



SUMMARY MINUTES

ABAG Power Executive Committee

Regular Meeting 2014-04

August 28, 2014

MetroCenter, ABAG's Conference Room C

101 8th Street, Oakland, CA 94607

WELCOME AND INTRODUCTIONS

Vice Chair Bueren opened the meeting with introductions at 12:10 PM.

Committee Representatives

Richard Sealana (Chair)

Alan Olds

Angela Walton

Chris Schroeder

Julie Bueren

Jurisdiction

City of Union City

Housing Authority of the City of Alameda

City of Richmond

City of Milpitas

County of Contra Costa

Members Absent

Scott Lines

Stephanie Hom

City of Pleasanton

Town of Moraga

Staff Present

Jerry Lahr

Ryan Jacoby

Jennifer Berg

Herbert Pike

ABAG POWER

ABAG POWER

ABAG POWER

ABAG

Guests Present

Dave Jones

DMJ Gas Marketing Consultants

PUBLIC COMMENTS & ANNOUNCEMENTS

There were no public comments.



APPROVAL OF SUMMARY MINUTES OF JUNE 18, 2014.

Motion was made by Schroeder/S/Walton/C/4:0:0 to approve the Summary Minutes of June 18, 2014 Executive Committee Meeting.

Votes:

Alan Olds - Yes

Angela Walton - Yes

Chris Schroeder – Yes

Julie Bueren - Yes

Richard Sealana – Absent

Scott Lines – Absent

Stephanie Hom - Absent

REPORT ON NATURAL GAS PROGRAM

Monthly Summary of Operations FY 13-14

Lahr provided the members with the Monthly Summary of Operations reports for FY13-14; members were updated on the percentage savings comparisons with PG&E. The cumulative savings through May, 2014 is -1.6% including the CTA Unrecovered Pipelines Capacity costs. The program's 'Rate Comparisons excluding Pipeline Capacity Costs' calculation displayed a cumulative savings through May, 2014 of 1.2%. Preliminary figures for June, 2014 were also included, displaying similar cumulative savings numbers (-1.6% and 1.2% respectively).

Monthly Summary of Operations FY 14-15

Members were updated on current gas purchase contracts extending through March, 2015. Because the July financial reports had not been completed, no cumulative savings was provided. Lahr noted a correction of 'Total Inventory Quantity (Dths)' from 27,807 to 51,614.

Gas Hedge Chart

Lahr provided information on the various current long-term gas purchases (contracts which are greater than one month in length). Group discussion regarding gas purchase contracts extending past March, 2015 is covered in the agenda item "Gas Purchasing Strategies".

Market Price Chart

Lahr provided a comparison of gas prices.

Pipeline Capacity Costs

Lahr provided a list of invoices received from PG&E for the CTA Unrecovered Pipelines Capacity costs. To date the program has paid a total of \$273,543 for these costs starting from April, 2012 (costs for FY 13-14: \$192,238). Lower than expected costs during July, 2014 were primarily due to an increase in the costs recovered through PG&E's capacity auctioning process.

Members were optimistic that altering the "Gas Purchasing Strategies" may give the program the ability to better manage the impact of the Pipeline Capacity costs.



ABAG POWER MEMBER SURVEY

Survey Results

Staff informed members that the final results from the ABAG POWER member survey had been received. Points of interest included electronically delivered invoices, members' comprehension level of routine POWER processes (i.e., invoices, backup reports, etc.), and a high interest in energy saving assistance programs. Based on survey responses, Representative Bueren suggested that staff prepare a program information packet to assist new members with the ongoing processes, objectives, and challenges of ABAG POWER.

Chairman Richard Sealana arrived near the conclusion of this discussion.

GAS PURCHASING STRATEGIES

Responding to Schroeder's previous request, Lahr informed members of the results of his gas price comparison ranging from 2003 to present year, along with a prediction of the potential savings that may have resulted over this same period if all gas had been purchased on the daily market. Discussion revolved primarily around altering the program's traditional gas purchasing strategy by relying more on the short term market as a means of minimizing the impact of the Stranded Pipelines Capacity Costs and potentially offering members cost savings when compared to PG&E.

Motion was made by Sealana/S/Bueren/C/5:0:0 to alter the Natural Gas Purchasing Strategy, in accordance with the following Committee recommendations:

- Place a greater emphasis on the short term (daily) market, including changing from purchases based on the monthly (NGI) index to the daily (Gas Daily) index.
- Authorization for a fixed price six-month gas purchase contract beginning April 1, 2015 up to 500 Dth/day
- Beginning in April 2015 the program will attempt to have a maximum of 500 Dth/day in long term, fixed price contracts.
- Staff will monitor the price volatility of the overall portfolio and recommend actions necessary to ensure adequate cash flow, including changes to members' monthly levelized payments.

Votes:

Alan Olds - Yes

Angela Walton - Yes

Chris Schroeder - Yes

Julie Bueren - Yes

Richard Sealana - Yes

Scott Lines - Absent

Stephanie Hom - Absent



AGENDA FOR ANNUAL BOARD MEETING

Lahr presented members with a preliminary agenda for the upcoming annual board meeting regarding date finalization, potential speakers and subjects, and reordering of the agenda items.

Recommendations for the CCA guest speaker included involving both emerging and existing programs.

PROGRAMS OF INTEREST

Feed-in Tariffs (FIT)

Staff presented a memorandum containing an abstract, history, and current examples of FITs and net-energy metering rates. Although no recommendation was provided, points of contention and potential benefits were listed.

Community Choice Aggregation (CCA)

Staff and members discussed CCA regionalization, the recent change of AB 2145's "opt-out" and consecutive county restriction revisions, and ABAG's potential knowledgeable aid to emerging CCA programs.

CALIFORNIA PUBLIC UTILITIES COMMISSION (CPUC) REGULATORY ISSUES

Order Instituting Rulemaking to Implement Registration of Third Party Natural Gas Procurement Service Providers... (R14-03-002)

Lahr updated members that a recent decision ruling confirmed that specific language in the legislation leading to this order exempts public agencies from most requirements of the new code.

CLOSED SESSION

Because of time constraints, the Committee was not able to entertain the scheduled closed session.

ADJOURNMENT

Chairman Sealana adjourned the meeting at 2:11 PM.

/rj

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