

Association of Bay Area Governments Publicly Owned Energy Resources

ABAG POWER

Executive Committee

February 26, 2026

Agenda Item 5.b.2

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

Subject:

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

Background:

ABAG POWER, established in 1998 through a Joint Powers Agreement between ABAG and local governments, provides regional leadership in energy management and aggregated procurement. The program operates as a natural gas aggregation service, coordinating pooled purchases of natural gas on behalf of its member agencies. As a self-funded enterprise, each member pays only for its actual usage. Annual gas purchases, storage, and transportation costs are based on projected monthly consumption, with any year-end over or underbilling reconciled as a payable or receivable in the following fiscal year.

Revenue

ABAG POWER operates as a not-for-profit entity, with revenue intended to cover program costs and related expenses. Any surplus or deficit is managed in accordance with program guidelines.

The FY 2026-27 preliminary natural gas budget is \$22.9 million, a 3% (\$722,220) decrease from the FY 2025-26 budget of \$23.6 million. This reduction reflects a decrease in the projected cost of energy.

Cost of Energy

The cost of energy is comprised of Pacific Gas and Electric Company (PG&E) passthrough charges and gas commodity costs, which include transportation, shrinkage, and storage. All costs are expressed on a per dekatherm (\$/Dth) basis and correspond to program usage.

PG&E pass-through charges account for 77% of the total cost of energy and 70% of the total operating budget. These costs primarily consist of local distribution transportation charges and represent an increase of 3% from FY 2025-26 due to higher projected usage.

The gas commodity cost, which includes transportation, shrinkage, and storage, are estimated to be \$4.54/Dth for core meters and \$3.27/Dth for non-core meters, representing decreases of 23% and 29%, respectively, from the prior year.

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Staff Cost, Consultant Services, and Other Expenses

The proposed budget includes a 44% or \$580,000 increase in staff costs, partially offset by a \$500,000 reallocation from the Consultant Services budget approved last year. This adjustment supported the hiring of two full-time positions to support the program and perform the duties of an Energy Billing Analyst and an Energy Data Analyst. ABAG POWER now employs three full-time and five part-time staff. Consultant Services and other expenses are otherwise projected to remain consistent with FY 2025-26 levels.

Working Capital Deposits

In FY 2023-24, Resolution 23-06 increased the natural gas program's required working capital deposit from an amount equivalent to two months of estimated expenses to three months. This increased deposit is payable over 24 months beginning July 1, 2024, or upon the effective date of any new member agreements, whichever is later. The working capital level will be reassessed by the end of FY 2025-26, with findings to be presented to the Executive Committee.

Issues:

None.

Recommended Action:

The Executive Committee is requested to review and comment on the FY 2026-27 Preliminary Operating Budget. The final budget will be presented for approval at the May 21, 2026 meeting.

Attachments:

- 5.b.1 - Fiscal Year 2026-27 Preliminary Operating Budget Presentation.
- 5.b.3 - FY 2026-27 ABAG POWER Preliminary Operating Budget.

Reviewed:

Signed by:



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Daniel Saver