



City of Norman, OK

Municipal Building
Council Chambers
201 West Gray
Norman, OK 73069

Master

File Number: K-1819-93

File ID: K-1819-93

Type: Contract

Status: Consent Item

Version: 2

Reference: Item 23

In Control: City Council

Department: Utilities Department

Cost:

File Created: 12/27/2018

File Name: Constellation Biogas Term Sheet

Final Action:

Title: CONTRACT K-1819-93: A CONTRACT BY AND BETWEEN CITY OF NORMAN, OKLAHOMA, AND CONSTELLATION NEWENERGY-GAS DIVISION, L.L.C., A TERM SHEET FOR THE SALE OF BIOGAS ENVIRONMENTAL ATTRIBUTES.

Notes: ACTION NEEDED: Acting as the Norman Utilities Authority, motion to approve or reject Contract K-1819-93 with Constellation Newenergy-Gas Division, L.L.C.; and, if approved, authorize the execution thereof.

ACTION TAKEN: _____

Agenda Date: 02/12/2019

Agenda Number: 23

Attachments: Constellation Term Sheet

Project Manager: Ken Komiske, Utilities Director

Entered by: ken.komiske@normanok.gov

Effective Date:

History of Legislative File

Ver- sion:	Acting Body:	Date:	Action:	Sent To:	Due Date:	Return Date:	Result:
---------------	--------------	-------	---------	----------	-----------	-----------------	---------

Text of Legislative File K-1819-93

Body

BACKGROUND: Constellation is the third party gas supplier for the City of Norman, the Norman Utilities Authority and the Norman Municipal Authority. They supply gas to several large gas users in the City, such as the Water Reclamation Facility, Animal Welfare, the Library and the CNG Gas Station among others.

DISCUSSION: As a third party gas supplier, Constellation has a portfolio of gas producers including Landfill biogas facilities. Using biogas at a CNG Station can earn RIN (Renewable Identification Number) credits which have a value. Therefore, having the City's CNG Station sell CNG fuel which contains biogas can earn the City a share of the biogas supplier's RIN credits or money. The value of the RIN credit is inversely related to the price of gasoline; as the price of gasoline goes up the value of the RIN credit goes down. The estimated value of the RIN credit to the City may range between \$0.09 and \$0.18 per GGE (Gas Gallon Equivalent).

The 'Term Sheet' simply allows Constellation to match up a biogas producer to the City's CNG station. With the appropriate parties matched, a new 'Base Contract' will come before City Council for final approval.

RECOMMENDATION: Staff is requesting approval of Contract K-1819-93 which will allow Constellation to proceed with naming a biogas producer to be matched with the City of Norman CNG Station.