

ABAG POWER

Preliminary FY 2023-24 Budget



ASSOCIATION OF BAY AREA GOVERNMENTS
METROPOLITAN TRANSPORTATION COMMISSION

Executive Committee Meeting
April 20, 2023

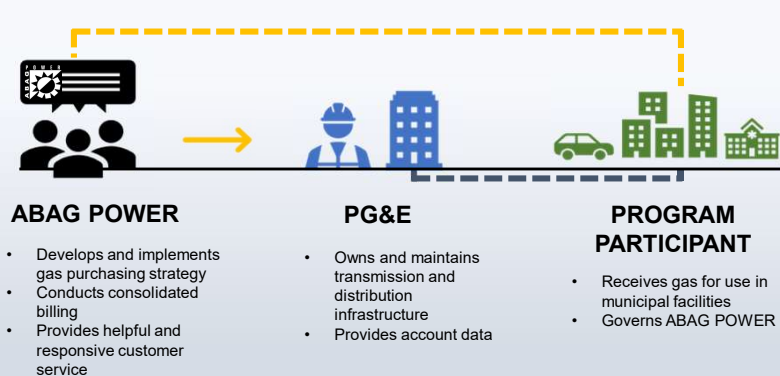
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ABAG POWER Overview

25
Years of Operation (1998)

37
Participating entities

760
Individual accounts



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ABAG POWER Overview

2022-23 Highlights

- **Began implementing the Strategic Implementation Roadmap** to evaluate potential product and program offerings that aid local governments in achieving climate-related goals.
 - Advanced efforts to quantify and offset the greenhouse gas emissions associated with natural gas usage.
 - Advanced efforts to establish a SB 1383-compliant Renewable Natural Gas program.
- **Continued to insulate member agencies from prolonged energy market price volatility** caused by the COVID-19 pandemic and ongoing geopolitical tensions.

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FY 2023-24 Preliminary Budget Overview

2023-24 Financial Goals

- **Indirectly offset greenhouse gas emissions** caused by the combustion of natural gas at all facilities in the program's portfolio.

2023-24 Program Goals

- **Advance efforts to offer a transitional electrification incentive.**
- **Examine opportunities to increase program membership** due to ongoing implementation of the Strategic Implementation Roadmap.
- **Establish a SB 1383-compliant Renewable Natural Gas program** to aid members in meeting their procurement requirement.



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FY 2023-24 Preliminary Budget Overview

Budget Components

- PG&E pass-through costs
- Commodity, transportation, and storage costs
- Environmental and other initiatives
- Program administration
 - ✓ Staff, consultants, and audit

Primary Cost Drivers

- Gas usage
 - ✓ Weather, sustainability
- Market prices
 - ✓ Supply and demand, hedging



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FY 2023-24 Preliminary Budget

	Adopted FY 2022-23	Preliminary FY 2023-24	Change (\$)	Change (%)
Revenue				
Sale of Energy	\$12,857,280	\$12,525,360	\$(331,920)	(3%)
Interest & Other Income	12,359	19,200	6,841	217%
Total Revenue	12,869,639	12,544,560	(325,079)	(3%)
Expense				
Cost of Energy	11,984,225	11,580,439	(403,786)	(3%)
Staff Cost	507,019	566,388	59,369	12%
Consultant Services	295,095	319,866	24,771	8%
Other Expenses	79,968	74,550	(5,418)	(7%)
Total Expense	12,866,306	12,541,243	(325,064)	(3%)
Operating Surplus/(Deficit)	\$3,333	\$3,317	\$(15)	

Assumptions:

- Consistent usage
- Lower gas prices
- Higher PG&E costs
- Continued carbon offset work (cost of carbon offsets not included)

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FY 2023-24 Preliminary Budget

Overall

- Decrease of \$0.3 million (3%), from \$12.9 million to \$12.5 million, compared to the previous fiscal year, due to associated decrease (3%) in gas commodity cost

Cost of Energy

- Increase of \$606 thousand (10%) to PG&E pass-through costs
- Decrease of \$1 million (-27%) to commodity, transportation, and storage costs

Staff, Consultant, and Other Expenses

- Increase of \$59 thousand (12%) in staff salaries, benefits, and overhead
- Increase of \$23 thousand (16%) for remainder of carbon offset work
- Increase of \$3 thousand for audit fees

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FY 2023-24 Preliminary Budget

Questions / Discussion

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