model and compliance with all balancing requirements.
 - b) Supplier vs. Transporter volume discrepancies;
 - c) OFO/EFO supply modifications;
 - d) Ongoing estimates/verification of imbalances, along with recommendations and implementation of plans to mitigate imbalance issues;
 - e) Arrange for injection and withdrawal from storage;
 - f) Evaluation of supplier performance;
 - g) Documentation for resolving gas volume disputes;
 - h) Avoidance of penalties and other unexpected costs;
 - i) Avoidance of supply interruptions.
 3. Provide the following reports on a monthly basis:
 - a) Operations Report to ABAG POWER summarizing gas purchases, imbalances, storage injection/withdrawal and any other gas scheduling activities.
 - b) Gas Supply Report showing daily volumes and prices
 - c) Forecast Report showing estimated usage and recommended supply for the following month.
 4. Monitor gas supply contracts to ensure gas delivery. Provide a Gas Purchasing Plan (strategy) for the coming month to include all current purchase contracts, and recommendations of any additional purchase needs.
 5. Comply with all local, state, and federal statutes and regulations that govern the natural gas industry.
 6. Maintain gas cost information that will allow ABAG POWER to have an itemized account of its purchase history and comparative costs.
 7. Review commodity supply invoices, and transportation/transmission charges in a timely manner to permit ABAG POWER payment of such invoices within the designated due date.

B. CONSULTING AND STRATEGIC PLANNING SERVICES. THESE SERVICES INCLUDE:

1. Assist ABAG POWER in designing gas supply strategies which:
 - a) Balance cost savings, cost stability, and supply reliability;
 - b) Take advantage of new opportunities and changing market conditions;
 - c) Conceptualize and develop strategies for reducing the cost of natural gas to ABAG POWER participating Members.
2. Assist in research and evaluation of available transportation and storage;
3. Be reasonably accessible and responsive to expressions of concern by ABAG POWER, its participating Members, attorneys and/or agents;
4. Continually analyze and review operating procedures and reporting mechanisms with the goal of improving them, and make timely written reports to ABAG POWER containing recommendations for changes;
5. With prior approval, contractor may from time to time speak on behalf of ABAG POWER and its members as an intervenor for utility issues. For occasions and issues which fall outside the contractor's existing role, a consulting agreement will be executed to cover these costs.

EXHIBIT B

STANDARD CONTRACT PROVISIONS

1. Time of the Essence. Time is of the essence in this contract.
2. Headings. The descriptive headings used in this contract are for convenience only and shall not control or affect the meaning or construction of any of its provisions.
3. Prohibited Interest. Contractor's officers, employees or agents shall neither solicit nor accept gratuities, favors or anything of monetary value from contractors, potential contractors, or parties to subcontracts.
4. Severability. Should any part of this contract be declared unconstitutional, invalid, or beyond the authority of either party to enter into or carry out, such decision shall not affect the validity of the remainder of this contract, which shall continue in full force and effect; provided that, the remainder of this contract can, absent the excised portion, be reasonably interpreted to give effect to the intentions of the parties.
5. Arbitration. Any dispute between Contractor and ABAG POWER regarding the interpretation, effects, alleged breach or powers and duties arising out of this contract will be submitted to binding arbitration.
6. Conflict of Interest. No employee, officer, or agent of ABAG POWER shall participate in selection or in the award or administration of a contract if a conflict of interest, real or apparent, would be involved. Such a conflict would arise when:
 - (a) The employee, officer or agent;
 - (b) Any member of his or her immediate family;
 - (c) His or her partner; or
 - (d) An organization which employs, or is about to employ, any of the above has a financial or other interest in the firm selected for award.

ABAG POWER's officers, employees or agents shall neither solicit nor accept gratuities, favors or anything of monetary value from contractors, potential contractors, or parties to subcontracts.
7. Extensions of Time. The granting of or acceptance of extensions of time to complete performance by Contractor will not operate as a release to Contractor or otherwise modify the terms and conditions of this contract.
8. Remedies Cumulative. The remedies conferred by this contract upon ABAG POWER are not intended to be exclusive, but are cumulative and in addition to all other remedies provided by law.
9. Records/Audit. Contractor shall keep complete and accurate books and records of all financial aspects of its relationship with ABAG POWER in accordance with generally-accepted accounting principles. Contractor shall permit authorized representatives of ABAG POWER and/or any of ABAG POWER's governmental grantors to inspect, copy, and audit all data and records of Contractor relating to its performance of services under this contract. Contractor shall maintain all such data and records intact for a period of not

less than three (3) years after the date that services are completed hereunder or this contract is otherwise terminated.

10. Insurance Requirements. Consultant shall procure and maintain for the duration of this agreement insurance against claims for injuries to persons or damages to property which may arise from or in connection with the performance of the work hereunder by the Consultant, its agents, representatives, or employees.
- a) Minimum Scope of Insurance. Coverage shall be at least as broad as:
 - i) Insurance Services Office Commercial General Liability coverage (occurrence Form CG 0001).
 - ii) Insurance Services Office Form Number CA 0001 covering Automobile Liability, Code 1 (any auto).
 - iii) Workers' Compensation insurance as required by the State of California and Employer's Liability Insurance.
 - iv) Errors and Omissions Liability insurance appropriate to the Consultant's profession. Architects' and engineers' coverage is to be endorsed to include contractual liability.

 - b) Minimum Limits of Insurance. Consultant shall maintain limits no less than:
 - i) General Liability: \$1,000,000 per occurrence for bodily injury, personal injury and property damage. If Commercial General Liability Insurance or other form with a general aggregate limit is used, either the general aggregate limit shall apply separately to this project/location or the general aggregate limit shall be twice the required occurrence limit.
 - ii) Automobile Liability: \$1,000,000 per accident for bodily injury and property damage.
 - iii) Employer's Liability: \$1,000,000 per accident for bodily injury or disease.
 - iv) Errors and Omissions Liability: \$1,000,000 per occurrence.

 - c) Deductibles and Self-Insured Retentions. Any deductibles or self-insured retentions must be declared to and approved by ABAG POWER. At the option of ABAG POWER, either: the insurer shall reduce or eliminate such deductibles or self-insured retentions as respects ABAG POWER, its officers, officials, employees and volunteers; or the Consultant shall provide a financial guarantee satisfactory to ABAG POWER guaranteeing payment of losses and related investigations, claim administration and defense expenses. (Including operations, products and completed operations, as applicable.).

 - d) Other Insurance Provisions. The commercial general liability and automobile liability policies are to contain, or be endorsed to contain, the following provisions:
 - i) ABAG POWER, its officers, officials, employees and volunteers are to be covered as insureds as respects: liability arising out of work or operations performed by or on behalf of the Consultant; or automobiles owned, leased, hired or borrowed by the Consultant.
 - ii) For any claims related to this project, the Consultant's insurance coverage shall be primary insurance as respects ABAG POWER, its officers, officials, employees and volunteers. Any insurance or self-insurance maintained by ABAG POWER, its officers, officials, employees or volunteers shall be excess of the Consultant's insurance and shall not contribute with it.

- iii) Each insurance policy required by this clause shall be endorsed to state that coverage shall not be canceled by either party, except after thirty (30) days' prior written notice by certified mail, return receipt requested, has been given to ABAG POWER.
 - iv) Coverage shall not extend to any indemnity coverage for the active negligence of the additional insured in any case where an agreement to indemnify the additional insured would be invalid under Subdivision (b) of Section 2782 of the Civil Code.
- e) Acceptability of Insurers. Insurance is to be placed with insurers with a current A.M. Best's rating of no less than A:VII, unless otherwise acceptable to ABAG POWER.
- f) Verification of Coverage. Consultant shall furnish the ABAG POWER with original certificates and amendatory endorsements effecting coverage required by this clause. All certificates and endorsements are to be received and approved by ABAG POWER before work commences. ABAG POWER reserves the right to require complete, certified copies of all required insurance policies, including endorsements effecting the coverage required by these specifications at any time.

EXHIBIT C

COMPENSATION

1. Fees - The following fee structure shall become effective as of July 1, 2017 and remain in effect for the term of this Contract unless revised or alternate pricing is agreed upon by both parties. The fee shall remain the same for the optional three-year extension period.
 - (a) There are no "start-up" expenses, and no minimum monthly load requirements.
 - (b) Monthly Billing Fees. A monthly fee for all services described herein as follows:
 - i) A flat rate of \$1,400.00 per month for all services performed on behalf of ABAG POWER.
 - ii) DMJ will send an invoice for the prior month once all monthly reports are completed and all gas volumes are confirmed by PG&E.

ABAG POWER
Operating Budget
 Fiscal Year Ending June 30, 2019

	FY 2018-19 Approved¹	FY 2018-19 Proposed	% Change
Revenues			
Sale of Energy	\$ 7,276,200	\$ 7,276,200	0.0%
Interest Income - Banks/LAIF	25,000	25,000	0.0%
PG&E Billing Credit	9,000	9,000	-
Total revenues	<u>7,310,200</u>	<u>7,310,200</u>	0.0%
Cost of Energy			
Cost of Energy Used	2,460,002	2,460,002	0.0%
PG&E Pass-Through Costs	4,334,371	4,334,371	0.0%
Total cost of energy	6,794,373	6,794,373	0.0%
Other Energy Costs			
Meter fees	-	-	
Total Other Energy Costs	-	-	
Program Expenses			
Billing Costs, external	10,500	10,500	0.0%
Scheduling Agent Fees*	16,800	18,300	8.9%
ABAG/MTC fees	466,337	466,337	0.0%
Interest Expense/Bank Charges	9,500	9,500	0.0%
Legal Expenses (outside)	10,000	10,000	0.0%
Other Expenses	-	-	-
Total Program Expenses	513,137	514,637	0.3%
Total expenses	<u>7,307,510</u>	<u>7,309,010</u>	0.0%
True-up Adjustment	2,690	1,190	
Core Annual Usage (Dths):	601,477	601,477	0.0%
Noncore Annual Usage (Dths):	81,286	81,286	0.0%
Core Gas Commodity ² (\$/Dth):	\$3.64	\$3.64	0.0%
Noncore Gas Commodity ² (\$/Dth):	\$3.32	\$3.32	0.0%
PG&E Pass-through (\$/Dth):	\$7.21	\$7.21	0.0%
Program Expenses ³ (\$/Dth):	\$0.70	\$0.70	0.3%
Core Total Rate (\$/Dth):	\$11.55	\$11.55	0.0%
Noncore Total Rate (\$/Dth):	\$4.03	\$4.03	0.1%

Notes:¹ Approved budget June 20, 2018² Storage costs allocated to core accounts only³ Program expenses minus interest income and PG&E Billing CreditChanges from 6/20/18 Approved Operating Budget

* Increased Scheduling Agent Fees by \$1,500



ASSOCIATION OF BAY AREA GOVERNMENTS

Representing City and County Governments of the San Francisco Bay Area

Proposed 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	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	Chair	Special Projects Manager	(650) 947-2888	dbrees@losaltosca.gov
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, LGS	(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	Assistant Director, Energy Programs	(415) 820-7908	jlahr@bayareametro.gov
Jenny Berg	MTC	Staff	Assistant Director, Energy Programs (effective January 1, 2019)	(415) 820-7947	jberg@bayareametro.gov
Ryan Jacoby	MTC	Staff	ABAG POWER Program Manager (effective January 1, 2019)	(415) 820-7956	rjacoby@bayareametro.gov
Cindy Chen	MTC	Staff	Energy Programs Coordinator	(415) 820-7973	cchen@bayareametro.gov