



City of Norman, OK

Municipal Building
Council Chambers
201 West Gray
Norman, OK 73069

Legislation Text

File #: K-1819-93, **Version:** 2

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

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.