



TO: Elizabeth Pauli, City Manager
FROM: James G. Parvey, P.E., LEED AP, Chief Sustainability Officer, Office of Environmental Policy and Sustainability
Michael P. Slevin III, P.E., Environmental Services Director DS
GMS DS
MPS
COPY: City Council and City Clerk
SUBJECT: Resolution - Bio-gas Utilization Project - Amending IGI Transaction Confirmation Agreement - December 13, 2022
DATE: November 15, 2022

SUMMARY AND PURPOSE:

A resolution amending the existing Transaction Confirmation Agreement with IGI Resources, Inc. to provide a simplified method for calculating the value of the environmental attribute known as Renewable Identification Numbers (RINs). This agreement is one of four parts that govern the sale of Renewable Natural Gas produced by the City of Tacoma allowing them to resell Renewable Natural Gas and its environmental attributes on the City’s behalf for use as a vehicle fuel.

BACKGROUND:

This Department’s Recommendation is Based On: The Bio-gas Utilization Project required agreements with Puget Sound Energy, Inc. (PSE), IGI Resources, Inc., and McKinstry Essention, Inc. in order to produce, transport and sell the Bio-gas produced at the Central Treatment Plant (CTP). This memorandum relates to the Transaction Confirmation Agreement with IGI Resources, Inc.

The Transaction Confirmation Agreement is one four parts and defines the base terms and conditions governing the sale of Renewable Natural Gas (RNG) to IGI Resources, Inc. for re-sale to RNG purchasers. The parts are: the Base Agreement, the Bio-gas Supply Addendum, Contract Special Provisions and the Transaction Confirmation Agreement. Adopting this amendment will simplify and more accurately reflect the value the City receives for the environmental attributes of the RNG it produces.

COMMUNITY ENGAGEMENT/ CUSTOMER RESEARCH:

This amendment does not impact customers. The agreement is a method of verifying RNG sales to the City’s broker. No outreach was made with the community.

2025 STRATEGIC PRIORITIES:

Equity and Accessibility:

This amendment does not impact or reduce racial and other inequities, disparities, or discrimination to under-represented communities. This amendment simplifies and clarifies reporting and pricing for environmental attributes deriving from the City’s RNG production.

Livability: Equity Index Score: Very High Opportunity

The RNG project reduces carbon and pollution emissions by replacing the equivalent of 35,000 gallons per month of diesel fuel. In addition, it generates revenues that support the Wastewater Utility in providing low cost services to its ratepayers.



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

This amendment supports the efficient operation of Tacoma’s RNG project.

ALTERNATIVES:

Alternative(s)	Positive Impact(s)	Negative Impact(s)
1. Not adopting the amendment		Will result in more staff time in verifying the values of RIN sales during the life of the project. The recommended alternative provides a simplified and more transparent method of establishing RIN values.

EVALUATION AND FOLLOW UP:

Monthly reports are prepared showing the amount of renewable energy provided by the utility. Reporting of the RNG Facilities will be reported annually to the Council and Community as part of our Climate Action Plan progress reports.

STAFF/SPONSOR RECOMMENDATION:

The Environmental Services Department recommends amending the Transaction Confirmation Agreement with IGI Resources, Inc. allowing them to resell RNG and its environmental attributes in a more straightforward and transparent manner.



FISCAL IMPACT:

This amendment will not incur costs to the City. It is expected that this project will provide 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?

NO, PLEASE EXPLAIN BELOW

There will be no expenditures due to this amendment.

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

No

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. Transaction Confirmation Agreement
- Draft Amendment to IGI Resources, Inc. Transaction Confirmation Agreement