



TO: Elizabeth A. Pauli, City Manager
FROM: Hugh Messer, Division Manager, Operations & Maintenance Division
Geoffrey M. Smyth, P.E., Interim Director, Environmental Services
COPIES: City Council and City Clerk
SUBJECT: Resolution – Amending RNG Transaction Confirmation Agreement with IGI Resources, Inc. –
January 28, 2025
DATE: January 7, 2024

Initial
GMS

SUMMARY AND PURPOSE:

A resolution amending the existing Renewable Natural Gas (RNG) Transaction Confirmation Agreement with IGI Resources, Inc. to align with the relevant United States Environmental Protection Agency (EPA) regulatory requirements and transfer rights and obligations from IGI Resources, Inc. to BP Energy Company. This amendment allows the BP Energy Company, an affiliate of IGI Resources, Inc., to continue to sell the RNG produced at the City’s Central Treatment Plant (CTP) for use as a vehicle fuel.

BACKGROUND:

This Department’s Recommendation is Based On: In accordance with the City’s Climate Action Plan and the Environmental Action Plan, the City has committed to reducing its greenhouse gas emissions. The Biogas Utilization Project at the CTP uses the biogas created by wastewater treatment to create RNG vehicle fuel. In December 2017, the City Council adopted Resolution No. 39897 which authorized the City to enter into agreements with Puget Sound Energy, Inc., IGI Resources, Inc., and McKinstry Essention, Inc. to manage the production, transportation, and sale of biogas generated at the CTP.

Amending the existing RNG Transaction Confirmation Agreement with IGI Resources, Inc. is required to meet new EPA regulatory requirements outlined in the final rule titled “Renewable Fuel Standard Program: Standard for 2023-2025 and Other Changes.” These new requirements, known as the Set Rule, also necessitate the transfer of rights and obligations from IGI Resources, Inc. to the BP Energy Company.

COMMUNITY ENGAGEMENT/ CUSTOMER RESEARCH:

No community outreach was conducted as this amendment is necessary to comply with federal regulations governing the sale of RNG and associated environmental attributes, by BP Energy Company, an affiliate of IGI Resources, Inc., on behalf of the City.

2025 STRATEGIC PRIORITIES:

Equity and Accessibility

There is no impact or reduction in racial and other inequities, disparities, or discrimination to underrepresented communities through the execution of this amendment.

Livability: Equity Index Score: Very High Opportunity

How does your policy, program, or service help or harm the health of the natural environment? (e.g. reduction in carbon emissions, open space conditions, sustainability, clean air, water and soil, and noise and light pollution).

The Biogas Utilization Project reduces carbon and pollution emissions by replacing 35,000 gallons of diesel fuel per month with RNG.



Explain how your legislation will affect the selected indicator(s).

This amendment is required to comply with the federal regulations governing the sale of RNG, and its environmental attributes, by BP Energy Company, an affiliate of IGI Resources, Inc., on behalf of the City. The Biogas Utilization Project reduces carbon and pollution emissions by replacing 35,000 gallons of diesel fuel per month with RNG. It also generates revenue from the sale of RNG and associated environmental attributes, helping to minimize wastewater service costs for ratepayers.

ALTERNATIVES:

Alternative(s)	Positive Impact(s)	Negative Impact(s)
1. Not Adopting the Amendment	None.	The City would not be able to comply with federal regulations governing the sale of RNG, resulting in a loss of revenue for the Wastewater utility.

EVALUATION AND FOLLOW UP:

Annually a report on the Biogas Utilization Project is issued to the City Council and the Community as part of the City's Climate Action Plan progress reports.

STAFF/SPONSOR RECOMMENDATION:

The Environmental Services Department recommends amending the RNG Transaction Confirmation Agreement with IGI Resources, Inc., to transfer rights and obligations to BP Energy Company and incorporate the Set Rule amendments to comply with federal regulations allowing for the continued sale of RNG produced at the CTP.



FISCAL IMPACT:

The City will not incur additional costs through the execution of this amendment, and it's expected that the Biogas Utilization Project will continue to provide a positive cash flow for the life of the facility.

What Funding is being used to support the expense?

N/A

Are the expenditures and revenues planned and budgeted in this biennium's current budget?

YES

The City will not incur additional costs or receive additional revenue through the execution of this amendment, however, the projected revenue generated from the Biogas Utilization Project is planned in the current biennium.

Are there financial costs or other impacts of not implementing the legislation?

YES

Will the legislation have an ongoing/recurring fiscal impact?

No

Will the legislation change the City's FTE/personnel counts?

No

ATTACHMENTS:

- IGI Resources, Inc. RNG Transaction Confirmation Agreement
- Draft Amendment Letter to the Base Contract and Transaction Confirmation Agreement