

Association of Bay Area Governments Publicly Owned Energy Resources

ABAG POWER

Executive Committee

November 17, 2022

Agenda Item 4.a.

Request for Offers (RFO) for Senate Bill 1383-Compliant Renewable Natural Gas (SB 1383 RNG)

Subject:

Request for authorization to survey ABAG POWER members regarding their interest in accepting a response to the program's RFO for SB 1383 RNG, and to report the survey results at the December 15, 2022, Executive Committee meeting.

Background:

SB 1383¹ (2016), among other things, establishes population-based procurement requirements for cities and counties to reduce organic waste, a significant contributor to methane, which in turn contributes to climate change. The procurement requirements can be met by procuring these recovered organic waste products:

- Mulch
- Compost
- Renewable fuel
- Renewable electricity
- Renewable heat
- Electricity from biomass

The legislation provides two compliance pathways: "Direct Procurement" and "Direct Service Provider". The Direct Service Provider pathway would enable a city or county to contract with ABAG POWER to receive renewable heat, in the form of biomethane/renewable natural gas (RNG), in place of, or in addition to, the natural gas currently provided by ABAG POWER. The procurement of eligible resources can be a paper transaction since there is no requirement that the products are either produced within the jurisdiction or produced from organic feedback materials collected within the jurisdiction.

On October 4, 2022, staff released a RFO seeking supplies of RNG compliant with SB 1383 and its implementing regulations. An email advertising the RFO was sent to ABAG POWER members and approximately 20 additional firms, including:

- A statewide list of California Anaerobic Digestion Projects Accepting Organics from the Municipal Solid Waste Stream (as compiled by CalRecycle in May 2021)²

¹ https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=201520160SB1383

² <https://www2.calrecycle.ca.gov/Docs/Web/115971>

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- Natural gas project developers and suppliers who participated in ABAG POWER's 2021 stakeholder engagement events
- CalRecycle, StopWaste, and other public agencies

The RFO closed on October 27, 2022. Of the proposal(s) received, staff has learned that the cost to purchase SB 1383 compliant gas is estimated to be 5-7 times higher compared to current gas offered by ABAG POWER. For example, one proposal offers a volume in the range of 500-1,000 million British Thermal Units (MMBTU or dekatherms (Dth)) per day, a desired multi-year contract term, and a price in the \$30-40 range³ per MMBTU.

CalRecycle assigns each population-based procurement requirement in "tons of organic waste" and provides conversion factors that convert the procurement target into quantities of recovered organic waste products⁴, shown as:

$$8,000 \text{ tons of organic waste} = 22 \text{ therms} = 2.2 \text{ Dth}$$

Provided as an attachment to this memorandum is a list of the annual procurement targets for each of the 34 members currently subject to the procurement requirement. If accepted, the offer would provide an option to satisfy the procurement requirements for a majority of the membership, albeit at significant expense.

If at least one member of ABAG POWER is interested in accepting the offer, next steps would include:

- Confirming with CalRecycle that the existing offer and supporting materials are SB 1383 compliant.
- Drafting a SB 1383 Program Agreement that establishes a separate program of ABAG POWER to independently record and allocate costs associated with procurement.
 - It is likely that external legal counsel would be engaged to assist with preparing a form agreement, thus resulting in administrative costs.
- Determining a methodology that allocates limited SB 1383 RNG amongst interested members if interest is received from multiple member agencies in quantities that exceed current supply.

Issues:

None.

Recommended Action:

The ABAG POWER Executive Committee is requested to authorize staff to survey ABAG POWER members regarding their interest in accepting a response to the program's RFO for SB

³ MTC's procurement policies prohibit employees from disclosing certain proposal information while a procurement is ongoing.

⁴ Conversion factors are listed in 14 CCR Section 18993.1(g) of the regulations.

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1383 RNG, and to report the survey results at the December 15, 2022 Executive Committee meeting.

Attachments:

- SB 1383 RNG RFO Presentation

Reviewed:

DocuSigned by:
Brad Paul
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Brad Paul

Jurisdiction Procurement Targets Based on January 1, 2021 Population Estimates

The list below indicates the annual recovered organic waste product procurement targets for each jurisdiction (city, county, or city and county) in California that will be in effect from January 1, 2022 through December 31, 2026. This data is organized alphabetically by county and includes all cities within the county and the unincorporated county.

Rural jurisdictions are included in the list below; however, please note that rural jurisdictions may be eligible to delay their implementation of the procurement requirements. Rural counties (counties that have a total population of less than 70,000 persons), and jurisdictions located within rural counties that are exempt from the organic waste collection requirements pursuant to 14 CCR Section 18984.12(c), are not required to comply with the recovered organic waste product procurement requirements until January 1, 2027.

For more information, please contact CalRecycle at SLCP.Organics@CalRecycle.ca.gov.

County/City	Total Population (1/1/2021 Population Estimate)	Annual Procurement Target (Tons of Organic Waste)	Approximate Annual Procurement Target (Dth)
Alameda			
Alameda	80,884	6,471	14,236
Albany	17,055	1,364	3,001
Fremont	234,239	18,739	41,226
Oakland	435,514	34,841	76,650
Pleasanton	78,371	6,270	13,794
Union City	72,779	5,822	12,808
Contra Costa			
Hercules	25,864	2,069	4,552
Moraga	16,820	1,346	2,961
Orinda	19,078	1,526	3,357
Richmond	110,130	8,810	19,382
Unincorporated County	174,423	13,954	30,699
Marin			
Mill Valley	14,550	1,164	2,561
San Rafael	59,016	4,721	10,386
Monterey			
Salinas	160,206	12,816	28,195
Napa			
Unincorporated County	23,386	1,871	4,116
San Mateo			
Atherton	6,896	552	1,214
Half Moon Bay	12,309	985	2,167
Millbrae	22,509	1,801	3,962
Pacifica	37,890	3,031	6,668
San Carlos	29,814	2,385	5,247
Unincorporated County	64,880	5,190	11,418
Santa Clara			
Cupertino	58,656	4,692	10,322
Los Altos	30,510	2,441	5,370
Milpitas	75,663	6,053	13,317
Monte Sereno	3,604	288	634
Saratoga	30,546	2,444	5,377
Unincorporated County	85,634	6,851	15,072
Santa Cruz			
Watsonville	51,366	4,109	9,040
Solano			
Benicia	27,111	2,169	4,772
Vallejo	117,846	9,428	20,742
Sonoma			
Petaluma	61,104	4,888	10,754
Santa Rosa	171,711	13,737	30,221
Windsor	27,855	2,228	4,902
Yolo			
Winters	7,618	609	1,340

430,463