

ABAG POWER

Executive Committee Meeting

Fiscal Year (FY) 2024-25 Preliminary Operating Budget
April 18, 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



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 (Proposed)

- **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

- **Invoices will include a monthly installment for a working capital deposit, which is expected to be partially offset by a true-up, given low commodity prices during FY 2023-24**
- **Current commitments from SPURR members reflect:**
 - **An increase of 15-30 new ABAG POWER members**
 - **Approximately 5-10% of SPURR's usage transitioning to POWER, reflecting a year-over-year increase in POWER's usage by 25-60%**
- **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 Preliminary Budget Overview

	FY 2023-24 Adopted		FY 2024-25 Preliminary		\$ Change		% Change
Revenue							
Total Revenue	12,869,639		17,243,840		4,871,000		39%
Expense							
Cost of Energy	11,984,226		15,643,545		4,236,843		37%
Staff, Consultant, and Other Expenses	882,082		1,596,474		633,231		81%
Total Expense	12,866,308		17,240,019		4,870,073		39%
Operating Surplus/(Deficit)	3,331		3,821		927		32%
Core Total Rate (\$/therm)	1.993		2.175		0.18		9%



FY 2024-25 Preliminary Budget Components

Overall

- The preliminary natural gas program budget for FY 24-25 reflects an increase of approximately \$4.9 million (39%), from \$12.4 million to \$17.2 million

Cost of Energy

- The Cost of Energy is comprised mostly of variable costs that increase proportionally with usage. As a result, the Cost of Energy reflects an increase of approximately \$4.2 million (37%) from \$11.4 million to \$15.6 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 are proposed to increase these costs by \$0.6 million (81%), from \$0.9 million to \$1.6 million



FY 2024-25 Preliminary Budget

Questions / Discussion

