

ABAG POWER

Executive Committee Meeting

Fiscal Year (FY) 2024-25 Operating Budget
June 28, 2024



ASSOCIATION OF BAY AREA GOVERNMENTS
METROPOLITAN TRANSPORTATION COMMISSION

ABAG POWER Overview

26th

Year of Operation (1998)

~1.5

Current Full-time
Equivalent Employees



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



ASSOCIATION OF BAY AREA GOVERNMENTS
METROPOLITAN TRANSPORTATION COMMISSION

FY 2023-24 Highlights

- **Enrolled one member (City of Pleasanton) in the newly established Renewable Natural Gas Program**
 - Interest received and discussions ongoing with the City of Oakland, the Port of Oakland, Sonoma County Water Agency, and the County of San Mateo.
- **Likely enrollment of 20 to 30 special districts as a result of ABAG POWER's successful proposal to serve as a successor agency providing retail gas service to SPURR members**
 - Prior to this, the last new member joined in September 2012.
- **The financial strength of the program will increase substantially in the upcoming year due an increase in working capital deposits from two to three months of estimated expenses.**



FY 2024-25 Goals

- **Advance efforts to offer a voluntary greenhouse gas emissions reduction program element to offset emissions** caused by the combustion of natural gas at facilities in the program's portfolio.
- **Advance efforts to offer a voluntary transitional electrification incentive.**
- **Examine opportunities to increase program membership** due to ongoing implementation of the Strategic Implementation Roadmap.



FY 2024-25 Budget Considerations

- **Beginning in July, invoices will include a line item for a working capital deposit. The deposit will be an additional amount for most members.**
 - **Beginning in November, the amount will is likely to be partially offset due to the true-up.**
- **Current commitments from SPURR members reflect:**
 - **An increase of 19 new ABAG POWER members, a 50% increase in membership**
 - **An increase of ~260,000 (44%) therms in core usage**
- **Staff anticipate additional SPURR members will enroll after July 1, 2024**
 - **Enrolling these members requires the ability to establish a levelized charge**
- **The current budget approach reflects the need for additional administrative resources to address increased membership and corresponding requirements.**



FY 2024-25 Proposed Budget Overview

| | FY 2023-24 Adopted | FY 2024-25 Proposed | \$ Change | % Change |
|--|-----------------------|------------------------|--------------|-------------|
| Revenue | | | | |
| Total Revenue | 12,372,840 | 18,010,520 | 5,637,680 | 46% |
| Expense | | | | |
| Cost of Energy | 11,406,702 | 16,197,382 | 4,790,680 | 42% |
| Staff, Consultant, and Other Expenses | 963,244 | 1,809,147 | 845,903 | 88% |
| Total Expense | 12,369,945 | 18,006,529 | 5,636,583 | 46% |
| Operating Surplus/(Deficit) | 2,895 | 3,991 | 1,097 | 38% |
| Core Total Rate (\$/therm) | 1.993 | 2.100 | 0.11 | 5% |



FY 2024-25 Proposed Budget Components

Overall

- The proposed natural gas program budget for FY 24-25 reflects an increase of approximately \$5.6 million (46%), from \$12.4 million to \$18.0 million

Cost of Energy

- The Cost of Energy is comprised mostly of variable costs that increase proportionally with usage. While usage will increase, the per unit cost of gas (i.e., market price) is expected to decrease. Overall, the Cost of Energy reflects an increase of approximately \$4.8 million (42%) from \$11.4 million to \$16.2 million

Staff, Consultant, and Other Expenses

- Staff, Consultant, and Other Expenses are primarily fixed expenses which are not dependent upon usage or the number of enrolled accounts. Exceptions include SPURR Administrative Fees, Brokerage Fees, and Database Hosting Services.
 - Additional administrative resources, a change in overhead rate calculation, and an increase in gas scheduling services result in an increase of \$0.8 million (88%), from \$1.0 million to \$1.8 million



FY 2024-25 Proposed Budget

Questions / Discussion



ASSOCIATION OF BAY AREA GOVERNMENTS
METROPOLITAN TRANSPORTATION COMMISSION