

RIVERSIDE PUBLIC UTILITIES

Board Memorandum

BOARD OF PUBLIC UTILITIES

DATE: JANUARY 27, 2020

ITEM NO: 4

SUBJECT: **NORTH AMERICAN ENERGY STANDARDS BOARD BASE CONTRACT FOR SALE AND PURCHASE OF NATURAL GAS WITH SEMPRA GAS AND POWER MARKETING, LLC.**

ISSUE:

Recommend that the City Council approve the North American Energy Standards Board Base Contract for Sale and Purchase of Natural Gas with Sempra Gas and Power Marketing, LLC.

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 between Sempra Gas and Power Marketing, LLC and the City of Riverside for use in procuring natural gas sales and purchases under the terms and conditions stated therein; and
2. Authorize the City Manager, or designee, to execute subsequent transaction confirmation agreements with Sempra Gas and Power Marketing, LLC, 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.

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., BP Energy Company, and Conoco Phillips for natural gas transactions. Approval of the NAESB Base Contract with Sempra Gas and Power Marketing, LLC will expand Riverside's pool of potential purchasers and sellers of natural gas and will allow staff more flexibility when pursuing favorable natural gas transactions.

FISCAL IMPACT:

There is no direct fiscal impact associated with approval of the NAESB Base Contract. The cost of transactions under the NAESB Base Contract will be incorporated in future power supply budgets.

Prepared by: Daniel E. Garcia, Utilities Assistant General Manager
Approved by: Todd M. Corbin, Utilities General Manager
Approved by: Al Zelinka, FAICP, City Manager
Approved as to form: Gary G. Geuss, City Attorney

Certifies availability
of funds: Brian Seinturier, Utilities Fiscal Manager

Attachments:

1. NAESB Base Contract with Sempra Gas and Power Marketing, LLC. And City of Riverside Special Provisions
2. Presentation