



Legislation Text

File #: K-1819-92, **Version:** 2

CONTRACT K-1819-92: A CONTRACT BY AND BETWEEN THE NORMAN UTILITIES AUTHORITY AND ENTEGRITY ENERGY PARTNERS, L.L.C., TO PROVIDE INVESTIGATION INTO THE POSSIBILITY OF SELLING DIGESTER BIO-GAS AND BUDGET APPROPRIATION FROM THE WATER RECLAMATION FUND BALANCE.

BACKGROUND: The Norman Water Reclamation Facility (NWRF) continues its efforts for efficiency and resourcefulness and researching ways to reuse or recycle any of the products it produces such as its highly treated effluent, bio-solids and bio-gas (methane). If approved, this agreement will continue our investigation into the possibility of selling digester bio-gas.

DISCUSSION: In December 2017, Entegri Energy Partners, LLC (Entegri) contacted the NWRF to determine the possibility of capturing, cleaning and selling the bio-gas produced by our anaerobic digesters. A preliminary review completed by Entegri in March 2018 determined the NWRF produced sufficient bio-gas to merit additional investigation. This investigation was considered Phase I of the project. As a result of the Phase 1 investigation, Entegri estimated annual revenues of \$50,000 to over \$100,000 over a 10 year period.

The proposed Phase 2 agreement (Contract K-1718-143) between Norman Utilities Authority (NUA) and Entegri is to determine if the project is feasible. Entegri will more specifically determine the quantity and quality of the bio-gas available, the treatment necessary to clean the bio-gas, the ability to transport the gas to a willing purchaser and the cost of this endeavor.

The initial cost of Phase 2 investigation will be borne by Entegri. The Phase 2 investigation will culminate in the selection of one of the three following alternatives:

- **Alternative One** - The investigation shows the project is not feasible; in this case the NUA owes nothing and both parties end the relationship.
- **Alternative Two** - The investigation shows the project to be feasible. A Phase 3 agreement with Entegri for revenues from the production of biogas will be negotiated defining the project scope and requiring a 10 year commitment by both parties to the project. In this case, NUA owes nothing and the Phase 3 project continues.
- **Alternative 3** - The investigation shows the project is feasible but the NUA chooses to end the relationship with Entegri. In this case, the NUA will reimburse Entegri for Phase 2 research in the amount of \$30,000.

RECOMMENDATION: Staff recommends Norman Utilities Authority approve Contract K-1819-92 with Entegri Energy Partners, L.L.C. and appropriate \$30,000 from Water Reclamation Fund Balance (032-0000-253.00-00) to Other Business Services (032-5541-432.41-99) to encumber \$30,000 to Entegri Energy Partners, L.L.C. that will only be needed if Alternative 3 is chosen.