

# 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 and Teleconference 2009-03**

June 17, 2009

Metro Center, 101 8<sup>th</sup> Street, Oakland, CA 94607

## WELCOME AND INTRODUCTIONS

Chairman John Cerini opened the meeting with introductions at 12:00 p.m.

### Committee Representatives

Ed Buonaccorsi (via teleconference)  
John Cerini, Chairman  
Terry Mann  
Raj Pankhania  
Ron Popp  
Chris Schroeder

### Jurisdictions

City of Santa Rosa  
City of Vallejo  
County of Contra Costa  
City of Hercules  
City of Millbrae  
City of Milpitas

### Members Absent

Jennifer Mennucci, Vice-Chairwoman

Golden Gate Bridge District

### Members of Public Present

Michelle Rodriguez

Jones & Stokes

### Staff Present

Jerry Lahr  
Cheryl Adsit  
Kenneth Moy  
Joseph Chan  
Henry Gardner  
Dan Eeds

ABAG POWER  
ABAG POWER  
ABAG  
ABAG  
ABAG  
ABAG

## PUBLIC COMMENTS & ANNOUNCEMENTS

Michelle Rodriguez of Jones & Stokes (10 Lombard Street, Suite 300, San Francisco, CA 94111, (415) 296-0524, [www.jonesandstokes.com](http://www.jonesandstokes.com)) joined the meeting as a member of the public.

## APPROVAL OF SUMMARY MINUTES OF APRIL 15, 2009 MEETING

Motion was made by Cerini/S/Schroeder/C/6:0:0 (unanimous roll call vote, all ayes), to approve the Summary Minutes of April 15, 2009 Executive Committee Meeting.

# MEMORANDUM

## ASSOCIATION OF BAY AREA GOVERNMENTS

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### Attachment 3A



## REPORT ON NATURAL GAS PROGRAM

### Monthly Summary of Operations FY 08-09

Lahr provided the members with the Monthly Summary of Operations report for FY 2008-09. He reported on the cumulative savings, gas inventory and the operating imbalance. He said that the cumulative savings has dropped down to -4.7% in April due to the recent downfall in gas prices versus ABAG POWER's higher priced locked-in gas. ABAG POWER, however, had maintained a positive cumulative savings percentage compared to PG&E during the first seven months of the fiscal year 2008-09.

Lahr said that ABAG POWER's gas schedulers are helping manage the operating imbalance which is a small positive imbalance at this point.

### Gas Hedge Chart and Market Prices

Lahr provided a chart showing ABAG POWER's long-term gas purchases. He mentioned that ABAG POWER has completed its long-term gas purchases for the period up to June, 2010. As of July 2009, the higher-priced locked-in gas of \$7.44 will be dropped off and the lower-priced, locked-in gas of \$5.81 will begin to be utilized under its long-term purchase transactions.

Lahr also provided a chart showing recent market prices and futures prices.

### Energy Data System - Pilot Project

The contract with Utility Management Services (UMS) was fully executed at the end of March 2009. UMS is in the initial phase of the project of collecting and inputting electric account data into the Utility Manager database. UMS has begun conversations with the City of Milpitas regarding programming and the most fitting method of grouping accounts in the system.

### ABAG POWER's Unused Pipeline Capacity

At the last meeting, Lahr had mentioned that ABAG POWER, being a core aggregator, receives a monthly option for certain pipeline capacity from PG&E. He was looking into a new mechanism that may allow the program to make use of a portion of this capacity that has traditionally gone unused due to scheduling and pricing concerns. A company had proposed that ABAG POWER assign its unused capacity to them, and they will then aggregate a number of these, resell and share the benefits of the sale with ABAG POWER on a fifty-fifty basis.

Lahr reported that ABAG POWER did enter into an agreement with In-House Energy, LLC on May 13, 2009. He said that the Baja capacity for June was offered to them, but they were not able to utilize it. However, since it is not costing ABAG POWER for this service, the plan is to continue to look for an opportunity to make a gain from the unused pipeline capacity.

### FY 2009-10 ABAG POWER BUDGET

Motion was made by Mann/S/Schroeder/C/6:0:0 (unanimous roll call vote, all ayes) to approve the ABAG POWER Budget as presented, which included the following points:

# MEMORANDUM

## ASSOCIATION OF BAY AREA GOVERNMENTS

Representing City and County Governments of the San Francisco Bay Area

### Attachment 3A



- Electricity – Electric expenses will be accrued as a liability to the program. Reimbursement will be made to ABAG once the remaining issues have been resolved.
- Gas – There was a large over-collection of funds during FY 2008-09 due to a higher assumed gas rate, which was revised in December, 2008 lowering the rate going forward. During next true-up in November, 2009, members will be refunded the over-collected funds of approximately \$2.8 million. This will appear as “FY 08-09 true-up allocation per month” as the second line item on the member’s invoice.
- Energy Data System Upgrade – At the Annual Board Meeting of 2008, members had approved a line item of \$50,000 in the revised budget for the data system upgrade. To date the program has not charged any money against this deal. While the estimate for this upgrade project is approximately \$13,000, Lahr has placed a projected amount of \$10,000 for FY 2008-09 and a proposed amount of \$40,000 for FY 2009-10.
- Interest Expense/Bank Charges – The two largest factors for increase in banking charges are 1) the drop in the bank's interest earned rate from .0025% to .001% ; and 2) the monthly FICA/FICO Insurance fees have gone from \$49 to \$409 which is due to the recent banking crises. ABAG Accounting Staff have discussed the possibility of consolidating this account with other ABAG accounts in order to cut down on bank fees and charges.

### **DISTRIBUTION AND USES OF GAS LITIGATION PROCEEDS**

In addition to the information provided in the attached memo, ABAG POWER very recently received word that one additional settlement has been proposed with the final defendant in the litigation. It is expected that this settlement will be finalized in the next couple of months.

Motion was made by Schroeder/S/Popp/C/6:0:0 (unanimous roll call vote, all ayes) to distribute the proceeds allocated to the opt-out members after all funds are received, and retain the remaining proceeds until a decision can be made as to the viability of the Energy Data Pilot Project.

### **SOLAR & ENERGY EFFICIENCY FINANCING DISTRICT**

Lahr presented the members with a copy of a status report which was presented to ABAG’s Executive Board on May 6, 2009. He said several advances had been made on the legislation that would enable the creation of a regional financing district and on the refinement of the potential program details. Lahr said the program intends to put a large emphasis on energy efficiency type projects in partnership with PG&E.

# MEMORANDUM

## ASSOCIATION OF BAY AREA GOVERNMENTS

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### Attachment 3A



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### CLOSED SESSION

Conference with Legal Counsel – Existing Litigation [Govt. C. Sec. 54956.9(a)]

- “California Parties” v. NCPA, et al

It was reported out of closed session that the Committee gave direction to Legal Counsel, Kenneth Moy.

### ADJOURNMENT

Chairman Cerini adjourned the meeting at 1:20 p.m.

[Prepared by Vina Maharaj from recorded tapes of the meeting].

/vm

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

## ABAG POWER Natural Gas Program

FY 2008-09 Monthly Summary of Operations

	days/mo.	Jul 31	Aug 31	Sep 30	Oct 31	Nov 30	Dec 31	Jan 31	Feb 28	Mar 31	Apr 30	May 31	Jun 30	Total
<b>Gas Purchases<sup>(1)</sup></b>														
Purchase 1	Qty	15,500	15,500	15,000	15,500	15,000	15,500	15,500	14,000	15,500	15,000	15,500	15,000	182,500
	Price	\$7.44	\$7.44	\$7.44	\$7.44	\$7.44	\$7.44	\$7.44	\$7.44	\$7.44	\$7.44	\$7.44	\$7.44	\$7.44
Purchase 2	Qty	15,500	15,500	15,000	15,500	14,781	15,500	15,500	14,000	15,500	15,500	15,500	15,000	182,281
	Price	\$7.66	\$7.66	\$7.66	\$7.66	\$7.66	\$7.66	\$7.66	\$7.66	\$7.66	\$7.50	\$7.50	\$7.50	\$7.50
Purchase 3	Qty	15,500	15,500	15,000	15,500	14,998	15,500	15,500	14,000	15,500	15,000	15,500	15,000	182,498
	Price	\$12.32	\$8.44	\$7.90	\$7.90	\$7.90	\$7.90	\$7.90	\$7.90	\$7.90	\$7.90	\$7.90	\$7.90	\$7.90
Purchase 4	Qty	13,826	13,594	13,200	13,578	15,000	15,500	15,500	14,000	15,500	11,460	8,711	8,370	158,239
	Price	\$12.18	\$8.28	\$7.17	\$6.26	\$9.09	\$9.09	\$9.09	\$9.09	\$9.09	\$3.59	\$2.87	\$3.00	\$3.00
Purchase 5	Qty	4,020	8,325	11,950	12,700	14,751	43,602	32,547	20,896	14,067	18,000	5,275	3,600	189,733
	Price	\$9.61	\$8.04	\$6.73	\$6.37	\$5.89	\$6.16	\$5.90	\$4.47	\$3.87	\$3.42	\$3.56	\$3.06	\$3.06
Total Quantity Purchased		64,346	68,419	70,150	72,778	74,530	105,602	94,547	76,896	76,067	74,460	60,486	56,970	895,251
Total Purchase Cost		\$631,970	\$544,309	\$520,008	\$522,386	\$566,554	\$766,122	\$689,330	\$542,684	\$551,818	\$445,386	\$397,749	\$378,739	\$6,557,055
Backbone Shrinkage (Dths)		(589)	(590)	(570)	(589)	(568)	(589)	(589)	(532)	(589)	(540)	(527)	(510)	
Weighted Avg. Cost of Gas (WACOG) <sup>(2)</sup>		\$9.91	\$8.02	\$7.47	\$7.24	\$7.66	\$7.30	\$7.34	\$7.11	\$7.31	\$6.03	\$6.63	\$6.71	\$7.32
<b>Storage/Inventory</b>														
Total Injections/ (Withdrawals)		11,966	11,966	12,738	10,633	0	(14,350)	(19,665)	(16,150)	(12,144)	13,945	8,331	8,000	15,270
Total Inventory Quantity (Dths)		46,972	58,938	71,676	82,309	82,309	67,959	48,294	32,144	20,000	33,945	42,276	50,276	
Total Inventory (\$)		\$424,830	\$520,854	\$616,691	\$694,414	\$694,414	\$571,278	\$405,970	\$270,209	\$168,124	\$263,536	\$314,360	\$347,000	
<b>Gas Program Monthly Expenses (from Financial Reports)</b>														
Cost of Energy Used <sup>(3)</sup>		\$ 529,250	\$ 464,139	\$ 439,964	\$ 460,509	\$ 579,235	\$ 910,085	\$ 868,570	\$ 679,248	\$ 684,311	\$ 365,423	\$ 358,827	\$ 393,321	\$ 6,732,881
Program Operating Expenses <sup>(4)</sup>		20,299	28,516	27,161	29,466	19,637	29,940	19,877	27,614	31,426	40,405	28,272	25,549	328,160
Subtotal		\$ 549,548	\$ 492,655	\$ 467,125	\$ 489,975	\$ 598,872	\$ 940,024	\$ 888,446	\$ 706,862	\$ 715,738	\$ 405,828	\$ 387,099	\$ 418,870	\$ 7,061,041
Rate (\$/Dth)		\$10.07	\$9.03	\$8.58	\$7.27	\$7.77	\$8.49	\$8.02	\$7.43	\$7.76	\$5.41	\$6.19	\$7.93	\$7.78
PG&E Pass-through costs <sup>(5)</sup>		122,274	139,604	81,317	146,291	144,044	297,992	300,910	300,758	216,600	250,138	149,570	159,098	2,308,596
Total ABAG POWER Cost		\$ 671,822	\$ 632,259	\$ 548,442	\$ 636,265	\$ 742,916	\$ 1,238,016	\$ 1,189,356	\$ 1,007,620	\$ 932,337	\$ 655,966	\$ 536,669	\$ 577,967	\$ 9,369,638
<b>Actual (metered) Gas Usage</b>														
Core <sup>(6)</sup>		43,666	41,708	41,542	54,783	67,333	99,574	99,042	85,641	81,962	64,348	51,007	41,951	772,556
Non Core		10,908	12,845	12,907	12,600	9,712	11,149	11,764	9,460	10,249	10,723	11,517	10,902	134,734
Total Program Usage		54,574	54,552	54,449	67,383	77,044	110,723	110,807	95,101	92,211	75,071	62,524	52,853	907,291
ABAG POWER Total Core Rate		\$ 12.87	\$ 12.38	\$ 10.54	\$ 9.94	\$ 9.91	\$ 11.48	\$ 11.06	\$ 10.94	\$ 10.40	\$ 9.29	\$ 9.12	\$ 11.72	
<b>PG&amp;E Rate<sup>(7)</sup></b>														
Procurement Charge <sup>(8)</sup>		14.80	12.45	9.05	7.79	7.18	5.92	7.03	6.54	5.32	4.68	3.71	4.78	
Transportation/Other Charge <sup>(9)</sup>		2.80	3.35	1.96	2.67	2.14	2.99	3.04	3.51	2.64	3.89	2.93	3.79	
Total PG&E Rate		\$ 17.60	\$ 15.80	\$ 11.01	\$ 10.46	\$ 9.32	\$ 8.91	\$ 10.07	\$ 10.05	\$ 7.96	\$ 8.56	\$ 6.64	\$ 8.57	
Monthly Rate Difference (\$/Dth)		(4.73)	(3.42)	(0.47)	(0.51)	0.59	2.57	0.99	0.89	2.44	0.73	2.48	3.15	
Monthly Savings (\$)		206,643	142,710	19,726	28,156	(40,009)	(256,053)	(97,982)	(76,318)	(200,141)	(46,951)	(126,471)	(132,042)	
Cumulative Savings (\$)		206,643	349,353	369,079	397,236	357,227	101,174	3,192	(73,126)	(273,267)	(320,218)	(446,689)	(578,731)	
Cumulative Savings (%)		26.9%	24.5%	19.6%	16.2%	11.6%	2.5%	0.1%	-1.3%	-4.2%	-4.6%	-6.1%	-7.5%	

## ABAG POWER Natural Gas Program

FY 2008-09 Monthly Summary of Operations

		Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total
<u>Storage Gas Accounting</u>														
Beginning Quantity		35,006												
Average Price		\$8.75												
Beginning of Month	Qty	35,006	46,972	58,938	71,676	82,309	82,309	67,959	48,294	32,144	20,000	33,945	42,276	
Injections	Qty	12,121	12,121	11,730	7,455	0	0	0	0	0	5,214	1,049	0	
	Storage Shrinkage Qty	-155	-155	-150	-101						-69	-14	0	
	Price	\$9.91	\$8.02	\$7.47	\$7.24	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$6.03	\$6.63	\$0.00	
Imbalance Trades	Qty			1,158	3,279		2,150				8,800	7,296	8,000	
	Price			\$8.03	\$7.47		\$7.47				\$7.32	\$6.03	\$4.08	
Withdrawals	Qty	0	0	0	0	0	16,500	19,665	16,150	12,144	0	0	0	
	Price	\$8.75	\$9.04	\$8.84	\$8.60	\$8.44	\$8.44	\$8.41	\$8.41	\$8.41	\$8.41	\$7.76	\$7.44	
End of Month	Qty	46,972	58,938	71,676	82,309	82,309	67,959	48,294	32,144	20,000	33,945	42,276	50,276	
	Avg. Pric	\$9.04	\$8.84	\$8.60	\$8.44	\$8.44	\$8.41	\$8.41	\$8.41	\$8.41	\$7.76	\$7.44	\$6.90	
End of Month Inventory		\$424,830.27	\$520,854.15	\$616,690.54	\$694,413.97	\$694,413.97	\$571,278.00	\$405,969.77	\$270,209.39	\$168,124.31	\$263,535.61	\$314,359.87	\$346,999.87	
Monthly Index Postings														
NGI Bidweek for PG&E Citygate		\$12.57	\$8.69	\$7.73	\$6.45	\$6.06	\$6.42	\$6.00	\$4.77	\$4.19	\$3.99	\$3.22	\$3.40	
Gas Daily Avg. for PG&E Citygate		\$10.75	\$8.06	\$6.73	\$6.36	\$6.15	\$6.12	\$5.35	\$4.56	\$3.96	\$3.44	\$3.68	\$3.18	
NGI Bidweek for Malin		\$12.15	\$8.26	\$7.15	\$6.24	\$5.80	\$6.19	\$5.67	\$4.52	\$3.82	\$3.59	\$2.85	\$2.98	

## Notes:

- (1) All gas quantities in Dth and rates in \$/Dth.
- (2) 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) Actual cost of PG&E charges billed to customer via EDI process. 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.



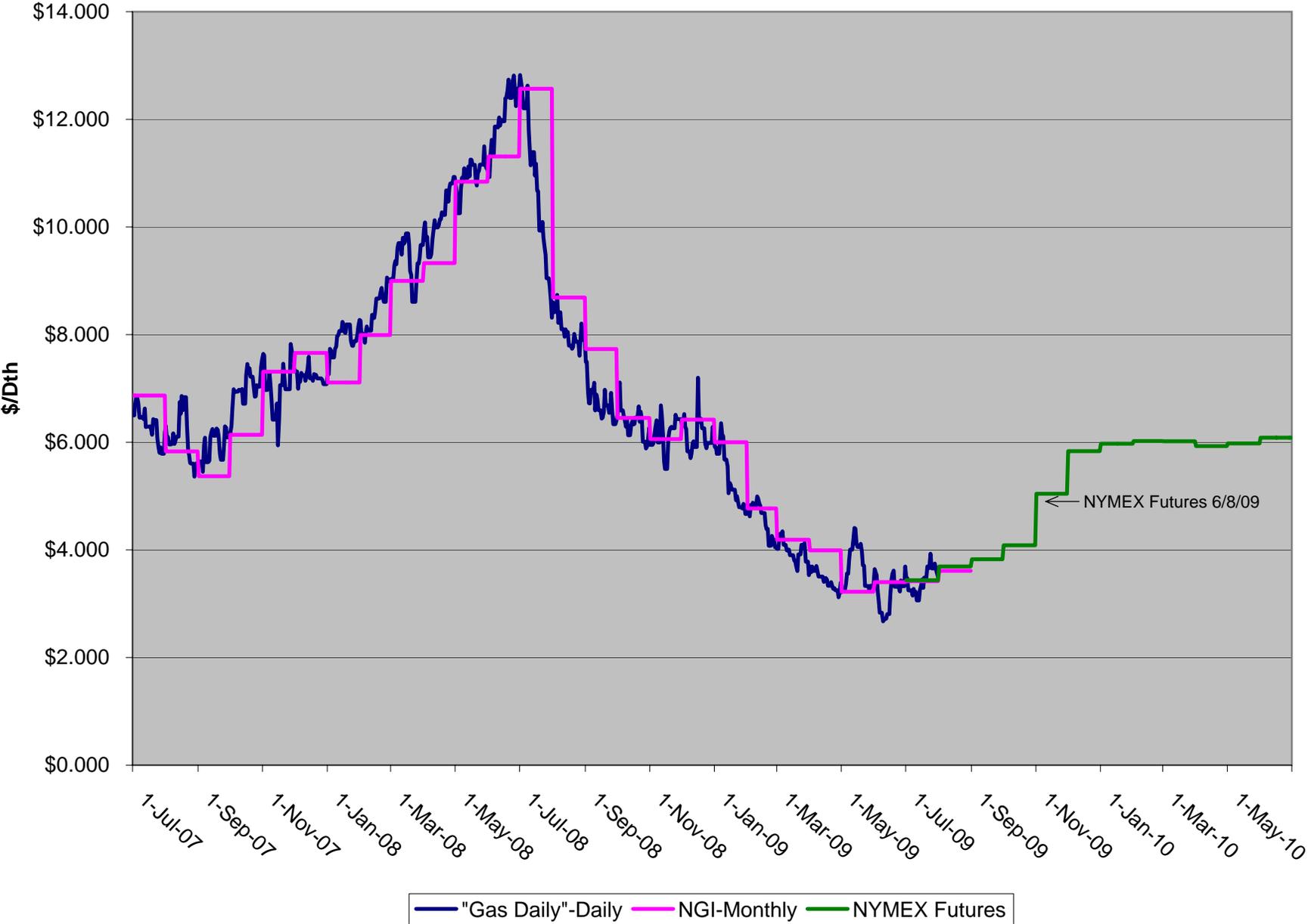
**ABAG POWER Natural Gas Program**

FY 2009-10 Monthly Summary of Operations

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total
<u>Storage Gas Accounting</u>													
Beginning Quantity	50,276												
Average Price	\$6.90												
Beginning of Month Qty	50,276	57,726	57,726	57,726	57,726	57,726	57,726	57,726	57,726	57,726	57,726	57,726	57,726
Injections Qty	0												
Storage Shrinkage Qty													
Price	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Imbalance Trades Qty	7,450												
Price	\$3.85												
Withdrawals Qty													
Price	\$6.90	\$6.51											
End of Month Qty	57,726	57,726	57,726	57,726	57,726	57,726	57,726	57,726	57,726	57,726	57,726	57,726	57,726
Avg. Pric	\$6.51												
End of Month Inventory	\$375,629.69												
Monthly Index Postings													
NGI Bidweek for PG&E Citygate	\$3.42	\$3.61											
Gas Daily Avg. for PG&E Citygate	\$3.43												
NGI Bidweek for Malin	\$3.07	\$3.17											

- Notes:
- (1) All gas quantities in Dth and rates in \$/Dth.
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  - (9) PG&E Transportation Charge; Customer Charge, and surcharge for Public Purpose Programs. Does not include Franchise Fees and City Taxes.

Market Price Indices @ PG&E Citygate



**Gas Litigation Proceeds Allocation**

Total Litigation Settlements	\$	557,282.29
Interest from Cotchett firm		1,180.39
Interest from ABAG - thru 6/30/09		7,147.24
Total Allocation Amount	\$	<b>565,609.92</b>
Gas Litigation Costs*	\$	<b>70,913.33</b>

	Total Usage Jun '00 - Dec '02**	% of Total	% of Group	Allocation of Costs	Litigation Proceeds Allocation	Re-allocation of Costs	Total Distribution
<b>Current Members</b>							
Alameda, City	357,225	1.77%	1.99%	\$ 1,254.81	\$ 10,008.43	\$ 153.14	\$ 10,161.57
Albany, City	58,488	0.29%	0.33%	205.45	1,638.67	25.07	1,663.74
Atherton, Town	14,975	0.07%	0.08%	52.60	419.56	6.42	425.98
Benicia, City	224,002	1.11%	1.24%	786.84	6,275.90	96.03	6,371.93
Contra Costa County	4,378,993	21.69%	24.34%	15,381.88	122,687.01	1,877.25	124,564.25
Cupertino, City	148,205	0.73%	0.82%	520.59	4,152.29	63.53	4,215.82
Eastside Union H.S. District	80,100	0.40%	0.45%	281.36	2,244.18	34.34	2,278.51
Fremont, City	585,431	2.90%	3.25%	2,056.42	16,402.12	250.97	16,653.09
Golden Gate Bridge	195,016	0.97%	1.08%	685.02	5,463.80	83.60	5,547.40
Gonzales, City	24,430	0.12%	0.14%	85.81	684.46	10.47	694.93
Half Moon Bay, City	8,870	0.04%	0.05%	31.16	248.51	3.80	252.31
Hercules, City	88,256	0.44%	0.49%	310.01	2,472.68	37.83	2,510.52
Los Altos, City	102,520	0.51%	0.57%	360.12	2,872.32	43.95	2,916.27
Mill Valley, City	158,941	0.79%	0.88%	558.30	4,453.08	68.14	4,521.21
Millbrae, City	67,576	0.33%	0.38%	237.37	1,893.29	28.97	1,922.26
Milpitas, City	240,252	1.19%	1.34%	843.92	6,731.18	102.99	6,834.18
Monte-Sereno, City	2,261	0.01%	0.01%	7.94	63.35	0.97	64.32
Moraga, Town	24,245	0.12%	0.13%	85.16	679.28	10.39	689.67
Napa County001	5,801	0.03%	0.03%	20.38	162.53	2.49	165.01
Napa County002	49,928	0.25%	0.28%	175.38	1,398.84	21.40	1,420.25
Napa County003	32,753	0.16%	0.18%	115.05	917.65	14.04	931.69
Napa County004	21,801	0.11%	0.12%	76.58	610.80	9.35	620.15
Napa County005	317,711	1.57%	1.77%	1,116.01	8,901.36	136.20	9,037.56
Oakland, City	2,419,375	11.98%	13.45%	8,498.42	67,784.05	1,037.17	68,821.22
Oakland Zoological	35,150	0.17%	0.20%	123.47	984.80	15.07	999.87
Orinda, City	17,853	0.09%	0.10%	62.71	500.19	7.65	507.84
Pacifica, City	85,942	0.43%	0.48%	301.88	2,407.85	36.84	2,444.69
Petaluma, City	66,012	0.33%	0.37%	231.88	1,849.47	28.30	1,877.77
Pleasanton, City	386,851	1.92%	2.15%	1,358.87	10,838.47	165.84	11,004.31
Regional Admin. Facility	91,590	0.45%	0.51%	321.72	2,566.09	39.26	2,605.36
Richmond, City	403,908	2.00%	2.24%	1,418.79	11,316.36	173.15	11,489.51
Salinas, City	573,725	2.84%	3.19%	2,015.30	16,074.15	245.95	16,320.11
San Carlos, City	162,568	0.81%	0.90%	571.04	4,554.70	69.69	4,624.39
San Mateo County SANACPC006	1,311,673	6.50%	7.29%	4,607.45	36,749.37	562.31	37,311.68
San Mateo County SANACPC007	522,263	2.59%	2.90%	1,834.53	14,632.33	223.89	14,856.22
San Mateo County SANACPC008	7,055	0.03%	0.04%	24.78	197.66	3.02	200.69
San Mateo County SANACPC009	5,858	0.03%	0.03%	20.58	164.12	2.51	166.64
San Mateo County SANACPC011	2,041	0.01%	0.01%	7.17	57.18	0.87	58.06
San Rafael, City	109,188	0.54%	0.61%	383.54	3,059.14	46.81	3,105.95
Santa Clara County	2,107,458	10.44%	11.71%	7,402.77	59,045.02	903.45	59,948.47
Santa Rosa, City	670,388	3.32%	3.73%	2,354.84	18,782.38	287.39	19,069.77
Saratoga, City	37,064	0.18%	0.21%	130.19	1,038.43	15.89	1,054.32
Union City	59,603	0.30%	0.33%	209.36	1,669.91	25.55	1,695.46
Vallejo, City	1,458,664	7.23%	8.11%	5,123.78	40,867.64	625.32	41,492.96
Vallejo Sani.& Flood Control Dist	48,871	0.24%	0.27%	171.67	1,369.23	20.95	1,390.18
Watsonville, City	210,859	1.04%	1.17%	740.67	5,907.67	90.39	5,998.07
Winters, City	10,422	0.05%	0.06%	36.61	291.99	4.47	296.46
<b>Total Current Members</b>	<b>17,992,161</b>	<b>89.12%</b>	<b>100.00%</b>	<b>\$ 63,200.21</b>	<b>\$ 504,089.50</b>	<b>\$ 7,713.12</b>	<b>\$ 511,802.62</b>

**Gas Litigation Proceeds Allocation**

Total Litigation Settlements	\$	557,282.29
Interest from Cotchett firm		1,180.39
Interest from ABAG - thru 6/30/09		7,147.24
<b>Total Allocation Amount</b>	<b>\$</b>	<b>565,609.92</b>
 Gas Litigation Costs*	 <b>\$</b>	 <b>70,913.33</b>

	Total Usage Jun '00 - Dec '02**	% of Total	% of Group	Allocation of Costs	Litigation Proceeds Allocation	Re-allocation of Costs	Total Distribution
<u>Opt-out Members</u>							
Belmont, City	86,583	0.43%	3.94%	\$ 304.14	\$ 2,425.81	\$ (304.14)	\$ 2,121.67
Daly, City	296,001	1.47%	13.48%	1,039.75	8,293.11	(1,039.75)	7,253.36
El Cerrito, City	0	0.00%	0.00%	-	-	-	-
Foster City	105,910	0.52%	4.82%	372.03	2,967.30	(372.03)	2,595.27
Hillsborough, Town	15,251	0.08%	0.69%	53.57	427.29	(53.57)	373.72
Menlo Park, City	347,975	1.72%	15.85%	1,222.32	9,749.28	(1,222.32)	8,526.96
Pinole, City	139,209	0.69%	6.34%	488.99	3,900.24	(488.99)	3,411.25
San Leandro, City	0	0.00%	0.00%	-	-	-	-
San Mateo, City	995,318	4.93%	45.33%	3,496.21	27,886.00	(3,496.21)	24,389.79
Sebastopol, City	96,519	0.48%	4.40%	339.04	2,704.19	(339.04)	2,365.15
Vacaville, City	113,045	0.56%	5.15%	397.09	3,167.20	(397.09)	2,770.11
<b>Total Opt-out Members</b>	<b>2,195,811</b>	<b>10.88%</b>	<b>100.00%</b>	<b>\$ 7,713.12</b>	<b>\$ 61,520.42</b>	<b>\$ (7,713.12)</b>	<b>\$ 53,807.30</b>
 <b>Grand Total</b>	 <b>20,187,972</b>	 <b>100.00%</b>		 <b>\$ 70,913.33</b>	 <b>\$ 565,609.92</b>	 <b>\$ -</b>	 <b>\$ 565,609.92</b>

\*During the four fiscal years beginning July 2004, ABAG POWER budgeted 5% of the Program Manager's time and 5% of the Program Assistant's time to the gas litigation tasks. These costs were included in the program fees charged to gas program participants.

\*\* Usage for period Jun 2000 - Jun 2002 taken from the worksheet used to calculate the true-up in October 2002. Usage for period Jul 2002 - Dec 2002 taken from the 2002-03 true-up worksheet.

# ASSOCIATION OF BAY AREA GOVERNMENTS

Representing City and County Governments of the San Francisco Bay Area

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## MEMO

**Submitted to:** ABAG Executive Board

**Submitted by:** Ezra Rapport, ABAG Deputy Executive Director

**Subject:** Solar and Energy Efficiency Financing District

**Date:** July 2, 2009

### **Executive Summary**

ABAG and PG&E are jointly developing a San Francisco Bay Area region-wide solar and energy efficiency financing district. As currently envisioned, the program would offer a “one-stop shop” for customers to take advantage of property-based financing in support of ‘bundled’ energy efficiency and renewable projects to meet their energy management needs. The initial program concept was outlined in a staff report for the March 2009 Executive Board meeting, and a status update was provided at the May 2009 Executive Board meeting. This staff report outlines progress made to date on broad program design elements; market research planning; business case development; and provides a legislative update on Senate Bill 279.

### **Recommended Action**

This agenda item is informational. The attached staff report provides an update on program activities.

### **Next Steps**

ABAG and PG&E will continue working together to advance program design, market research analysis, business case development, and passage of SB 279.

**Attachments:** Solar and Energy Efficiency Financing District Report

# **Solar and Energy Efficiency Financing District**

## **Continued Program Definition**

### **Overview**

ABAG and PG&E are jointly developing a San Francisco Bay Area region-wide solar and energy efficiency financing district. As currently envisioned, the program would offer a “one-stop shop” for customers to take advantage of property-based financing in support of ‘bundled’ energy efficiency and renewable projects to meet their energy management needs. The program would be supportive of climate goals outlined in the Scoping Plan prepared by the California Air Resources Board, the California Energy Efficiency Strategic Plan, and local climate action plans, while also promoting job creation. The initial program concept was outlined in a staff report for the March 2009 Executive Board meeting, and a status update was provided at the May 2009 Executive Board meeting. This staff report outlines progress made to date on broad program design elements; market research planning; business case development; and provides a legislative update on Senate Bill 279. Since the program is in the development phase, information provided in this report is subject to change.

### **Program Design Activities**

Progress continues to be made on the design of the program, which includes energy efficiency and renewable measures that can be promoted through incentives or financed under this program. Although several dependencies exist to determine an absolute launch date, including the passage of SB279, the current estimate is August 2010.

ABAG recently hired the consulting firm Bevilacqua Knight, Inc. (BK<sub>i</sub>) to outline the broad program design elements of the financing district. Definition of the program design elements along with market research results and estimated costs will lead to the development of a business case to test program viability.

The current target market for this program is low-rise (1-3 stories) residential buildings, but other building types may be considered in later phases. We expect a customer considering energy efficiency improvements to their home will have many options. As an example, the Sonoma County Energy Independence Program’s has identified over 20 home improvements that can reduce energy consumption. These improvements, listed below, provide a broad example of the types of available upgrades and will be considered as the list of eligible measures for the regional financing district is developed.

- High efficiency HVAC systems and HVAC system sealing
- Duct and home sealing
- Evaporative coolers
- Efficient natural gas storage water heaters
- Tankless water heaters
- Solar water heater systems
- Cool roof systems
- Reflective roofs and coatings

- Attic and wall insulation
- Reflective insulation or radiant barriers
- Whole house fans and attic fans
- High efficiency windows and glass doors
- Window filming
- Weather stripping
- Efficient skylights
- Solar tubes
- Additional building openings to provide additional natural light
- High efficiency lighting installation
- High efficiency pool equipment
- Electric vehicle plug-in stations
- Geothermal exchange heat pumps
- Solar thermal systems for pool heating

#### *Program Pathways to Entry*

The energy financing district seeks to provide customers with easy and flexible project selection options by packaging home energy improvements depending on their budget, goals, and energy needs. All options would start with some level of energy assessment based on the complexity of the project design, but financing is limited to building shell improvements. ABAG and PG&E will be performing a detailed market survey to determine if a three pathway approach is the most useful to customers and will adjust the program accordingly in light of the market survey results. In the interim, the following options represent current thinking on three possible pathways to enter the program:

#### Basic home energy upgrade

This pathway serves homeowners who are seeking a basic energy retrofit that will deliver net financial savings. Expected budget range would be \$5K-\$10K. The basic home energy upgrade would focus on the most cost-effective energy efficiency measures such as air sealing, attic insulation, lighting, and insulating the hot water heater system. These projects should deliver an average energy reduction of at least 20% and would not include major system replacements like HVAC or more costly improvements such as window replacement. The basic home energy upgrade can be combined with onsite renewables depending on the homeowner's goals for the project.

#### Advanced home performance

This pathway serves homeowners that elect to address specific energy systems and/or are motivated to achieve deeper energy savings (e.g. 20%-70%). These projects typically have a budget range of \$11K-\$40K and are usually triggered by the need to replace major systems (furnace, air conditioner, etc.) or as part of a remodeling project. This pathway would utilize existing Home Performance with ENERGY STAR, a national initiative of the U.S. EPA and U.S. DOE, providing a comprehensive whole-house approach to improving energy efficiency and comfort at home while helping to protect the environment and could be combined with onsite renewables depending on the homeowner's goals for the project.

### Onsite renewables

This pathway serves homeowners interested in solar electric or solar thermal technologies. These homeowners are comfortable financing projects with a budget range of \$20K-\$60K. Although not required, homeowners would be strongly encouraged to incorporate the basic home energy upgrade as a part of their solar project. This would protect consumers from paying for oversized and less cost-effective solar systems and would maximize societal and homeowner benefits. Due to the relatively mild climate in much of the ABAG service territory, many solar electric projects in this area result in substantial homeowner costs beyond current energy bill savings even with rebates. Other onsite renewable technologies (wind turbines, fuel cells, etc.) may be considered in the future but will not be included in this the first phase of program design due to their current higher net costs.

ABAG is also in discussions with SolarTech, an initiative of the Silicon Valley Leadership Group, to identify how this non-governmental organization can support the design of the program to address solar installation issues. A few areas that have been discussed include quality control standards, documentation for project tracking and audits, program applications related to solar, application approval criteria, products available for financing, installation criteria, certification of work completed, and coordination of solar and energy efficiency incentives. One issue regarding solar system installations that has been raised as a concern is the ability to expand a modular solar system at a later date if a customer's load increases. Based on discussions with SolarTech, a solar system does not need to be over-sized when it is first installed, even if a customer anticipates a future increased load, such as from a new plug-in hybrid car. Addressing solar issues such as this example will improve the program design. Partnerships on specific program aspects will continue to be explored.

### *Customer Financing Approval Criteria*

Once a customer expresses interest in the program, an application will be submitted for consideration. One of the items that will be reviewed for application approval is customer eligibility for the purpose of reasonable credit risk mitigation. While the energy financing district eligibility requirements are still being defined, Sonoma County Energy Independence Program has performed an analysis and identified the following seven eligibility requirements in their program application:

- Applicant(s) is/are legal owner of the property described in the Application (the "Property").
- Property is developed and located within Sonoma County. Mobile homes are not eligible.
- Property Owner is current on property taxes.
- Property Owner is current on mortgage(s). For commercial property, lender has given consent to SCEIP Financing;
- Property Owner is not in bankruptcy and the property is not an asset in a bankruptcy.
- There are no federal or state income tax liens, judgment liens or similar involuntary liens on the Property.

- Improvements costs are reasonable for the scope of the proposed project and to Property value.

ABAG will continue to analyze credit risk considerations as the energy financing district eligibility requirements are established.

#### *Program Financing Mechanism*

In order to finance energy efficiency and solar projects for customers through the energy financing district, a community facilities district must be formed. The Mello-Roos Community Facilities Act of 1982 authorizes property based financing for improvements of certain facilities. If Senate Bill 279 is signed into law this year, solar and energy efficiency improvements to or on real property and in buildings would also be authorized by this Act. Under the Mello-Roos Act, Section 53317(h) of the Government Code, a joint powers agency (the "JPA") is authorized to use the law to create a community facilities district. The Act outlines several distinct steps that the JPA must follow to set the district formation and financing processes in motion, including adopting resolutions and holding a public hearing. In addition to the process undertaken by the JPA, a public hearing in connection with the district's formation and proposed bond financing will also need to be held at least at the county level.

The ABAG Financing Authority for Nonprofit Corporations ("Authority"), as a JPA, has experience with property based financing. Since 1993 the Authority has offered its Special Assessment Bond Round-Up ("SABR") Program for the pooled financing and issuance of local assessment district and community facilities district bonds. To date, the Authority has brought 13 SABR Program issues to market aggregating nearly \$458 million. The JPA itself does not take on the obligation for repayment of any land-secured financings. Each underlying bond issue stands on its own credit meaning that there is no cross-collateralization or pooled credit aspect among jurisdictions. The JPA's role is strictly as a conduit, with repayments limited to amounts received.

Repayment of the bonds would be secured by property taxes collected by the County on the regular property tax bills sent to property owner/homeowners. Any such bonds would not be rated; however, the Authority's obligation to make payment on these bonds, as in all of its land secured securities, is strictly limited to property tax payments passed through by the County to the Bond Trustee. Neither ABAG nor its members take on any obligation to make payment on these securities.

Within this financing mechanism, the energy financing district will continue to refine program parameters for project approval.

#### *Division of Program Responsibilities*

ABAG and PG&E are jointly working on the design of the program. The following list provides a preliminary view of how the various tasks can be divided among the main implementing parties, but all are subject to revision.

Joint ABAG/PG&E. ABAG and PG&E will jointly develop the financing district program. In developing the program an emphasis will be placed on ensuring ease of use for the customer. Program viability will be tested through a market research/analysis and development of a business financial model. Joint tasks may include:

- Establish program goals, limitations, and strategy
- Select program administrator(s)
- Establish basic project eligibility criteria
  - Minimum and maximum amount that may be financed
  - List of approved technologies and improvements that can be financed
- Coordinate with community choice aggregation communities and municipal utilities

ABAG. ABAG will implement and maintain the community facilities district, coordinate with member agencies, and provide overall program oversight. Specific tasks may include:

- Provide oversight and direction
- Select financing strategy
- Arrange for bond sales
- Establish community facilities district. ABAG anticipates creating the District through its joint powers agency, the ABAG Financing Authority for Nonprofit Corporations
- Coordinate with trustee to process property tax payments to bondholders
- Coordinate with other member property tax financing programs in the Bay Area
- Monitor program and report routinely to participating local governments
- Information and outreach to local governments and their communities

Financial Administrator. The Financial Administrator will ensure financial resources are available to fund each project and work with the County Tax Offices to ensure proper processing of individual liens. The Financial Administrator will work under contract to the community facilities district and in close collaboration with the Program Administrator. Tasks may include:

- Secure interim financing for job payments
- Develop and manage application and approval processes
- Secure consumer consent to contract and lien
- Place property tax liens on participating properties
- Process payments to installers/contractors
- Arrange loan-loss fund source and operations
- Report status, results, and outlook regularly to all sponsoring authorities

Program Administrator / Process Manager. ABAG and PG&E will determine the most efficient and effective Program Administrator. The Program Administrator will have

primary responsibility for conducting initial site visits and feasibility analysis, tracking project implementation, conducting marketing campaigns, coordinating with contractors, processing rebates/incentives, and customer service. Tasks may include:

- Develop program implementation plan (Program Guidelines)
- Conduct telephone screenings, site visits, and project feasibility analyses
- Conduct energy savings modeling and estimation as required, including utility bill data acquisition and analysis
- Approve jobs for financing - report to Financial Administrator
- Maintain approved contractor lists, and monitor overall contractor activity
- Coordinate with other utility energy efficiency programs, as appropriate, including Local Government Partnerships and “Third Party” incentive programs
- Manage the processing of utility and state incentive payments for both energy efficiency and renewable project installations
- Develop and manage energy efficiency and solar project integration policies and procedures
- Develop various disclosure forms
- Monitor and assess individual job status
- Certify completion of projects
- Design and conduct marketing campaign and materials
- Set up and operate program web/phone information center
- Track and report energy and carbon savings to all stakeholders
- Customer service including customer care and assistance to assure adequate customer feedback, complaint, and dispute resolution process.
- Coordinate contractor training and certification process, as necessary
- Arrange local government staff training as needed (e.g. permitting issues)
- Provide ongoing contractor support systems (web, meetings, news, forum etc.)
- Coordinate continuously among participants and stakeholders
- Manage funding and budget for program administration

### **Market Research Plan**

ABAG in partnership with PG&E is conducting a market research study to determine the customer’s interest in participating in an energy financing district. The results of the study will iteratively inform program design and define target audience and outreach strategies. The study will be conducted in three phases and will utilize online surveys, focus groups and in-depth interviews. The research results are expected on a rolling basis starting in August and into the fourth quarter of 2009.

Phase one will include a program concept study which will identify which residents are most likely to participate in energy financing district and what levers will drive their participation. This phase will also determine the specific energy efficiency and solar upgrades that are in demand. Online surveys will be completed by a diverse range of residents in the ABAG service territory including a mix of income levels, types of homes, age of homes, and energy usage.

Phase two uses qualitative research methods such as focus groups and in-depth interviews to determine the value and benefits to participating in energy financing district. Results will determine what would prevent or encourage participation. This will allow the program design team to gain valuable feedback on the initial program design and ensure a customer-centric offering.

Phase three focuses on the profile of the target customer and is based on the results of the previous research phases. In-depth profiles of target customers will be created and include demographics, energy usage, living environment, psychographics, and media channels. Available marketing channels will be evaluated to most effectively reach target customers.

### **Business Case**

A business case will be developed for the energy financing district. Major components to the business case include a description of the product and/or service provided to customers, strategic business goals, market overview, strategies for positioning and for marketing and communicating the product/service, financial and risk analysis, exit strategy, and measurements for program success. The major components to the business case are expected to be completed by September 2009. Creating a business case is a necessary step for obtaining PG&E program approval. Once completed, the business case will be presented to PG&E and the ABAG Executive Board.

### **Legislative Update on SB 279**

The energy financing district concept is based on the financing mechanism that would be allowed by the passage of Senate Bill 279 (SB 279). The bill is based on the Mello-Roos Community Facilities Act of 1982, which allows a community facilities district to finance community improvements, and would amend this act to allow a district to finance energy efficiency and renewable energy improvements to or on real property. Passage of this bill is seen as critical to the creation of the energy financing district. Senator Hancock introduced SB 279 this year. The bill passed the Senate and the Assembly Local Government Committee. *The bill has been amended to incorporate water conservation.*

### **Next Steps**

ABAG and PG&E will continue working together to advance the program design, market research, and business case. Additionally, with the SB 279 amendment to include water conservation, ABAG will begin exploring a partnership with water districts to incorporate water elements into the program concept. Lastly, ABAG will continue to coordinate with other financing programs to ensure lessons learned and best practices are incorporated into the program design.



## ABAG POWER ANNUAL BOARD MEETING

**October [29?], 2009 (10:00 a.m. to 1:00 p.m.?)**

**Association of Bay Area Governments  
Joseph P. Bort MetroCenter Auditorium  
101 Eighth Street, Oakland, CA 94607**

**Chairman: John Cerini**

- |            |   |          |               |
|------------|---|----------|---------------|
| <b>1.</b>  | <b>Welcome</b><br>ATTACHMENT A - ABAG POWER JPA MEMBER LIST   | Cerini   |               |
| <b>2.</b>  | <b>Public Comments</b>  | Cerini   |               |
| <b>3.</b>  | <b>Approval of Minutes from October 30, 2008 Annual Board Meeting</b><br>ATTACHMENT 3A - MINUTES OF OCTOBER 30, 2008  | Cerini   | <b>Action</b> |
| <b>4.</b>  | <b>Election of ABAG POWER Officers (Chair and Vice Chair)</b><br>ATTACHMENT 4A - PROPOSED EXECUTIVE COMMITTEE FOR FY 09-10  | Cerini   | <b>Action</b> |
| <b>5.</b>  | <b>Status of Electric Program Funds</b><br>Staff will discuss the resolution of the final Electric Program activities and distribution of remaining funds.<br>ATTACHMENT 5A – FUNDS ALLOCATION  | Lahr/Moy | <b>Action</b> |
| <b>6.</b>  | <b>Staff Report and Review of Natural Gas Program</b><br>Staff will report the results of the Natural Gas Program for the 2008 – 2009 fiscal year, as well as provide multi-year review of the Program.<br>ATTACHMENT 6A - STAFF REPORT ON NATURAL GAS PROGRAM<br>ATTACHMENT 6B - REVIEW OF NATURAL GAS PROGRAM<br>ATTACHMENT 6C - GAS PRICE COMPARISON SPREADSHEET | Lahr     | Info.         |
| <b>7.</b>  | <b>Energy Data Pilot</b><br>Staff will provide an update on the status of the Energy Data Pilot Project.<br>ATTACHMENT 7A -   | Lahr     | Info.         |
| <b>8.</b>  | <b>Natural Gas Litigation</b><br>Staff will discuss the status/outcome of the natural gas litigation and present a recommendation for the allocation of proceeds.<br>ATTACHMENT 8A - MEMO ON GAS LITIGATION AND ALLOCATION OPTIONS<br>ATTACHMENT 8B - PROPOSED ALLOCATION   | Lahr/Moy | <b>Action</b> |
| <b>9.</b>  | <b>Financial Review</b><br>Staff will review preliminary financial statements for FY 2008-09<br>ATTACHMENT 9A - FINANCIAL REPORTS MEMO<br>ATTACHMENT 9B.1.2.3. – PRELIMINARY FINANCIAL REPORTS  | Pike     | Info.         |
| <b>10.</b> | <b>ABAG Energy Watch/ Green Communities/ Solar &amp; Energy Efficiency District</b><br>Staff will provide a review of the ABAG Energy Watch program as well as a status update on the Green Communities and SEE District  | Lahr     | Info.         |



development.

**Break for Lunch**

- 11. **Guest Speaker – ? [Bruce Riordin – Climate Consultant to JPC]** Info.

- 12. **Closed Session** Moy Info.

The following item will be discussed in closed session, pursuant to the requirements of the Ralph M. Brown Act. All actions will be announced in open session prior to the adjournment of the meeting.

Conference with Legal Counsel – Existing Litigation [Govt. C. Sec. 54956.9(a)]

**Adjourn approximately 1:00 p.m.**

**THE BOARD MAY TAKE ANY ACTION, INCLUDING NO ACTION, ON ANY ITEM ON THIS AGENDA.**

# 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 and Teleconference 2009-03**

June 17, 2009

Metro Center, 101 8<sup>th</sup> Street, Oakland, CA 94607

## WELCOME AND INTRODUCTIONS

Chairman John Cerini opened the meeting with introductions at 12:00 p.m.

### Committee Representatives

Ed Buonaccorsi (via teleconference)  
John Cerini, Chairman  
Terry Mann  
Raj Pankhania  
Ron Popp  
Chris Schroeder

### Jurisdictions

City of Santa Rosa  
City of Vallejo  
County of Contra Costa  
City of Hercules  
City of Millbrae  
City of Milpitas

### Members Absent

Jennifer Mennucci, Vice-Chairwoman

Golden Gate Bridge District

### Members of Public Present

Michelle Rodriguez

Jones & Stokes

### Staff Present

Jerry Lahr  
Cheryl Adsit  
Kenneth Moy  
Joseph Chan  
Henry Gardner  
Dan Eeds

ABAG POWER  
ABAG POWER  
ABAG  
ABAG  
ABAG  
ABAG

## PUBLIC COMMENTS & ANNOUNCEMENTS

Michelle Rodriguez of Jones & Stokes (10 Lombard Street, Suite 300, San Francisco, CA 94111, (415) 296-0524, [www.jonesandstokes.com](http://www.jonesandstokes.com)) joined the meeting as a member of the public.

## APPROVAL OF SUMMARY MINUTES OF APRIL 15, 2009 MEETING

Motion was made by Cerini/S/Schroeder/C/6:0:0 (unanimous roll call vote, all ayes), to approve the Summary Minutes of April 15, 2009 Executive Committee Meeting.

# MEMORANDUM

## ASSOCIATION OF BAY AREA GOVERNMENTS

Representing City and County Governments of the San Francisco Bay Area

### Attachment 3A



## REPORT ON NATURAL GAS PROGRAM

### Monthly Summary of Operations FY 08-09

Lahr provided the members with the Monthly Summary of Operations report for FY 2008-09. He reported on the cumulative savings, gas inventory and the operating imbalance. He said that the cumulative savings has dropped down to -4.7% in April due to the recent downfall in gas prices versus ABAG POWER's higher priced locked-in gas. ABAG POWER, however, had maintained a positive cumulative savings percentage compared to PG&E during the first seven months of the fiscal year 2008-09.

Lahr said that ABAG POWER's gas schedulers are helping manage the operating imbalance which is a small positive imbalance at this point.

### Gas Hedge Chart and Market Prices

Lahr provided a chart showing ABAG POWER's long-term gas purchases. He mentioned that ABAG POWER has completed its long-term gas purchases for the period up to June, 2010. As of July 2009, the higher-priced locked-in gas of \$7.44 will be dropped off and the lower-priced, locked-in gas of \$5.81 will begin to be utilized under its long-term purchase transactions.

Lahr also provided a chart showing recent market prices and futures prices.

### Energy Data System - Pilot Project

The contract with Utility Management Services (UMS) was fully executed at the end of March 2009. UMS is in the initial phase of the project of collecting and inputting electric account data into the Utility Manager database. UMS has begun conversations with the City of Milpitas regarding programming and the most fitting method of grouping accounts in the system.

### ABAG POWER's Unused Pipeline Capacity

At the last meeting, Lahr had mentioned that ABAG POWER, being a core aggregator, receives a monthly option for certain pipeline capacity from PG&E. He was looking into a new mechanism that may allow the program to make use of a portion of this capacity that has traditionally gone unused due to scheduling and pricing concerns. A company had proposed that ABAG POWER assign its unused capacity to them, and they will then aggregate a number of these, resell and share the benefits of the sale with ABAG POWER on a fifty-fifty basis.

Lahr reported that ABAG POWER did enter into an agreement with In-House Energy, LLC on May 13, 2009. He said that the Baja capacity for June was offered to them, but they were not able to utilize it. However, since it is not costing ABAG POWER for this service, the plan is to continue to look for an opportunity to make a gain from the unused pipeline capacity.

### FY 2009-10 ABAG POWER BUDGET

Motion was made by Mann/S/Schroeder/C/6:0:0 (unanimous roll call vote, all ayes) to approve the ABAG POWER Budget as presented, which included the following points:

# MEMORANDUM

## ASSOCIATION OF BAY AREA GOVERNMENTS

Representing City and County Governments of the San Francisco Bay Area

### Attachment 3A



- Electricity – Electric expenses will be accrued as a liability to the program. Reimbursement will be made to ABAG once the remaining issues have been resolved.
- Gas – There was a large over-collection of funds during FY 2008-09 due to a higher assumed gas rate, which was revised in December, 2008 lowering the rate going forward. During next true-up in November, 2009, members will be refunded the over-collected funds of approximately \$2.8 million. This will appear as “FY 08-09 true-up allocation per month” as the second line item on the member’s invoice.
- Energy Data System Upgrade – At the Annual Board Meeting of 2008, members had approved a line item of \$50,000 in the revised budget for the data system upgrade. To date the program has not charged any money against this deal. While the estimate for this upgrade project is approximately \$13,000, Lahr has placed a projected amount of \$10,000 for FY 2008-09 and a proposed amount of \$40,000 for FY 2009-10.
- Interest Expense/Bank Charges – The two largest factors for increase in banking charges are 1) the drop in the bank's interest earned rate from .0025% to .001% ; and 2) the monthly FICA/FICO Insurance fees have gone from \$49 to \$409 which is due to the recent banking crises. ABAG Accounting Staff have discussed the possibility of consolidating this account with other ABAG accounts in order to cut down on bank fees and charges.

### **DISTRIBUTION AND USES OF GAS LITIGATION PROCEEDS**

In addition to the information provided in the attached memo, ABAG POWER very recently received word that one additional settlement has been proposed with the final defendant in the litigation. It is expected that this settlement will be finalized in the next couple of months.

Motion was made by Schroeder/S/Popp/C/6:0:0 (unanimous roll call vote, all ayes) to distribute the proceeds allocated to the opt-out members after all funds are received, and retain the remaining proceeds until a decision can be made as to the viability of the Energy Data Pilot Project.

### **SOLAR & ENERGY EFFICIENCY FINANCING DISTRICT**

Lahr presented the members with a copy of a status report which was presented to ABAG’s Executive Board on May 6, 2009. He said several advances had been made on the legislation that would enable the creation of a regional financing district and on the refinement of the potential program details. Lahr said the program intends to put a large emphasis on energy efficiency type projects in partnership with PG&E.

# MEMORANDUM

## ASSOCIATION OF BAY AREA GOVERNMENTS

Representing City and County Governments of the San Francisco Bay Area

### Attachment 3A



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### CLOSED SESSION

Conference with Legal Counsel – Existing Litigation [Govt. C. Sec. 54956.9(a)]

- “California Parties” v. NCPA, et al

It was reported out of closed session that the Committee gave direction to Legal Counsel, Kenneth Moy.

### ADJOURNMENT

Chairman Cerini adjourned the meeting at 1:20 p.m.

[Prepared by Vina Maharaj from recorded tapes of the meeting].

/vm

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

## ABAG POWER Natural Gas Program

FY 2008-09 Monthly Summary of Operations

	days/mo.	Jul 31	Aug 31	Sep 30	Oct 31	Nov 30	Dec 31	Jan 31	Feb 28	Mar 31	Apr 30	May 31	Jun 30	Total
<b>Gas Purchases<sup>(1)</sup></b>														
Purchase 1	Qty	15,500	15,500	15,000	15,500	15,000	15,500	15,500	14,000	15,500	15,000	15,500	15,000	182,500
	Price	\$7.44	\$7.44	\$7.44	\$7.44	\$7.44	\$7.44	\$7.44	\$7.44	\$7.44	\$7.44	\$7.44	\$7.44	\$7.44
Purchase 2	Qty	15,500	15,500	15,000	15,500	14,781	15,500	15,500	14,000	15,500	15,500	15,500	15,000	182,281
	Price	\$7.66	\$7.66	\$7.66	\$7.66	\$7.66	\$7.66	\$7.66	\$7.66	\$7.66	\$7.50	\$7.50	\$7.50	\$7.50
Purchase 3	Qty	15,500	15,500	15,000	15,500	14,998	15,500	15,500	14,000	15,500	15,000	15,500	15,000	182,498
	Price	\$12.32	\$8.44	\$7.90	\$7.90	\$7.90	\$7.90	\$7.90	\$7.90	\$7.90	\$7.90	\$7.90	\$7.90	\$7.90
Purchase 4	Qty	13,826	13,594	13,200	13,578	15,000	15,500	15,500	14,000	15,500	11,460	8,711	8,370	158,239
	Price	\$12.18	\$8.28	\$7.17	\$6.26	\$9.09	\$9.09	\$9.09	\$9.09	\$9.09	\$3.59	\$2.87	\$3.00	\$3.00
Purchase 5	Qty	4,020	8,325	11,950	12,700	14,751	43,602	32,547	20,896	14,067	18,000	5,275	3,600	189,733
	Price	\$9.61	\$8.04	\$6.73	\$6.37	\$5.89	\$6.16	\$5.90	\$4.47	\$3.87	\$3.42	\$3.56	\$3.06	\$3.06
Total Quantity Purchased		64,346	68,419	70,150	72,778	74,530	105,602	94,547	76,896	76,067	74,460	60,486	56,970	895,251
Total Purchase Cost		\$631,970	\$544,309	\$520,008	\$522,386	\$566,554	\$766,122	\$689,330	\$542,684	\$551,818	\$445,386	\$397,749	\$378,739	\$6,557,055
Backbone Shrinkage (Dths)		(589)	(590)	(570)	(589)	(568)	(589)	(589)	(532)	(589)	(540)	(527)	(510)	
Weighted Avg. Cost of Gas (WACOG) <sup>(2)</sup>		\$9.91	\$8.02	\$7.47	\$7.24	\$7.66	\$7.30	\$7.34	\$7.11	\$7.31	\$6.03	\$6.63	\$6.71	\$7.32
<b>Storage/Inventory</b>														
Total Injections/ (Withdrawals)		11,966	11,966	12,738	10,633	0	(14,350)	(19,665)	(16,150)	(12,144)	13,945	8,331	8,000	15,270
Total Inventory Quantity (Dths)		46,972	58,938	71,676	82,309	82,309	67,959	48,294	32,144	20,000	33,945	42,276	50,276	
Total Inventory (\$)		\$424,830	\$520,854	\$616,691	\$694,414	\$694,414	\$571,278	\$405,970	\$270,209	\$168,124	\$263,536	\$314,360	\$347,000	
<b>Gas Program Monthly Expenses (from Financial Reports)</b>														
Cost of Energy Used <sup>(3)</sup>		\$ 529,250	\$ 464,139	\$ 439,964	\$ 460,509	\$ 579,235	\$ 910,085	\$ 868,570	\$ 679,248	\$ 684,311	\$ 365,423	\$ 358,827	\$ 393,321	\$ 6,732,881
Program Operating Expenses <sup>(4)</sup>		20,299	28,516	27,161	29,466	19,637	29,940	19,877	27,614	31,426	40,405	28,272	25,549	328,160
Subtotal		\$ 549,548	\$ 492,655	\$ 467,125	\$ 489,975	\$ 598,872	\$ 940,024	\$ 888,446	\$ 706,862	\$ 715,738	\$ 405,828	\$ 387,099	\$ 418,870	\$ 7,061,041
Rate (\$/Dth)		\$10.07	\$9.03	\$8.58	\$7.27	\$7.77	\$8.49	\$8.02	\$7.43	\$7.76	\$5.41	\$6.19	\$7.93	\$7.78
PG&E Pass-through costs <sup>(5)</sup>		122,274	139,604	81,317	146,291	144,044	297,992	300,910	300,758	216,600	250,138	149,570	159,098	2,308,596
Total ABAG POWER Cost		\$ 671,822	\$ 632,259	\$ 548,442	\$ 636,265	\$ 742,916	\$ 1,238,016	\$ 1,189,356	\$ 1,007,620	\$ 932,337	\$ 655,966	\$ 536,669	\$ 577,967	\$ 9,369,638
<b>Actual (metered) Gas Usage</b>														
Core <sup>(6)</sup>		43,666	41,708	41,542	54,783	67,333	99,574	99,042	85,641	81,962	64,348	51,007	41,951	772,556
Non Core		10,908	12,845	12,907	12,600	9,712	11,149	11,764	9,460	10,249	10,723	11,517	10,902	134,734
Total Program Usage		54,574	54,552	54,449	67,383	77,044	110,723	110,807	95,101	92,211	75,071	62,524	52,853	907,291
ABAG POWER Total Core Rate		\$ 12.87	\$ 12.38	\$ 10.54	\$ 9.94	\$ 9.91	\$ 11.48	\$ 11.06	\$ 10.94	\$ 10.40	\$ 9.29	\$ 9.12	\$ 11.72	
<b>PG&amp;E Rate<sup>(7)</sup></b>														
Procurement Charge <sup>(8)</sup>		14.80	12.45	9.05	7.79	7.18	5.92	7.03	6.54	5.32	4.68	3.71	4.78	
Transportation/Other Charge <sup>(9)</sup>		2.80	3.35	1.96	2.67	2.14	2.99	3.04	3.51	2.64	3.89	2.93	3.79	
Total PG&E Rate		\$ 17.60	\$ 15.80	\$ 11.01	\$ 10.46	\$ 9.32	\$ 8.91	\$ 10.07	\$ 10.05	\$ 7.96	\$ 8.56	\$ 6.64	\$ 8.57	
Monthly Rate Difference (\$/Dth)		(4.73)	(3.42)	(0.47)	(0.51)	0.59	2.57	0.99	0.89	2.44	0.73	2.48	3.15	
Monthly Savings (\$)		206,643	142,710	19,726	28,156	(40,009)	(256,053)	(97,982)	(76,318)	(200,141)	(46,951)	(126,471)	(132,042)	
Cumulative Savings (\$)		206,643	349,353	369,079	397,236	357,227	101,174	3,192	(73,126)	(273,267)	(320,218)	(446,689)	(578,731)	
Cumulative Savings (%)		26.9%	24.5%	19.6%	16.2%	11.6%	2.5%	0.1%	-1.3%	-4.2%	-4.6%	-6.1%	-7.5%	

**ABAG POWER Natural Gas Program**

FY 2008-09 Monthly Summary of Operations

		Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total
<u>Storage Gas Accounting</u>														
Beginning Quantity		35,006												
Average Price		\$8.75												
Beginning of Month	Qty	35,006	46,972	58,938	71,676	82,309	82,309	67,959	48,294	32,144	20,000	33,945	42,276	
Injections	Qty	12,121	12,121	11,730	7,455	0	0	0	0	0	5,214	1,049	0	
	Storage Shrinkage Qty	-155	-155	-150	-101						-69	-14	0	
	Price	\$9.91	\$8.02	\$7.47	\$7.24	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$6.03	\$6.63	\$0.00	
Imbalance Trades	Qty			1,158	3,279		2,150				8,800	7,296	8,000	
	Price			\$8.03	\$7.47		\$7.47				\$7.32	\$6.03	\$4.08	
Withdrawals	Qty	0	0	0	0	0	16,500	19,665	16,150	12,144	0	0	0	
	Price	\$8.75	\$9.04	\$8.84	\$8.60	\$8.44	\$8.44	\$8.41	\$8.41	\$8.41	\$8.41	\$7.76	\$7.44	
End of Month	Qty	46,972	58,938	71,676	82,309	82,309	67,959	48,294	32,144	20,000	33,945	42,276	50,276	
	Avg. Pric	\$9.04	\$8.84	\$8.60	\$8.44	\$8.44	\$8.41	\$8.41	\$8.41	\$8.41	\$7.76	\$7.44	\$6.90	
End of Month Inventory		\$424,830.27	\$520,854.15	\$616,690.54	\$694,413.97	\$694,413.97	\$571,278.00	\$405,969.77	\$270,209.39	\$168,124.31	\$263,535.61	\$314,359.87	\$346,999.87	
Monthly Index Postings														
	NGI Bidweek for PG&E Citygate	\$12.57	\$8.69	\$7.73	\$6.45	\$6.06	\$6.42	\$6.00	\$4.77	\$4.19	\$3.99	\$3.22	\$3.40	
	Gas Daily Avg. for PG&E Citygate	\$10.75	\$8.06	\$6.73	\$6.36	\$6.15	\$6.12	\$5.35	\$4.56	\$3.96	\$3.44	\$3.68	\$3.18	
	NGI Bidweek for Malin	\$12.15	\$8.26	\$7.15	\$6.24	\$5.80	\$6.19	\$5.67	\$4.52	\$3.82	\$3.59	\$2.85	\$2.98	

Notes:

- (1) All gas quantities in Dth and rates in \$/Dth.
- (2) 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) Actual cost of PG&E charges billed to customer via EDI process. 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.

**ABAG POWER Natural Gas Program**

FY 2009-10 Monthly Summary of Operations

	days/mo.	Jul 31	Aug 31	Sep 30	Oct 31	Nov 30	Dec 31	Jan 31	Feb 28	Mar 31	Apr 30	May 31	Jun 30	Total
<u>Gas Purchases<sup>(1)</sup></u>														
Purchase 1	Qty	15,500												15,500
	Price	\$7.90												
Purchase 2	Qty	15,500	15,500	15,000	15,500	15,000	15,500	15,500	14,000	15,500	15,000	15,500	15,000	182,500
	Price	\$7.50	\$7.50	\$7.50	\$7.50	\$7.50	\$7.50	\$7.50	\$7.50	\$7.50	\$7.50	\$7.50	\$7.50	
Purchase 3	Qty	15,500	15,500	15,000	15,500	15,000	15,500	15,500	14,000	15,500	15,000	15,500	15,000	182,500
	Price	\$5.81	\$5.81	\$5.81	\$5.81	\$5.81	\$5.81	\$5.81	\$5.81	\$5.81	\$5.81	\$5.81	\$5.81	
Purchase 4	Qty	9,145												9,145
	Price	\$3.09												
Purchase 5	Qty	3,950												3,950
	Price	\$3.53												
Total Quantity Purchased		59,595	31,000	30,000	31,000	30,000	31,000	31,000	28,000	31,000	30,000	31,000	30,000	393,595
Total Purchase Cost		\$370,937	\$206,305	\$199,650	\$206,305	\$199,650	\$206,305	\$206,305	\$186,340	\$206,305	\$199,650	\$206,305	\$199,650	\$2,593,707
Backbone Shrinkage (Dths)		(527)												
Weighted Avg. Cost of Gas (WACOG) <sup>(2)</sup>		\$6.28	\$6.66	\$6.66	\$6.66	\$6.66	\$6.66	\$6.66	\$6.66	\$6.66	\$6.66	\$6.66	\$6.66	\$6.59
<u>Storage/Inventory</u>														
Total Injections/ (Withdrawals)		7,450												7,450
Total Inventory Quantity (Dths)		57,726												
Total Inventory (\$)		\$375,630												
<u>Gas Program Monthly Expenses (from Financial Reports)</u>														
Cost of Energy Used <sup>(3)</sup>														\$ -
Program Operating Expenses <sup>(4)</sup>														-
Subtotal		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Rate (\$/Dth)														\$0.00
PG&E Pass-through costs <sup>(5)</sup>														-
Total ABAG POWER Cost														\$ -
<u>Actual (metered) Gas Usage</u>														
Core <sup>(6)</sup>														0
Non Core		12,570												12,570
Total Program Usage		12,570	0	0	0	0	0	0	0	0	0	0	0	12,570
ABAG POWER Total Core Rate														
<u>PG&amp;E Rate<sup>(7)</sup></u>														
Procurement Charge <sup>(8)</sup>		4.95	4.99											
Transportation/Other Charge <sup>(9)</sup>														
Total PG&E Rate		\$ 4.95	\$ 4.99	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Monthly Rate Difference (\$/Dth)														
Monthly Savings (\$)														
Cumulative Savings (\$)														
Cumulative Savings (%)														

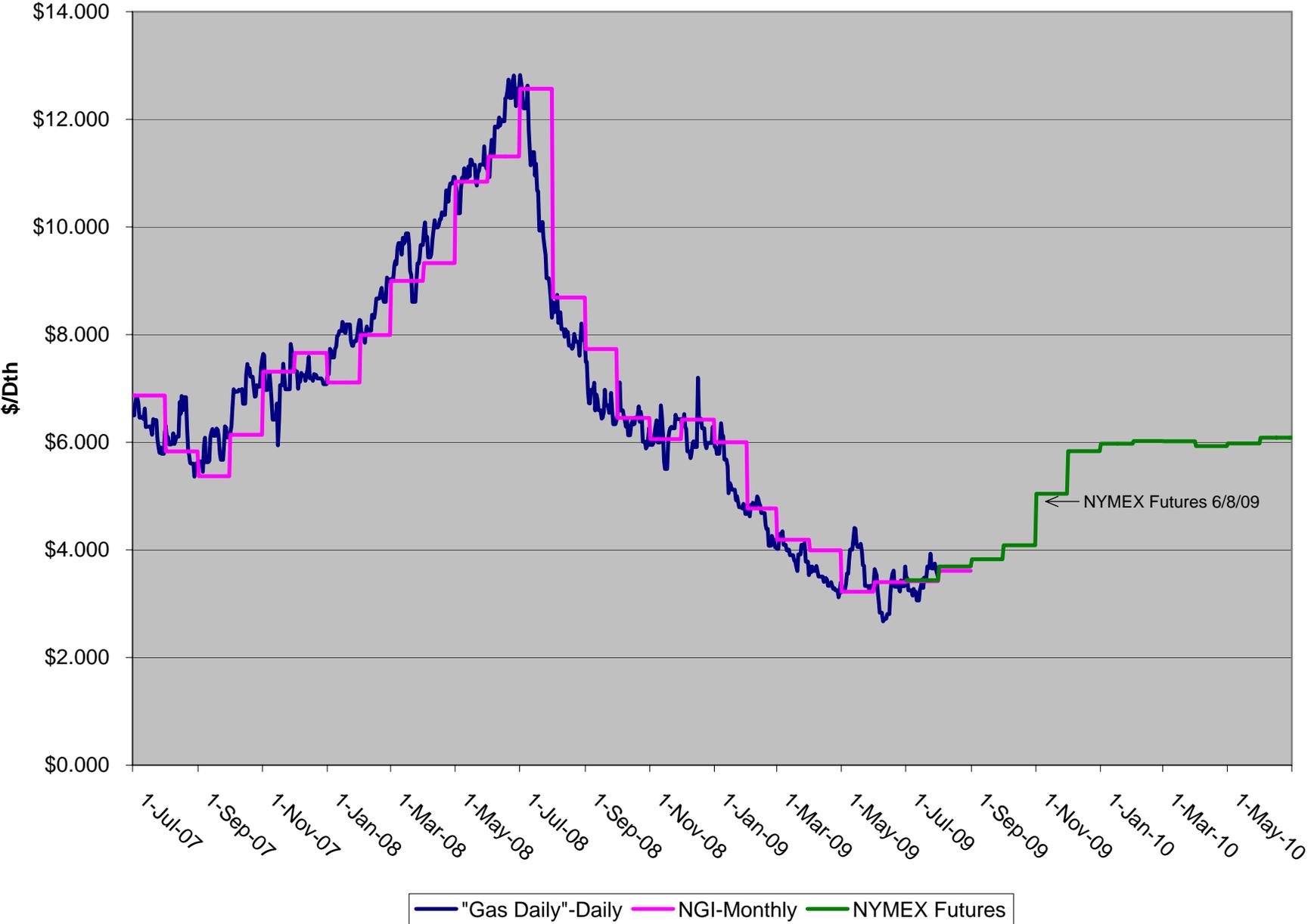
**ABAG POWER Natural Gas Program**

FY 2009-10 Monthly Summary of Operations

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total
<u>Storage Gas Accounting</u>													
Beginning Quantity	50,276												
Average Price	\$6.90												
Beginning of Month Qty	50,276	57,726	57,726	57,726	57,726	57,726	57,726	57,726	57,726	57,726	57,726	57,726	57,726
Injections Qty	0												
Storage Shrinkage Qty													
Price	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Imbalance Trades Qty	7,450												
Price	\$3.85												
Withdrawals Qty													
Price	\$6.90	\$6.51											
End of Month Qty	57,726	57,726	57,726	57,726	57,726	57,726	57,726	57,726	57,726	57,726	57,726	57,726	57,726
Avg. Pric	\$6.51												
End of Month Inventory	\$375,629.69												
Monthly Index Postings													
NGI Bidweek for PG&E Citygate	\$3.42	\$3.61											
Gas Daily Avg. for PG&E Citygate	\$3.43												
NGI Bidweek for Malin	\$3.07	\$3.17											

- Notes:
- (1) All gas quantities in Dth and rates in \$/Dth.
  - (2) 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) Actual cost of PG&E charges billed to customer via EDI process. 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.

Market Price Indices @ PG&E Citygate



**Gas Litigation Proceeds Allocation**

Total Litigation Settlements	\$	557,282.29
Interest from Cotchett firm		1,180.39
Interest from ABAG - thru 6/30/09		7,147.24
Total Allocation Amount	\$	<b>565,609.92</b>
Gas Litigation Costs*	\$	<b>70,913.33</b>

	Total Usage Jun '00 - Dec '02**	% of Total	% of Group	Allocation of Costs	Litigation Proceeds Allocation	Re-allocation of Costs	Total Distribution
<b>Current Members</b>							
Alameda, City	357,225	1.77%	1.99%	\$ 1,254.81	\$ 10,008.43	\$ 153.14	\$ 10,161.57
Albany, City	58,488	0.29%	0.33%	205.45	1,638.67	25.07	1,663.74
Atherton, Town	14,975	0.07%	0.08%	52.60	419.56	6.42	425.98
Benicia, City	224,002	1.11%	1.24%	786.84	6,275.90	96.03	6,371.93
Contra Costa County	4,378,993	21.69%	24.34%	15,381.88	122,687.01	1,877.25	124,564.25
Cupertino, City	148,205	0.73%	0.82%	520.59	4,152.29	63.53	4,215.82
Eastside Union H.S. District	80,100	0.40%	0.45%	281.36	2,244.18	34.34	2,278.51
Fremont, City	585,431	2.90%	3.25%	2,056.42	16,402.12	250.97	16,653.09
Golden Gate Bridge	195,016	0.97%	1.08%	685.02	5,463.80	83.60	5,547.40
Gonzales, City	24,430	0.12%	0.14%	85.81	684.46	10.47	694.93
Half Moon Bay, City	8,870	0.04%	0.05%	31.16	248.51	3.80	252.31
Hercules, City	88,256	0.44%	0.49%	310.01	2,472.68	37.83	2,510.52
Los Altos, City	102,520	0.51%	0.57%	360.12	2,872.32	43.95	2,916.27
Mill Valley, City	158,941	0.79%	0.88%	558.30	4,453.08	68.14	4,521.21
Millbrae, City	67,576	0.33%	0.38%	237.37	1,893.29	28.97	1,922.26
Milpitas, City	240,252	1.19%	1.34%	843.92	6,731.18	102.99	6,834.18
Monte-Sereno, City	2,261	0.01%	0.01%	7.94	63.35	0.97	64.32
Moraga, Town	24,245	0.12%	0.13%	85.16	679.28	10.39	689.67
Napa County001	5,801	0.03%	0.03%	20.38	162.53	2.49	165.01
Napa County002	49,928	0.25%	0.28%	175.38	1,398.84	21.40	1,420.25
Napa County003	32,753	0.16%	0.18%	115.05	917.65	14.04	931.69
Napa County004	21,801	0.11%	0.12%	76.58	610.80	9.35	620.15
Napa County005	317,711	1.57%	1.77%	1,116.01	8,901.36	136.20	9,037.56
Oakland, City	2,419,375	11.98%	13.45%	8,498.42	67,784.05	1,037.17	68,821.22
Oakland Zoological	35,150	0.17%	0.20%	123.47	984.80	15.07	999.87
Orinda, City	17,853	0.09%	0.10%	62.71	500.19	7.65	507.84
Pacifica, City	85,942	0.43%	0.48%	301.88	2,407.85	36.84	2,444.69
Petaluma, City	66,012	0.33%	0.37%	231.88	1,849.47	28.30	1,877.77
Pleasanton, City	386,851	1.92%	2.15%	1,358.87	10,838.47	165.84	11,004.31
Regional Admin. Facility	91,590	0.45%	0.51%	321.72	2,566.09	39.26	2,605.36
Richmond, City	403,908	2.00%	2.24%	1,418.79	11,316.36	173.15	11,489.51
Salinas, City	573,725	2.84%	3.19%	2,015.30	16,074.15	245.95	16,320.11
San Carlos, City	162,568	0.81%	0.90%	571.04	4,554.70	69.69	4,624.39
San Mateo County SANACPC006	1,311,673	6.50%	7.29%	4,607.45	36,749.37	562.31	37,311.68
San Mateo County SANACPC007	522,263	2.59%	2.90%	1,834.53	14,632.33	223.89	14,856.22
San Mateo County SANACPC008	7,055	0.03%	0.04%	24.78	197.66	3.02	200.69
San Mateo County SANACPC009	5,858	0.03%	0.03%	20.58	164.12	2.51	166.64
San Mateo County SANACPC011	2,041	0.01%	0.01%	7.17	57.18	0.87	58.06
San Rafael, City	109,188	0.54%	0.61%	383.54	3,059.14	46.81	3,105.95
Santa Clara County	2,107,458	10.44%	11.71%	7,402.77	59,045.02	903.45	59,948.47
Santa Rosa, City	670,388	3.32%	3.73%	2,354.84	18,782.38	287.39	19,069.77
Saratoga, City	37,064	0.18%	0.21%	130.19	1,038.43	15.89	1,054.32
Union City	59,603	0.30%	0.33%	209.36	1,669.91	25.55	1,695.46
Vallejo, City	1,458,664	7.23%	8.11%	5,123.78	40,867.64	625.32	41,492.96
Vallejo Sani.& Flood Control Dist	48,871	0.24%	0.27%	171.67	1,369.23	20.95	1,390.18
Watsonville, City	210,859	1.04%	1.17%	740.67	5,907.67	90.39	5,998.07
Winters, City	10,422	0.05%	0.06%	36.61	291.99	4.47	296.46
<b>Total Current Members</b>	<b>17,992,161</b>	<b>89.12%</b>	<b>100.00%</b>	<b>\$ 63,200.21</b>	<b>\$ 504,089.50</b>	<b>\$ 7,713.12</b>	<b>\$ 511,802.62</b>

**Gas Litigation Proceeds Allocation**

Total Litigation Settlements	\$	557,282.29
Interest from Cotchett firm		1,180.39
Interest from ABAG - thru 6/30/09		7,147.24
Total Allocation Amount	\$	<b>565,609.92</b>
Gas Litigation Costs*	\$	<b>70,913.33</b>

	Total Usage Jun '00 - Dec '02**	% of Total	% of Group	Allocation of Costs	Litigation Proceeds Allocation	Re-allocation of Costs	Total Distribution
<b>Opt-out Members</b>							
Belmont, City	86,583	0.43%	3.94%	\$ 304.14	\$ 2,425.81	\$ (304.14)	\$ 2,121.67
Daly, City	296,001	1.47%	13.48%	1,039.75	8,293.11	(1,039.75)	7,253.36
El Cerrito, City	0	0.00%	0.00%	-	-	-	-
Foster City	105,910	0.52%	4.82%	372.03	2,967.30	(372.03)	2,595.27
Hillsborough, Town	15,251	0.08%	0.69%	53.57	427.29	(53.57)	373.72
Menlo Park, City	347,975	1.72%	15.85%	1,222.32	9,749.28	(1,222.32)	8,526.96
Pinole, City	139,209	0.69%	6.34%	488.99	3,900.24	(488.99)	3,411.25
San Leandro, City	0	0.00%	0.00%	-	-	-	-
San Mateo, City	995,318	4.93%	45.33%	3,496.21	27,886.00	(3,496.21)	24,389.79
Sebastopol, City	96,519	0.48%	4.40%	339.04	2,704.19	(339.04)	2,365.15
Vacaville, City	113,045	0.56%	5.15%	397.09	3,167.20	(397.09)	2,770.11
Total Opt-out Members	2,195,811	10.88%	100.00%	\$ 7,713.12	\$ 61,520.42	\$ (7,713.12)	\$ 53,807.30
<b>Grand Total</b>	20,187,972	100.00%		\$ 70,913.33	\$ 565,609.92	\$ -	\$ 565,609.92

\*During the four fiscal years beginning July 2004, ABAG POWER budgeted 5% of the Program Manager's time and 5% of the Program Assistant's time to the gas litigation tasks. These costs were included in the program fees charged to gas program participants.

\*\* Usage for period Jun 2000 - Jun 2002 taken from the worksheet used to calculate the true-up in October 2002. Usage for period Jul 2002 - Dec 2002 taken from the 2002-03 true-up worksheet.

# ASSOCIATION OF BAY AREA GOVERNMENTS

Representing City and County Governments of the San Francisco Bay Area

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## MEMO

**Submitted to:** ABAG Executive Board

**Submitted by:** Ezra Rapport, ABAG Deputy Executive Director

**Subject:** Solar and Energy Efficiency Financing District

**Date:** July 2, 2009

### **Executive Summary**

ABAG and PG&E are jointly developing a San Francisco Bay Area region-wide solar and energy efficiency financing district. As currently envisioned, the program would offer a “one-stop shop” for customers to take advantage of property-based financing in support of ‘bundled’ energy efficiency and renewable projects to meet their energy management needs. The initial program concept was outlined in a staff report for the March 2009 Executive Board meeting, and a status update was provided at the May 2009 Executive Board meeting. This staff report outlines progress made to date on broad program design elements; market research planning; business case development; and provides a legislative update on Senate Bill 279.

### **Recommended Action**

This agenda item is informational. The attached staff report provides an update on program activities.

### **Next Steps**

ABAG and PG&E will continue working together to advance program design, market research analysis, business case development, and passage of SB 279.

**Attachments:** Solar and Energy Efficiency Financing District Report

# **Solar and Energy Efficiency Financing District**

## **Continued Program Definition**

### **Overview**

ABAG and PG&E are jointly developing a San Francisco Bay Area region-wide solar and energy efficiency financing district. As currently envisioned, the program would offer a “one-stop shop” for customers to take advantage of property-based financing in support of ‘bundled’ energy efficiency and renewable projects to meet their energy management needs. The program would be supportive of climate goals outlined in the Scoping Plan prepared by the California Air Resources Board, the California Energy Efficiency Strategic Plan, and local climate action plans, while also promoting job creation. The initial program concept was outlined in a staff report for the March 2009 Executive Board meeting, and a status update was provided at the May 2009 Executive Board meeting. This staff report outlines progress made to date on broad program design elements; market research planning; business case development; and provides a legislative update on Senate Bill 279. Since the program is in the development phase, information provided in this report is subject to change.

### **Program Design Activities**

Progress continues to be made on the design of the program, which includes energy efficiency and renewable measures that can be promoted through incentives or financed under this program. Although several dependencies exist to determine an absolute launch date, including the passage of SB279, the current estimate is August 2010.

ABAG recently hired the consulting firm Bevilacqua Knight, Inc. (BK<sub>i</sub>) to outline the broad program design elements of the financing district. Definition of the program design elements along with market research results and estimated costs will lead to the development of a business case to test program viability.

The current target market for this program is low-rise (1-3 stories) residential buildings, but other building types may be considered in later phases. We expect a customer considering energy efficiency improvements to their home will have many options. As an example, the Sonoma County Energy Independence Program’s has identified over 20 home improvements that can reduce energy consumption. These improvements, listed below, provide a broad example of the types of available upgrades and will be considered as the list of eligible measures for the regional financing district is developed.

- High efficiency HVAC systems and HVAC system sealing
- Duct and home sealing
- Evaporative coolers
- Efficient natural gas storage water heaters
- Tankless water heaters
- Solar water heater systems
- Cool roof systems
- Reflective roofs and coatings

- Attic and wall insulation
- Reflective insulation or radiant barriers
- Whole house fans and attic fans
- High efficiency windows and glass doors
- Window filming
- Weather stripping
- Efficient skylights
- Solar tubes
- Additional building openings to provide additional natural light
- High efficiency lighting installation
- High efficiency pool equipment
- Electric vehicle plug-in stations
- Geothermal exchange heat pumps
- Solar thermal systems for pool heating

#### *Program Pathways to Entry*

The energy financing district seeks to provide customers with easy and flexible project selection options by packaging home energy improvements depending on their budget, goals, and energy needs. All options would start with some level of energy assessment based on the complexity of the project design, but financing is limited to building shell improvements. ABAG and PG&E will be performing a detailed market survey to determine if a three pathway approach is the most useful to customers and will adjust the program accordingly in light of the market survey results. In the interim, the following options represent current thinking on three possible pathways to enter the program:

#### Basic home energy upgrade

This pathway serves homeowners who are seeking a basic energy retrofit that will deliver net financial savings. Expected budget range would be \$5K-\$10K. The basic home energy upgrade would focus on the most cost-effective energy efficiency measures such as air sealing, attic insulation, lighting, and insulating the hot water heater system. These projects should deliver an average energy reduction of at least 20% and would not include major system replacements like HVAC or more costly improvements such as window replacement. The basic home energy upgrade can be combined with onsite renewables depending on the homeowner's goals for the project.

#### Advanced home performance

This pathway serves homeowners that elect to address specific energy systems and/or are motivated to achieve deeper energy savings (e.g. 20%-70%). These projects typically have a budget range of \$11K-\$40K and are usually triggered by the need to replace major systems (furnace, air conditioner, etc.) or as part of a remodeling project. This pathway would utilize existing Home Performance with ENERGY STAR, a national initiative of the U.S. EPA and U.S. DOE, providing a comprehensive whole-house approach to improving energy efficiency and comfort at home while helping to protect the environment and could be combined with onsite renewables depending on the homeowner's goals for the project.

### Onsite renewables

This pathway serves homeowners interested in solar electric or solar thermal technologies. These homeowners are comfortable financing projects with a budget range of \$20K-\$60K. Although not required, homeowners would be strongly encouraged to incorporate the basic home energy upgrade as a part of their solar project. This would protect consumers from paying for oversized and less cost-effective solar systems and would maximize societal and homeowner benefits. Due to the relatively mild climate in much of the ABAG service territory, many solar electric projects in this area result in substantial homeowner costs beyond current energy bill savings even with rebates. Other onsite renewable technologies (wind turbines, fuel cells, etc.) may be considered in the future but will not be included in this the first phase of program design due to their current higher net costs.

ABAG is also in discussions with SolarTech, an initiative of the Silicon Valley Leadership Group, to identify how this non-governmental organization can support the design of the program to address solar installation issues. A few areas that have been discussed include quality control standards, documentation for project tracking and audits, program applications related to solar, application approval criteria, products available for financing, installation criteria, certification of work completed, and coordination of solar and energy efficiency incentives. One issue regarding solar system installations that has been raised as a concern is the ability to expand a modular solar system at a later date if a customer's load increases. Based on discussions with SolarTech, a solar system does not need to be over-sized when it is first installed, even if a customer anticipates a future increased load, such as from a new plug-in hybrid car. Addressing solar issues such as this example will improve the program design. Partnerships on specific program aspects will continue to be explored.

### *Customer Financing Approval Criteria*

Once a customer expresses interest in the program, an application will be submitted for consideration. One of the items that will be reviewed for application approval is customer eligibility for the purpose of reasonable credit risk mitigation. While the energy financing district eligibility requirements are still being defined, Sonoma County Energy Independence Program has performed an analysis and identified the following seven eligibility requirements in their program application:

- Applicant(s) is/are legal owner of the property described in the Application (the "Property").
- Property is developed and located within Sonoma County. Mobile homes are not eligible.
- Property Owner is current on property taxes.
- Property Owner is current on mortgage(s). For commercial property, lender has given consent to SCEIP Financing;
- Property Owner is not in bankruptcy and the property is not an asset in a bankruptcy.
- There are no federal or state income tax liens, judgment liens or similar involuntary liens on the Property.

- Improvements costs are reasonable for the scope of the proposed project and to Property value.

ABAG will continue to analyze credit risk considerations as the energy financing district eligibility requirements are established.

#### *Program Financing Mechanism*

In order to finance energy efficiency and solar projects for customers through the energy financing district, a community facilities district must be formed. The Mello-Roos Community Facilities Act of 1982 authorizes property based financing for improvements of certain facilities. If Senate Bill 279 is signed into law this year, solar and energy efficiency improvements to or on real property and in buildings would also be authorized by this Act. Under the Mello-Roos Act, Section 53317(h) of the Government Code, a joint powers agency (the "JPA") is authorized to use the law to create a community facilities district. The Act outlines several distinct steps that the JPA must follow to set the district formation and financing processes in motion, including adopting resolutions and holding a public hearing. In addition to the process undertaken by the JPA, a public hearing in connection with the district's formation and proposed bond financing will also need to be held at least at the county level.

The ABAG Financing Authority for Nonprofit Corporations ("Authority"), as a JPA, has experience with property based financing. Since 1993 the Authority has offered its Special Assessment Bond Round-Up ("SABR") Program for the pooled financing and issuance of local assessment district and community facilities district bonds. To date, the Authority has brought 13 SABR Program issues to market aggregating nearly \$458 million. The JPA itself does not take on the obligation for repayment of any land-secured financings. Each underlying bond issue stands on its own credit meaning that there is no cross-collateralization or pooled credit aspect among jurisdictions. The JPA's role is strictly as a conduit, with repayments limited to amounts received.

Repayment of the bonds would be secured by property taxes collected by the County on the regular property tax bills sent to property owner/homeowners. Any such bonds would not be rated; however, the Authority's obligation to make payment on these bonds, as in all of its land secured securities, is strictly limited to property tax payments passed through by the County to the Bond Trustee. Neither ABAG nor its members take on any obligation to make payment on these securities.

Within this financing mechanism, the energy financing district will continue to refine program parameters for project approval.

#### *Division of Program Responsibilities*

ABAG and PG&E are jointly working on the design of the program. The following list provides a preliminary view of how the various tasks can be divided among the main implementing parties, but all are subject to revision.

Joint ABAG/PG&E. ABAG and PG&E will jointly develop the financing district program. In developing the program an emphasis will be placed on ensuring ease of use for the customer. Program viability will be tested through a market research/analysis and development of a business financial model. Joint tasks may include:

- Establish program goals, limitations, and strategy
- Select program administrator(s)
- Establish basic project eligibility criteria
  - Minimum and maximum amount that may be financed
  - List of approved technologies and improvements that can be financed
- Coordinate with community choice aggregation communities and municipal utilities

ABAG. ABAG will implement and maintain the community facilities district, coordinate with member agencies, and provide overall program oversight. Specific tasks may include:

- Provide oversight and direction
- Select financing strategy
- Arrange for bond sales
- Establish community facilities district. ABAG anticipates creating the District through its joint powers agency, the ABAG Financing Authority for Nonprofit Corporations
- Coordinate with trustee to process property tax payments to bondholders
- Coordinate with other member property tax financing programs in the Bay Area
- Monitor program and report routinely to participating local governments
- Information and outreach to local governments and their communities

Financial Administrator. The Financial Administrator will ensure financial resources are available to fund each project and work with the County Tax Offices to ensure proper processing of individual liens. The Financial Administrator will work under contract to the community facilities district and in close collaboration with the Program Administrator. Tasks may include:

- Secure interim financing for job payments
- Develop and manage application and approval processes
- Secure consumer consent to contract and lien
- Place property tax liens on participating properties
- Process payments to installers/contractors
- Arrange loan-loss fund source and operations
- Report status, results, and outlook regularly to all sponsoring authorities

Program Administrator / Process Manager. ABAG and PG&E will determine the most efficient and effective Program Administrator. The Program Administrator will have

primary responsibility for conducting initial site visits and feasibility analysis, tracking project implementation, conducting marketing campaigns, coordinating with contractors, processing rebates/incentives, and customer service. Tasks may include:

- Develop program implementation plan (Program Guidelines)
- Conduct telephone screenings, site visits, and project feasibility analyses
- Conduct energy savings modeling and estimation as required, including utility bill data acquisition and analysis
- Approve jobs for financing - report to Financial Administrator
- Maintain approved contractor lists, and monitor overall contractor activity
- Coordinate with other utility energy efficiency programs, as appropriate, including Local Government Partnerships and “Third Party” incentive programs
- Manage the processing of utility and state incentive payments for both energy efficiency and renewable project installations
- Develop and manage energy efficiency and solar project integration policies and procedures
- Develop various disclosure forms
- Monitor and assess individual job status
- Certify completion of projects
- Design and conduct marketing campaign and materials
- Set up and operate program web/phone information center
- Track and report energy and carbon savings to all stakeholders
- Customer service including customer care and assistance to assure adequate customer feedback, complaint, and dispute resolution process.
- Coordinate contractor training and certification process, as necessary
- Arrange local government staff training as needed (e.g. permitting issues)
- Provide ongoing contractor support systems (web, meetings, news, forum etc.)
- Coordinate continuously among participants and stakeholders
- Manage funding and budget for program administration

### **Market Research Plan**

ABAG in partnership with PG&E is conducting a market research study to determine the customer’s interest in participating in an energy financing district. The results of the study will iteratively inform program design and define target audience and outreach strategies. The study will be conducted in three phases and will utilize online surveys, focus groups and in-depth interviews. The research results are expected on a rolling basis starting in August and into the fourth quarter of 2009.

Phase one will include a program concept study which will identify which residents are most likely to participate in energy financing district and what levers will drive their participation. This phase will also determine the specific energy efficiency and solar upgrades that are in demand. Online surveys will be completed by a diverse range of residents in the ABAG service territory including a mix of income levels, types of homes, age of homes, and energy usage.

Phase two uses qualitative research methods such as focus groups and in-depth interviews to determine the value and benefits to participating in energy financing district. Results will determine what would prevent or encourage participation. This will allow the program design team to gain valuable feedback on the initial program design and ensure a customer-centric offering.

Phase three focuses on the profile of the target customer and is based on the results of the previous research phases. In-depth profiles of target customers will be created and include demographics, energy usage, living environment, psychographics, and media channels. Available marketing channels will be evaluated to most effectively reach target customers.

### **Business Case**

A business case will be developed for the energy financing district. Major components to the business case include a description of the product and/or service provided to customers, strategic business goals, market overview, strategies for positioning and for marketing and communicating the product/service, financial and risk analysis, exit strategy, and measurements for program success. The major components to the business case are expected to be completed by September 2009. Creating a business case is a necessary step for obtaining PG&E program approval. Once completed, the business case will be presented to PG&E and the ABAG Executive Board.

### **Legislative Update on SB 279**

The energy financing district concept is based on the financing mechanism that would be allowed by the passage of Senate Bill 279 (SB 279). The bill is based on the Mello-Roos Community Facilities Act of 1982, which allows a community facilities district to finance community improvements, and would amend this act to allow a district to finance energy efficiency and renewable energy improvements to or on real property. Passage of this bill is seen as critical to the creation of the energy financing district. Senator Hancock introduced SB 279 this year. The bill passed the Senate and the Assembly Local Government Committee. *The bill has been amended to incorporate water conservation.*

### **Next Steps**

ABAG and PG&E will continue working together to advance the program design, market research, and business case. Additionally, with the SB 279 amendment to include water conservation, ABAG will begin exploring a partnership with water districts to incorporate water elements into the program concept. Lastly, ABAG will continue to coordinate with other financing programs to ensure lessons learned and best practices are incorporated into the program design.



## ABAG POWER ANNUAL BOARD MEETING

**October [29?], 2009 (10:00 a.m. to 1:00 p.m.?)**

**Association of Bay Area Governments  
Joseph P. Bort MetroCenter Auditorium  
101 Eighth Street, Oakland, CA 94607**

**Chairman: John Cerini**

- |     |   |          |               |
|-----|---|----------|---------------|
| 1.  | <b>Welcome</b><br>ATTACHMENT A - ABAG POWER JPA MEMBER LIST   | Cerini   |               |
| 2.  | <b>Public Comments</b>  | Cerini   |               |
| 3.  | <b>Approval of Minutes from October 30, 2008 Annual Board Meeting</b><br>ATTACHMENT 3A - MINUTES OF OCTOBER 30, 2008  | Cerini   | <b>Action</b> |
| 4.  | <b>Election of ABAG POWER Officers (Chair and Vice Chair)</b><br>ATTACHMENT 4A - PROPOSED EXECUTIVE COMMITTEE FOR FY 09-10  | Cerini   | <b>Action</b> |
| 5.  | <b>Status of Electric Program Funds</b><br>Staff will discuss the resolution of the final Electric Program activities and distribution of remaining funds.<br>ATTACHMENT 5A – FUNDS ALLOCATION  | Lahr/Moy | <b>Action</b> |
| 6.  | <b>Staff Report and Review of Natural Gas Program</b><br>Staff will report the results of the Natural Gas Program for the 2008 – 2009 fiscal year, as well as provide multi-year review of the Program.<br>ATTACHMENT 6A - STAFF REPORT ON NATURAL GAS PROGRAM<br>ATTACHMENT 6B - REVIEW OF NATURAL GAS PROGRAM<br>ATTACHMENT 6C - GAS PRICE COMPARISON SPREADSHEET | Lahr     | Info.         |
| 7.  | <b>Energy Data Pilot</b><br>Staff will provide an update on the status of the Energy Data Pilot Project.<br>ATTACHMENT 7A -   | Lahr     | Info.         |
| 8.  | <b>Natural Gas Litigation</b><br>Staff will discuss the status/outcome of the natural gas litigation and present a recommendation for the allocation of proceeds.<br>ATTACHMENT 8A - MEMO ON GAS LITIGATION AND ALLOCATION OPTIONS<br>ATTACHMENT 8B - PROPOSED ALLOCATION   | Lahr/Moy | <b>Action</b> |
| 9.  | <b>Financial Review</b><br>Staff will review preliminary financial statements for FY 2008-09<br>ATTACHMENT 9A - FINANCIAL REPORTS MEMO<br>ATTACHMENT 9B.1.2.3. – PRELIMINARY FINANCIAL REPORTS  | Pike     | Info.         |
| 10. | <b>ABAG Energy Watch/ Green Communities/ Solar &amp; Energy Efficiency District</b><br>Staff will provide a review of the ABAG Energy Watch program as well as a status update on the Green Communities and SEE District  | Lahr     | Info.         |



development.

**Break for Lunch**

11. **Guest Speaker – ? [Bruce Riordin – Climate Consultant to JPC]** Info.

12. **Closed Session** Moy Info.

The following item will be discussed in closed session, pursuant to the requirements of the Ralph M. Brown Act. All actions will be announced in open session prior to the adjournment of the meeting.

Conference with Legal Counsel – Existing Litigation [Govt. C. Sec. 54956.9(a)]

**Adjourn approximately 1:00 p.m.**

**THE BOARD MAY TAKE ANY ACTION, INCLUDING NO ACTION, ON ANY ITEM ON THIS AGENDA.**