

## Association of Bay Area Governments Publicly Owned Energy Resources

### ABAG POWER

#### Executive Committee

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June 15, 2023

Agenda Item 4.a.

#### Renewable Natural Gas Program

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#### Subject:

Approval of Form of Renewable Natural Gas Program Member Agreement

#### Background:

On May 25, 2023, the ABAG POWER Board of Directors established a Renewable Natural Gas (RNG) Program to achieve reductions in greenhouse gas emissions, realize cost savings enabled by aggregated purchasing, address the recycling of organic waste, and assist participants with the promotion and use of low carbon fuels. The Board also:

- established that the Executive Committee will serve as the program committee to the RNG program
- authorized the Executive Director (ED) or designee of the Metropolitan Transportation Commission (MTC) to:
  - negotiate and execute program agreements with current members of ABAG POWER desiring to participate in the RNG program
  - negotiate and execute purchase and sale agreements with suppliers of products within the scope of the RNG program
  - take other actions necessary or incidental to establishing and implementing the RNG program

To ensure that the program agreement aligns with the intent and expectations of the Executive Committee, staff is recommending review and approval of the agreement as-to-form.

#### Products Offered

Similar to the natural gas aggregation program, an RNG program agreement will govern the terms of participation for those members that are voluntarily joining the program. The draft agreement included as Agenda Item 4.b. identifies three products – Senate Bill (SB) 1383-compliant RNG and similar products, RNG and similar products for non-SB 1383 compliance purposes, and alternative fuels that qualify for Renewable Fuel Standard (RFS)/Low Carbon Fuel Standard (LCFS) credits<sup>1</sup>. The draft agreement requires members to provide a rolling

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<sup>1</sup> Both the State and Federal governments, through LCFS and RFS, respectively, incentive the use of compressed natural gas or RNG as vehicle fuel.

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three-year forecast for each of these products. Staff will assist in the development of a non-binding forecast for member agencies, upon request, and will also consolidate forecasts and seek offers from suppliers before presenting the offers to participants.

### Payment Terms

The agreement contemplates two potential scenarios for transactions:

- If ABAG POWER will be handling payment and invoicing as the counterparty, then the public agency shall pay ABAG POWER a working capital deposit equal to two (2) months of payments for the desired product(s), or
- ABAG POWER may facilitate a transaction between a public agency and a supplier, of which ABAG POWER is not a party to and thus payment will be made from public agency directly to the supplier(s). In this scenario, a working capital deposit is not required.

### Service Fees

The agreement establishes that the ABAG POWER Executive Committee may set annual fees to reimburse ABAG POWER for the cost of implementing the RNG program. Both SB 1383 and the RFS/LCFS programs require record keeping and a degree of ongoing reconciliation with facility usage data. The costs, if any, are anticipated to be minimal. There will separate tracking of costs to ensure that no costs are absorbed by the natural gas aggregation program and that non-participating members rates do not increase as a result of these new services.

### Issues:

None.

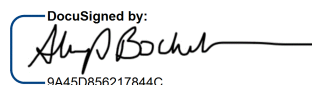
### Recommended Action:

The ABAG POWER Executive Committee approve as to form the attached Renewable Natural Gas Program Member Agreement.

### Attachments:

- RNG Program Member Agreement
- Summary Approval – RNG Program Member Agreement

### Reviewed:

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Alix Bockelman