



375 Beale Street
Suite 700
San Francisco, California

Meeting Agenda

ABAG POWER Executive Committee

Chair, Brendan Havenar-Daughton, County of Contra Costa
Vice Chair, Elaine Marshall, City of Milpitas

Thursday, May 21, 2026

11:00 AM

Claremont CR 112 - 1st Floor (REMOTE)

**ABAG Publicly Owned Energy Resources
Executive Committee
Meeting No. 2026-02**

Teleconference Locations:

**Milpitas City Hall, Committee Conference Room, 455 East Calaveras Blvd, Milpitas, CA 95035
255 Glacier Dr Martinez, Building 500, Conference Room G, Martinez, CA 94553**

Meeting attendees may opt to attend in person for public comment and observation at 375 Beale Street, CR-5150 Redwood Room (5th Floor). In-person attendees must adhere to posted public health protocols while in the building. The meeting webcast will be available at <https://abag.ca.gov/meetings>. Members of the public are encouraged to participate remotely via Zoom at the following link or phone number.

Members of the public participating by Zoom wishing to speak should use the "raise hand" feature or dial *9. When called upon, unmute yourself or dial *6. In order to get the full Zoom experience, please make sure your application is up to date.

Attendee Link: <https://bayareametro.zoom.us/j/87100368279>

Phone one-tap:

+14086380968,,87100368279# US (San Jose)

+16694449171,,87100368279# US

Join by Telephone (for higher quality, dial a number based on your current location) US:

877 853 5247 US Toll Free

888 788 0099 US Toll Free

833 548 0276 US Toll Free

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International numbers available: <https://bayareametro.zoom.us/j/87100368279>

Detailed instructions on participating via Zoom are available at:

<https://mtc.ca.gov/meetings-events/how-provide-public-comment-board-meeting>

Members of the public may participate by phone or Zoom or may submit comments by email at info@bayareametro.gov by 5:00 p.m. the business day before the scheduled meeting date.

Please include the committee or board meeting name and agenda item number in the subject line. All comments received will be submitted into the record.

Clerk: Carsie Bonner

Roster

Chair, Brendan Havenar-Daughton, County of Contra Costa
Vice Chair, Elaine Marshall, City of Milpitas
Brad Vance, County of Santa Clara
Samantha Carr, City of Richmond
Thomas Flanagan, Butte County Office of Education

1. Welcome / Call to Order

Brendan Havenar-Daughton, Chair, County of Contra Costa

2. Roll Call / Confirm Quorum

A quorum of this meeting body shall be a majority of its regular voting members (5).

3. Public Comment

The public is encouraged to provide comment at Committee meetings. This public comment period is intended for items not agendized.

4. Consent Calendar

4a. [26-0642](#) Approval of Minutes from February 26, 2026, Executive Committee Special Meeting.

Action: Approval

Attachments: [4a_26-0642_2-25-2026_ABAG_POWER_Exec_Draft_Meeting_Minutes_meeting](#)

5. Action

5a. 26-0658 POWER Program Fiscal Year 2026-27 Operating Budget

Staff will present the final operating budget for fiscal year 2026-27 to be adopted by the Executive Committee.

Action: ABAG POWER Executive Committee Approval

Presenter: Patrick Callan, Budget and Grant Manager, ABAG/MTC
 Eyas Abdeen, Principal Program Manager, ABAG POWER

Attachments: 5a_26-0658_1_Summary_Sheet_ABAG_POWER_FY 2026-27_Proposed_Ope
 5a_26-0658_2_Attachment_A_ABAG_POWER_FY 2026-27_Proposed_Operat
 5a_26-0658_3_Presentation_ABAG_POWER_FY 2026-27_Proposed_Operatin

5b. 26-0659 POWER Program Working Capital Modification.

Staff will recommend a new working capital modification for FY 2026-27.

Action: Approval

Presenter: Eyas Abdeen, Principal Program Manager, ABAG POWER

Attachments: 5b_26-0659_1_Summary_Sheet_POWER_Working_Capital_Modification.pdf
5b_26-0659_2_Presentation_POWER_Working_Capital_Modification.pdf

6. Other Business

Committee to provide updates on items within member agencies relevant to ABAG POWER and/or the ABAG/MTC energy programs.

7. Next Meeting Agenda

Committee to submit any agenda item requests for future meeting discussion.

8. Adjournment / Next Meeting

The next meeting is the ABAG POWER Executive Committee Meeting scheduled to be held on Thursday July 30, 2026.

Public Comment: The public is encouraged to comment on agenda items at Committee meetings by completing a request-to-speak card (available from staff) and passing it to the Committee secretary. Public comment may be limited by any of the procedures set forth in Section 3.09 of MTC's Procedures Manual (Resolution No. 1058, Revised) if, in the chair's judgment, it is necessary to maintain the orderly flow of business.

Meeting Conduct: If this meeting is willfully interrupted or disrupted by one or more persons rendering orderly conduct of the meeting unfeasible, the Chair may order the removal of individuals who are willfully disrupting the meeting. Such individuals may be arrested. If order cannot be restored by such removal, the members of the Committee may direct that the meeting room be cleared (except for representatives of the press or other news media not participating in the disturbance), and the session may continue.

Record of Meeting: Committee meetings are recorded. Copies of recordings are available at a nominal charge, or recordings may be listened to at MTC offices by appointment. Audiocasts are maintained on MTC's Web site (mtc.ca.gov) for public review for at least one year.

Accessibility and Title VI: MTC provides services/accommodations upon request to persons with disabilities and individuals who are limited-English proficient who wish to address Commission matters. For accommodations or translations assistance, please call 415.778.6757 or 415.778.6769 for TDD/TTY. We require three working days' notice to accommodate your request.

可及性和法令第六章: MTC 根據要求向希望來委員會討論有關事宜的殘疾人士及英語有限者提供服務/方便。需要便利設施或翻譯協助者，請致電 415.778.6757 或 415.778.6769 TDD / TTY。我們要求您在三個工作日前告知，以滿足您的要求。

Acceso y el Titulo VI: La MTC puede proveer asistencia/facilitar la comunicación a las personas discapacitadas y los individuos con conocimiento limitado del inglés quienes quieran dirigirse a la Comisión. Para solicitar asistencia, por favor llame al número 415.778.6757 o al 415.778.6769 para TDD/TTY. Requerimos que solicite asistencia con tres días hábiles de anticipación para poderle proveer asistencia.

Attachments are sent to Committee members, key staff and others as appropriate. Copies will be available at the meeting.



Metropolitan Transportation Commission

Legislation Text

375 Beale Street, Suite 800
San Francisco, CA 94105

File #: 26-0642, **Version:** 1

Subject:

Approval of Minutes from February 26, 2026, Executive Committee Special Meeting.

Recommended Action:

Approval

Attachments: List any attachments.



Metropolitan Transportation Commission Meeting Minutes 3 - Draft

375 Beale Street
Suite 700
San Francisco, California

ABAG POWER Executive Committee

Chair, Brendan Havenar-Daughton, County of Contra Costa
Vice Chair, Elaine Marshall, City of Milpitas

Thursday, February 26, 2026

11:00 AM

Redwood CR 5150 - 5th Floor (REMOTE)

ABAG Publicly Owned Energy Resources Executive Committee Meeting No. 2026-01

Teleconference Locations:

Milpitas City Hall, Committee Conference Room, 455 East Calaveras Blvd, Milpitas, CA 95035

Committee Representative Roster:

Chair, Brendan Havenar-Daughton, County of Contra Costa
Vice Chair, Elaine Marshall, City of Milpitas
Brad Vance, County of Santa Clara
Samantha Carr, City of Richmond
Thomas Flanagan, Butte County Office of Education

Staff Roster:

Arleicka Conley, Cindy Chen, Eyas Abdeen, Fera Chandra, Jane Elias, Jefferson Non, Karen Kristiansson, Maggie Gomez, Matthew Lavrinets, Patrick Callan

1. Pre-Meeting Informational Session (No Quorum Present)

At 11:15 a.m., an informational presentation 5.a was provided by Eyas Abdeen, Principal Program Manager. At that time, a quorum was not present; therefore, no meeting of the ABAG POWER Executive Committee was in session, and no deliberation or action was taken by the body. The presentation was informational only and no discussion, direction, or decisions occurred.

2. Roll Call / Confirm Quorum

Present: 3 - Chair Havenar-Daughton, Vice Chair Marshall, and Committee Member Gopinathan

Absent: 2 - Committee Member Carr, and Committee Member Flanagan

A quorum of the ABAG POWER Executive Committee was achieved at 11:40 a.m., and Vice Chair Marshall called the meeting to order.

Shruti Gopinathan acted as a delegate and voting member of the Committee in place of Brad Vance, County of Santa Clara.

3. Public Comment

Vice Chair Marshall invited any member of the public in attendance to provide public comment on items not on the agenda. None was provided.

4. Consent Calendar

- 4.a [26-0228](#) Approval of Minutes from June 17, 2025, Executive Committee Special Meeting

Attachments: [4.a.- ABAG POWER EC Summary Minutes of June 17, 2025](#)

Motion was made by Chair Havenar-Daughton and seconded by Committee Member Gopinathan to approve the minutes from June 17, 2025, Executive Committee Special Meeting. The motion passed by the following vote:

Aye: 3 - Chair Havenar-Daughton, Vice Chair Marshall, and Committee Member Gopinathan

Absent: 2 - Committee Member Carr, and Committee Member Flanagan

5. Information

- 5.a [26-0234](#) POWER Program Manager's Report on Natural Gas and Renewable Natural Gas Programs

Staff will provide an overview of POWER operations that include market conditions, gas purchases, winter hedging strategy, and other miscellaneous items.

Attachments: [5.a.1- POWER Programs Overview Presentation](#)

[5.a.2- Summary Sheet-- POWER Program Overview](#)

- 5.b [26-0235](#) Fiscal Year 2026-27 Preliminary Operating Budget

Staff will present a preliminary operating budget for fiscal year 2026-27 and request feedback from the Executive Committee before a proposed budget is presented for approval at the May 21, 2026, Executive Committee meeting.

Attachments: [5.b.1.- Fiscal Year 2026-27 Preliminary Operating Budget Presentation](#)

[5.b.2.- Summary Sheet-- FY 26-27 Preliminary Operating Budget](#)

[5.b.3.- FY 2026-27 ABAG POWER Preliminary Operating Budget](#)

Eyas Abdeen and Patrick Callan presented a preliminary operating budget for fiscal year 2026-27 and request feedback from the Executive Committee before a proposed budget is presented for approval at the May 21, 2026, Executive Committee meeting.

6. Other Business

Vice Chair Marshall invited any member of the Committee to provide any update on items within the member agencies relevant to ABAG POWER or ABAG/MTC Energy Programs. None was provided.

7. Next Meeting Agenda

Vice Chair Marshall invited Committee members to provide future agenda items. None was provided.

12. Adjournment / Next Meeting

Vice Chair Marshall announced the next governance meeting is the ABAG POWER Board of Directors Special Meeting, scheduled to be held on Thursday, April 23, 2026, and the next ABAG POWER Executive Committee Meeting is scheduled to be held on Thursday May 21, 2026. The meeting was adjourned at 12:01 p.m.



Metropolitan Transportation Commission

Legislation Text

375 Beale Street, Suite 800
San Francisco, CA 94105

File #: 26-0658, **Version:** 1

Subject:
POWER Program Fiscal Year 2026-27 Operating Budget

Staff will present the final operating budget for fiscal year 2026-27 to be adopted by the Executive Committee.

Presenter:
Patrick Callan, Budget and Grant Manager, ABAG/MTC
Eyas Abdeen, Principal Program Manager, ABAG POWER

Recommended Action:
ABAG POWER Executive Committee Approval

Attachments: List any attachments.

Association of Bay Area Governments Publicly Owned Energy Resources

ABAG POWER

Executive Committee

May 21, 2026

Agenda Item 5.a.1

Association of Bay Area Governments (ABAG) Publicly Owned Energy Resources (POWER)
Fiscal Year 2026-27 Proposed Operating Budget

Subject:

Staff requests approval of the Association of Bay Area Governments (ABAG) Publicly Owned Energy Resources (POWER) Fiscal Year 2026-27 Proposed Operating Budget and the Energy Cost Levelized Charges for the period July 1, 2026, to June 30, 2027.

Background:

ABAG POWER was formed in 1998 by ABAG and local governments, it operates through a Joint Powers Agreement to provide leadership in energy management and aggregated procurement. It operates as a natural gas aggregation program, which conducts pooled purchasing of natural gas. ABAG POWER is a self-funding enterprise, where all member agencies pay for only what they use. Annual gas purchases, gas storage and gas transportation are based on estimated use on an annualized monthly basis. Any residual over or under billing is reconciled and carried as payable or receivable after the end of the fiscal year.

Changes from Preliminary Operating Budget:

The proposed budget incorporates the following updates from the preliminary operating budget presented on February 26, 2026:

- Revenue: Projected revenue from energy sales has decreased by approximately \$294,000, reflecting updated future market forecasts.
- Cost of Energy: Gas commodity and shrinkage costs have decreased by \$183,740, based on updated future market forecasts.
- Staff Costs: Overall staff costs have decreased by approximately \$174,482, primarily due to a lower Indirect Cost Allocation Plan (ICAP) rate. This decrease is partially offset by the inclusion of a 3.8% Cost-of-Living Adjustment (COLA), consistent with the Metropolitan Transportation Commission Memorandums of Understanding. For reference, the preliminary operating budget incorporated a 3.2% COLA.
- Consultant Services: Costs have increased by \$65,000 to support the planned implementation of a new energy management application, which is expected to improve operational efficiency and system capabilities.

Revenue

The ABAG POWER program operates on a not-for-profit basis, with revenues intended to cover program costs and related expenses. Any surplus or shortfall is managed in accordance with established program guidelines. Changes in revenue generally correspond to changes in program expenses.

The proposed natural gas program revenue for Fiscal Year (FY) 2026–27 is \$22.6 million, representing a 4% decrease (approximately \$1.0 million) compared to the FY 2025–26 budget of \$23.6 million. This decrease is primarily driven by a reduction in the cost of energy.

Cost of Energy

The cost of energy consists of both pass-through costs and gas commodity costs, including transportation, shrinkage, and storage. These costs are expressed as a rate per dekatherm (\$/Dth) and correlate with program usage.

Pacific Gas and Electric Company (PG&E) Pass-Through Costs: These costs account for approximately 78% of the total cost of energy and 70% of the overall operating budget. They primarily reflect local distribution transportation charges. PG&E Pass-through costs increase by 3% compared to FY 2025–26, which is attributable to higher projected gas usage.

Gas Commodity Costs: The gas commodity cost, which includes transportation, shrinkage, and storage, is projected at \$4.36/Dth for core meters and \$3.10/Dth for non-core meters. This represents a 26% decrease for core meters and a 32% decrease for non-core meters compared to the prior year.

Overall, changes in the cost of energy reflect both updated market pricing and expected variations in program demand.

Staff Cost, Consultant Services, and Other Expenses

The proposed budget includes a 31% increase (\$406,000) in staff costs, reflecting a strategic shift to support core program functions with internal resources. This increase is partially offset by a \$500,000 reallocation from the Consultant Services budget, which was approved in FY 2025-26.

This reallocation provided the resources for two additional full-time positions—an Energy Billing Analyst and an Energy Data Analyst—enhancing internal capacity and reducing reliance on external consultants. Currently, ABAG POWER is staffed with three full-time employees, three part-time employees, and one vacant full-time position.

After this reallocation, the remaining Consultant Services budget and other operating expenses remain generally comparable with FY 2025–26 levels, indicating overall stability in non-staff costs.

Additionally, energy management and billing software costs increase by \$65,000 compared to the FY 2025–26 budget, reflecting a planned investment in a new system to support program operations and efficiency.

The ABAG POWER FY 2026-27 Proposed Operating Budget reflects a balanced and sustainable financial plan that aligns revenues with program costs while continuing to invest in operational capacity and system improvements. The budget incorporates updated market conditions, strategic staffing enhancements, and targeted technology investments, all while maintaining overall cost stability. As a not-for-profit program, ABAG POWER remains focused on transparently managing resources to support reliable service delivery and meet the needs of its members

Issues:

None.

Recommended Action:

Staff requests that the ABAG POWER Executive Committee review and approve the Fiscal Year 2026-27 Operating Budget and the energy cost levelized charges for the period July 1, 2026, to June 30, 2027.

Attachments:

- Attachment A – ABAG POWER Fiscal Year 2026-27 Proposed Operating Budget
- Presentation – ABAG POWER Fiscal Year 2026-27 Proposed Operating Budget

Reviewed:

Daniel Saver

A handwritten signature in blue ink, appearing to read 'Daniel Saver', is written over a faint, light blue circular stamp or watermark.

ASSOCIATION OF BAY AREA GOVERNMENTS
PUBLICLY OWNED ENERGY RESOURCES
FY 2026-27 OPERATING BUDGET

	ACTUALS AS OF 03/31/2026	FY 2025-26 PROJECTED	FY 2025-26 APPROVED	FY 2026-27 PROPOSED	CHANGE \$ INCREASE/(DECREASE)	CHANGE % INCREASE/(DECREASE)
Revenue						
Sale of Energy	\$ 17,799,030	5,339,709	\$ 23,392,080	\$ 22,377,360	\$ (1,014,720)	-4%
Interest Income - Banks/LAIF	283,292	-	227,500	223,340	(4,160)	-2%
Other Revenue	5,786	1,157	18,400	18,400	-	0%
Total Revenue	\$ 18,088,108	\$ 5,340,866	\$ 23,637,980	\$ 22,619,100	\$ (1,018,880)	-4%
Expense						
Cost of Energy						
PG&E Pass-through Costs	\$ 7,380,647	2,952,259	\$ 15,522,378	\$ 15,944,570	\$ 422,192	3%
Gas Commodity & Shrinkage Costs	1,623,210	324,642	3,885,851	2,335,282	(1,550,569)	-40%
Intra/Interstate Pipeline Transportation	491,322	98,264	811,912	955,611	143,699	18%
Gas Storage	870,363	174,073	1,144,005	1,144,005	-	0%
SPURR Fees Pass-through	27,688	5,538	51,283	50,835	(448)	-1%
Total Cost of Energy	\$ 10,393,230	\$ 3,554,776	\$ 21,415,429	\$ 20,430,303	\$ (985,126)	-5%
Staff Cost						
Salary & Benefits	\$ 516,288	103,258	\$ 667,587	\$ 964,755	\$ 297,169	45%
Overhead	618,151	123,630	654,368	762,735	108,367	17%
Total Staff Cost	\$ 1,134,439	\$ 226,888	\$ 1,321,955	\$ 1,727,490	\$ 405,535	31%
Consultant Services						
Carbon Offsets Supplier	\$ -	-	\$ 100,000	\$ 100,000	\$ -	0%
Gas Scheduling	88,480	17,696	126,000	126,000	-	0%
Administrative Support	-	-	500,000	-	(500,000)	-100%
Energy Manager Software	25,213	5,043	35,000	100,000	65,000	186%
Brokerage	3,920	784	24,000	24,000	-	0%
Electronic Data Interchange Services	6,168	1,234	14,950	15,000	50	0%
Total Consultant Services	\$ 123,781	\$ 24,756	\$ 799,950	\$ 365,000	\$ (434,950)	-54%
Other Expenses						
Audit	\$ 49,132	-	\$ 69,010	\$ 71,080	\$ 2,070	3%
Interest Expense/Bank Charges	-	-	3,900	-	(3,900)	-100%
Catering	1,207	1,493	2,700	3,000	300	11%
Market Pricing Subscriptions	7,667	7,333	15,000	15,000	-	0%
Travel	-	2,500	2,500	3,500	1,000	40%
Industry Memberships & Conferences	-	2,450	2,450	2,450	-	0%
Insurance	700	-	700	700	-	0%
Miscellaneous	(70)	370	300	300	-	0%
Total Other Expense	\$ 58,635	\$ 14,147	\$ 96,560	\$ 96,030	\$ (530)	-1%
Total Expense	\$ 11,710,086	\$ 3,820,566	\$ 23,633,894	\$ 22,618,823	\$ (1,015,071)	-4%
Operating Surplus/(Deficit)	\$ 6,378,022	\$ 1,520,300	\$ 4,086	\$ 277	\$ (3,809)	-93%
Core Annual Usage (Dth):	3,023,536	6,047,073	913,037	936,868	23,831	3%
Noncore Annual Usage (Dth):	163,520	327,040	99,443	111,850	12,407	12%
Total Usage (Dth):	3,187,056	6,374,113	1,012,480	1,048,718	36,238	4%
Core Gas Commodity (\$/therm):	0.100	0.010	0.590	0.436	-0.15	-26%
Noncore Gas Commodity (\$/therm):	0.067	0.007	0.458	0.310	-0.15	-32%
PG&E Pass-through Costs (\$/therm):	0.244	0.049	1.700	1.702	0.00	0%
Program Expenses (\$/therm):	0.041	0.004	0.195	0.184	-0.01	-5%
Core Total Rate (\$/therm):	0.385	0.063	2.485	2.323	-0.16	-7%
Noncore Total Rate (\$/therm):	0.109	0.011	0.653	0.494	-0.16	-24%

ABAG POWER

Executive Committee Meeting

Fiscal Year (FY) 2026-27 Proposed Operating Budget
May 21, 2026



ABAG POWER Overview

28th

Year of Operation (1998)

52

Members

30 Cities, 4 Counties,
16 Schools, 2 Special Districts

970

Commercial Gas Meters



ABAG POWER

- Develops and implements gas purchasing strategy
- Conducts consolidated billing
- Provides helpful and responsive customer service

PG&E

- Owns and maintains transmission and distribution infrastructure
- Provides account data

PROGRAM PARTICIPANT

- Receives gas for use in municipal facilities
- Governs ABAG POWER

FY 2025-26 vs FY 2026-27

Cost of Energy and Operating Cost

	FY 2025-26	FY 2026-27	Change %
Core Gas Commodity (\$/therm):	\$ 0.590	\$ 0.436	-26%
PG&E Pass-through Costs (\$/therm):	\$ 1.700	\$ 1.702	0%
Program Expenses (\$/therm):	\$ 0.195	\$ 0.184	-5%
Core Total Rate (\$/therm):	\$ 2.485	\$ 2.323	-7%

FY 2026-27 Proposed Operating Budget Overview

	FY 2025-26 Approved	FY 2026-27 Proposed	Change \$ Increase/(Decrease)	Change % Increase/(Decrease)
Revenue				
Total Revenue	23,637,980	22,619,100	(1,018,880)	-4%
Expense				
Cost of Energy	21,415,429	20,430,303	(985,126)	-5%
Staff, Consultant, and Other Expenses	2,218,465	2,188,520	(29,945)	-2%
Total Expense	23,633,894	22,618,823	(1,015,071)	-4%
Operating Surplus/(Deficit)	4,086	277	(3,809)	-93%
Core Total Rate (\$/therm)	2.485	2.323	(0.16)	-7%

FY 2026-27 Proposed Operating Budget Components

Overall

- The proposed budget reflects a significant decrease in the gas commodity costs and relatively stable operating expenses compared to the previous year.

Revenue

- The projected revenue for FY 2026-27 is \$22.6 million, a 4% decrease (\$1.0 million) compared to the FY 2025-26. This budget decrease is a direct result of the lower cost of energy.

Cost of Energy

- PG&E pass-through costs have increased by 3% due to projected gas usage, while gas commodity costs are expected to decrease by 26% for core meters and 32% for non-core meters.

Staff, Consultant, and Other Expenses

- Staff costs increased by \$405,535 due to the addition of two new full-time positions. This was partially offset by a \$500,000 reallocation from Consultant Services. In addition, the proposed budget includes a Cost-of Living Adjustment. The energy management system cost increased by \$65,000 due to a potential new system purchase. Other expenses are projected to remain relatively the same as FY 2025-26.

Q & A





Metropolitan Transportation Commission

Legislation Text

375 Beale Street, Suite 800
San Francisco, CA 94105

File #: 26-0659, **Version:** 1

Subject:
POWER Program Working Capital Modification.

Staff will recommend a new working capital modification for FY 2026-27.

Presenter:
Eyas Abdeen, Principal Program Manager, ABAG POWER

Recommended Action:
Approval

Attachments: List any attachments.

Association of Bay Area Governments Publicly Owned Energy

Resources ABAG POWER

Board of Directors

May 21, 2026

Agenda Item 5.b.1

Natural Gas Program Working Capital Deposits

Subject:

Staff request approval of the Association of Bay Area Governments (ABAG) Publicly Owned Energy Resources (POWER) Working Capital Modification

Background:

ABAG POWER was established in 1998 by the Association of Bay Area Governments (ABAG) in partnership with local governments through a Joint Powers Agreement to provide regional leadership in energy management and aggregated procurement. The program operates as a natural gas aggregation enterprise, serving 52 public agencies by pooling demand to purchase natural gas more efficiently and cost-effectively.

Under this structure, ABAG POWER staff manage the procurement of natural gas and coordinate its delivery into Pacific Gas and Electric Company (PG&E) distribution pipelines, ensuring reliable service to participating facilities. The program's aggregated purchasing model allows member agencies to benefit from economies of scale while maintaining operational simplicity.

ABAG POWER functions as a self-funding enterprise. Member agencies are charged only for the natural gas they consume, and program costs are recovered through these user payments. Working capital is managed through careful planning of annual natural gas purchases, storage, and transportation, all of which are based on forecasted usage on an annualized monthly basis.

At the end of each fiscal year, any differences between estimated and actual usage are reconciled. These variances (true-up) are recorded as either payables or receivables and carried forward, ensuring that costs are accurately aligned with consumption over time while maintaining sufficient working capital to support ongoing operations.

Consistent with ABAG POWER's self-funding structure and its approach to aligning costs with actual usage, staff are proposing a revision to the program's working capital requirement for the upcoming fiscal year.

Currently, the working capital is based on three months of estimated total expenses, including natural gas commodity costs, program administrative costs, and PG&E transportation charges. Under the proposed revision, the working capital requirement would be adjusted to include three months of estimated natural gas commodity and program costs, plus two months (July and August) of estimated PG&E transportation costs. This approach better reflects the timing, seasonality, and risk characteristics of

the program's expenditures while maintaining sufficient liquidity to support reliable operations.

In conjunction with this change, the program's billing structure will also be updated effective July 1, 2026. Billing will transition from a single levelized charge covering all cost components to a more transparent structure in which:

- The levelized charge will apply only to natural gas commodity costs and program administrative costs, and
- PG&E transportation costs will be billed based on actual charges.

This combined update to working capital and billing practices follows a recently completed risk assessment, which concluded that the proposed modifications are feasible and can be implemented without compromising the program's financial stability.

Staff will continue to actively monitor market conditions and program risks. If market conditions change, staff will implement appropriate mitigation measures, including the use of hedging strategies to manage commodity price volatility. In addition, the working capital requirement will be reviewed and adjusted as needed during each annual budget cycle to ensure it remains sufficient and appropriate for program operations. Staff will also keep the Executive Committee informed of any significant changes affecting financial assumptions, market conditions, or working capital needs.

Together, these changes are expected to improve cost alignment, enhance transparency for member agencies, and optimize cash flow management. The refined structure reduces upfront cost requirements and is anticipated to support continued program growth while making ABAG POWER more attractive to prospective members.

Issues:

None.

Recommended Action:

Staff recommend that the Executive Committee approve the proposed modification to ABAG POWER's working capital requirement, effective July 1, 2026, to reflect three months of estimated natural gas commodity and program administrative costs plus two months (July and August) of estimated PG&E transportation costs.

Attachments:

- Presentation – POWER Capital Modification

Reviewed:

Daniel Saver



ABAG POWER

Working Capital Modification

Eyas Abdeen, Principal Program Manager

May 21, 2026



Agenda

- Working Capital (WC)
 - Overview
 - Steps we took
 - Current vs Proposed
 - Next steps – Mitigating volatility



Working Capital Modification: A Necessary Shift

Why working capital?

- The POWER program is self-funded.

Why Modifying?

- Grow the program:
 - Increase membership participation.
 - Boost purchasing power & gas volume.
- Risk assessment:
 - Internal analysis:
 - Cashflow.
 - Projection model with stress test scenarios.
 - Market analysis:
 - Price stability and low volatility (Next 5 years).
 - Optimizing gas storage.
- Reduce program costs.

WC Structure: Current vs Proposed

	Current Requirement Adopted in 2023	Proposed Requirement Starting FY 2026-27
Amount	Three months of estimated expenses	<ul style="list-style-type: none"> Three months of estimated cost of commodity and program costs Jul & Aug of estimated PG&E Transportation cost
Calculation Method	(Avg monthly gas usage * Budgeted Rate * 3)	(Avg monthly gas usage * Commodity + Program Rate * 3) + 2 months of PG&E Transportation Cost
Collection Schedule	Lump sum payment for two months due upon enrollment. Payment for the third month amortized over a 24-month period.	Lump sum payment due upon enrollment
Collection Method	Separate line item on monthly invoice	Separate line item on monthly invoice
Annual Valuation	--	Review the WC annually during the budget review process
PG&E Cost	N/A	Members will be billed monthly for their PG&E actual usage/expenses

Mitigate Natural Gas Price Volatility

- Ongoing monitoring of market conditions and program risks.
- Implementation of mitigation measures, including hedging strategies, if market conditions change.
- Annual review and adjustment of working capital during the budget cycle to ensure adequacy.
- Update the Executive Committee on any significant changes in market conditions, financial assumptions, or working capital needs.

Q & A

