



City of Arts & Innovation

City Council Memorandum

TO: HONORABLE MAYOR AND CITY COUNCIL **DATE: MARCH 3, 2020**
FROM: PUBLIC UTILITIES DEPARTMENT **WARDS: ALL**
SUBJECT: NORTH AMERICAN ENERGY STANDARDS BOARD BASE CONTRACT FOR SALE AND PURCHASE OF NATURAL GAS WITH SEMPRA GAS AND POWER MARKETING, LLC.

ISSUE:

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 City Council:

1. Approve the North American Energy Standards Board Base Contract for Sale and Purchase of Natural Gas with Sempra Gas and Power Marketing, LLC 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 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.

BOARD RECOMMENDATIONS:

On January 27, 2020, the Board of Public Utilities, with six (6) 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 Sempra Gas and Power Marketing, LLC 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 Sempra Gas and Power Marketing, LLC, 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. If gas is purchased from a counterparty, it is used solely for the operation of Riverside's natural gas generation facilities including Riverside Energy Resource Center (RERC), Springs, and Clearwater.

DISCUSSION:

Currently, Riverside has NAESB Base Contracts with Shell Energy North America, L.P., Occidental Energy Marketing, Inc., Macquaire Energy LLC., BP Energy Company, and ConocoPhillips for natural gas transactions. Approval of the NAESB Base Contract with Sempra Gas and Power Marketing, LLC 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. The cost of transactions under the NAESB Base Contract 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. January 27, 2020 Board of Public Utilities approved meeting minutes
3. Presentation