

MEMORANDUM

ASSOCIATION OF BAY AREA GOVERNMENTS

Representing City and County Governments of the San Francisco Bay Area

Attachment 3A



SUMMARY MINUTES

ABAG Power Executive Committee

Regular Meeting 2012-03

June 20, 2012

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

WELCOME AND INTRODUCTIONS

Chairman Chris Schroeder opened the meeting with introductions at 12:00 Noon.

Committee Representatives

Ron Popp
Angela Rush
Laura Ryan
Chris Schroeder (Chair)

Jurisdictions

City of Millbrae
City of Richmond
City of Pleasanton
City of Milpitas

Committee Representatives Absent

Mark Armstrong
Beth Balita
Richard Sealana (Vice-Chair)

City of Santa Rosa
County of Contra Costa
City of Union City

Staff Present

Jerry Lahr
Vina Maharaj
Ken Moy
Susan Hsieh

ABAG POWER
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PUBLIC COMMENTS & ANNOUNCEMENTS

There were no public comments.

APPROVAL OF SUMMARY MINUTES OF APRIL 18, 2012

Motion was made by Pope/S/Rush/C/4:0:0 to approve the Summary Minutes of April 18, 2012 Executive Committee Meeting.

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REPORT ON NATURAL GAS PROGRAM

Monthly Summary of Operations FY 11-12

Lahr provided the members with the Monthly Summary of Operations report for FY 2011-12. He updated the members on the percentage savings comparison with PG&E. The fiscal year cumulative savings through April, 2012 is 2.6% in comparison with PG&E.

Gas Hedge Chart

Lahr provided information on the various current long-term gas purchases (contracts which are greater than one month in length). He said there are two fixed priced contracts in place: one through March, 2013, and one through June 2014.

Market Price Chart (3-year)

Lahr provided a 3-year comparison of gas prices.

FY2012-13 BUDGET

Lahr provided a Revised (6/19/12) Operating budget for Fiscal Year 2012-13 to the Executive Committee. Also attached was the new levelized charge calculations which would go into effect from the July, 2012 invoice.

Motion was made by Pope/S/Rush/C/4:0:0 to approve the (Revised 6/19/12) Operating Budget for Fiscal Year Ending June 30, 2013.

CTA Unrecovered Capacity Cost Invoice

PG&E sent their first invoice dated April, 2012 to ABAG POWER. ABAG and other CTA's have been allocated capacity on various pipelines. In the past CTAs were allowed to either accept or reject the capacity offered without any penalty. Now CTA's are required to pay for a portion of it, even if the capacity is rejected. The rejected capacity is offered at auction and so far PG&E seems to recover most of the costs. ABAG and other CTA's are responsible to pay for the remaining unrecovered capacity if PG&E is not able to auction it. The CTA unrecovered capacity costs are expected to rise very significantly in the coming years.

EAST SIDE UNION HIGH SCHOOL DISTRICT LETTER (ESUHSD)

ABAG POWER received a disconnect notice from PG&E indicating that the sole ESUHSD account had been transferred to an alternate provider on May 3, 2012. ABAG POWER sent correspondence to the District stating that the disconnection of this account was considered a breach of the terms of the Natural Gas Agreement which requires ESUHSD provide a 3-year advance notice prior to termination.

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A response was received from ESUHSD requesting an opt-out, effective June 30, 2012. The District proposed that in light of their review of the Education Code section 17596 (which states that contracts for services to be performed for the district should not exceed five years), they terminate the Core Natural Gas Agreement with ABAG POWER, which is a continuing agreement with automatic (“evergreen”) 3 year renewals.

Lahr presented an estimate of the stranded costs that would be borne by the remaining members if ESUHSD was allowed to terminate the agreement early.

Motion was made by Popp/S/Ryan/C/4:0:0 giving specific instructions to ABAG POWER staff regarding the payments to be made by ESUHSD’s if they still desire to withdraw early from the ABAG POWER Program.

BAY AREA REGIONAL ENERGY NETWORK

Lahr provided information on ABAG’s proposal to create a Bay Area Regional Energy Network for the implementation of energy efficiency programs. It would be organized through a Memorandum of Understanding (MOU) between ABAG and the county level agencies, and implemented at both the regional and county levels

CLOSED SESSION

Conference With Legal Counsel—Anticipated Litigation, Govt. C. Sec. 54956.9(c)
Initiation of litigation pursuant to subdivision (c) of Section 54956.9: One Case

There were no reportable action items from the closed session

ADJOURNMENT

Chairman Schroeder adjourned the meeting at 1:25 p.m.

/vm

*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.