

MEMORANDUM

ASSOCIATION OF BAY AREA GOVERNMENTS

Representing City and County Governments of the San Francisco Bay Area



DATE: June 13, 2019

TO: ABAG POWER Executive Committee

FROM: Ryan Jacoby
ABAG POWER Program Manager, Metropolitan Transportation Commission

RE: Attachment 6B - Gas Hedge Chart

Background

In February 2018, the ABAG POWER Executive Committee requested that staff analyze the program's prior long-term, fixed-price gas purchase contracts to determine whether the purchases resulted in cost savings when compared against purchasing an equivalent quantity on a market index.

In April 2018, staff presented the requested analysis, concluding that the majority of the purchases did not result in savings. A recommendation was provided and subsequently approved by the ABAG POWER Executive Committee to modify the gas purchasing strategy and move predominantly into the short-term, index-based market, beginning July 1, 2018. By default, gas purchases would be made based on monthly and daily indices and fixed-price purchases would be made only by exception and with Committee approval.

Attachment

Gas Hedge Chart

