



NAESB CONTRACT WITH CONOCOPHILLIPS FOR SALE AND PURCHASE OF NATURAL GAS

Riverside Public Utilities

Board of Public Utilities
September 9, 2019

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BACKGROUND

1. Requesting approval of North American Energy Standards Board ("NAESB") Base Contract with ConocoPhillips for sale and purchase of natural gas
2. Adds Conoco Phillips to RPU's counterparty list for sale and purchase of natural gas

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NAESB BASE CONTRACT BACKGROUND

1. NAESB Base Contract for Sale and Purchase of Natural Gas has been in use as standard industry contract since 2002
2. NAESB Contract does not require any specific sale or purchase of natural gas
 - A. Constitutes the terms and conditions that would apply to any natural gas sale or purchase ultimately agreed to between Riverside and ConocoPhillips

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DISCUSSION

1. RPU has NAESB Base Contracts with Shell, Occidental, Macquaire, and BP Energy
2. NAESB Contract is a standardized set of business practices and standards that most buyers and sellers have adopted for natural gas transactions
3. Approval of NAESB Contract with Conoco Phillips, will expand Riverside's counterparty options to take advantage of favorable pricing trends and opportunities

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RECOMMENDATIONS

That the Board of Public Utilities recommend that the City Council:

1. Approve the North American Energy Standards Board Base Contract for Sale and Purchase of Natural Gas with ConocoPhillips for use in the purchase or sale of natural gas under the terms and conditions stated therein; and
2. Authorize the City Manager, or designee, to execute the North American Energy Standards Board Base Contract, as well as, subsequent transaction confirmation agreements with ConocoPhillips, for sales and purchases of natural gas, subject to the terms and conditions of individual North American Energy Standards Board enabling agreements and consistent with the City Council approved Energy Risk Management Policy.