



*City of Arts & Innovation*

# City Council Memorandum

**TO: HONORABLE MAYOR AND CITY COUNCIL**      **DATE: NOVEMBER 5, 2019**  
**FROM: PUBLIC UTILITIES DEPARTMENT**      **WARDS: ALL**  
**SUBJECT: NORTH AMERICAN ENERGY STANDARDS BOARD BASE CONTRACT FOR SALE AND PURCHASE OF NATURAL GAS WITH CONOCOPHILLIPS**

## **ISSUE:**

Approve the North American Energy Standards Board Base Contract for Sale and Purchase of Natural Gas with ConocoPhillips.

## **RECOMMENDATIONS:**

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.

## **BOARD RECOMMENDATION:**

On September 9, 2019, the Board of Public Utilities, with seven members present, unanimously recommended that the City Council approve the North American Energy Standards Board Base Contract for Sale and Purchase of Natural Gas with ConocoPhillips and 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.

## **BACKGROUND:**

The North American Energy Standards Board (NAESB) Base Contract for Sale and Purchase of Natural Gas is a standardized set of business practices and standards that most buyers and sellers have adopted for their natural gas and energy transactions. On March 7, 2008 and April 8, 2008, respectively, the Board of Public Utilities and City Council approved the NAESB Base Contract for Sale and Purchase of Natural Gas. The NAESB Contract does not require any

specific purchase or sale of natural gas, but constitutes the terms and conditions that would apply to any natural gas purchase or sale ultimately agreed to between Riverside and a counterparty.

### **DISCUSSION:**

Currently, Riverside has NAESB Base Contracts with Shell Energy North America, L.P., Occidental Energy Marketing, Inc., Macquaire Energy LLC., and BP Energy Company for natural gas transactions. Approval of the NAESB Base Contract with ConocoPhillips will expand Riverside's pool of potential buyers and sellers of natural gas and will allow for additional competitive pricing when pursuing favorable natural gas transactions.

### **FISCAL IMPACT:**

There is no direct fiscal impact associated with approval of the NAESB Base Contract. Sufficient funds for potential natural gas purchases from ConocoPhillips are included in the power supply budget for Fiscal Year 2019/20. Future purchases made under the NAESB Base Contract with ConocoPhillips will be incorporated in future power supply budgets.

Prepared by: Todd M Corbin, Utilities General Manager  
Certified as to  
availability of funds: Edward Enriquez, Chief Financial Officer/City Treasurer  
Approved by: Al Zelinka, FAICP, City Manager  
Approved as to form: Gary G. Geuss, City Attorney

### **Attachments:**

1. NAESB Contract and City of Riverside Special Provisions
2. September 9, 2019 Board of Public Utilities unapproved meeting minutes
3. Presentation