



Legislation Text

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Clerk 06/21/2018

AN ORDINANCE relating to the sale of biomethane and related environmental attributes held by the county; authorizing an amendment to an agreement approved under Ordinance 18363 and amended under Ordinance 18439, for the sale and purchase of biomethane and environmental attributes associated with purified biomethane produced at the South wastewater treatment plant to IGI Resources, Inc.

STATEMENT OF FACTS:

1. The wastewater treatment division of the department of natural resources and parks operates three regional wastewater treatment facilities, including the South wastewater treatment plant in Renton, Washington, which treats approximately thirty billion gallons of wastewater each year.
2. Anaerobic digesters at the treatment plant generate methane digester biogas as part of the water and associated solid material treatment and purification processes.
3. Since 1988, the wastewater treatment division has been scrubbing impurities from the digester biogas to create biomethane, using some of the resulting pipeline-quality gas for internal heating purposes, and injecting the surplus pipeline-quality gas into the regional natural gas pipeline.
4. Under K.C.C. 4.56.250, sales of rights, title or interests in emissions credits, offsets or allowances or renewable energy certificates, credits, benefits, environmental air quality credits and any similar rights, title or interests held by the county are exempt from the real and personal

property requirements of K.C.C chapter 4.56 when unique circumstances are present. Such sales may be made in the best interests of the public to a person or entity through a direct agreement negotiated by the King County executive and approved by the King County council.

5. Ordinance 18363 authorized the King County executive to sell biomethane and its environmental attributes to IGI Resources, Inc., in accordance with K.C.C. 4.56.250.

Environmental attributes are inextricably linked to the biomethane and were sold together. The original agreement consisted of a base contract for sale and purchase of natural gas, special provisions, a biogas addendum and a biogas transaction confirmation.

6. Ordinance 18439 authorized the King County executive to execute an amended and restated biogas transaction confirmation with IGI Resources, Inc., to allow for the storage and later sale of biogas upon the receipt of Environmental Protection Agency approval of the county's program. On August 7, 2017, the Environmental Protection Agency approved the county's program registration. With such approval, and under the amended biogas transaction confirmation, the county received significant revenues resulting from the sales of previously stored biomethane and its environmental attributes.

7. Given Environmental Protection Agency approval of the county's program and in order to capture additional revenue resulting from the environmental attribute sales, King County has negotiated with IGI Resources, Inc., a new biogas transaction confirmation, which shall supersede and replace the previous biogas transaction confirmation. Among the changes in the new biogas transaction confirmation are elimination of references to the pre-Environmental Protection Agency approval delivery period, simplification of the references to the delivery period end date as a three year term, through July 31, 2020, with the option for two additional one year terms, and authorization for sale of the county's biomethane to other markets, if mutually agreed by both parties.

8. The new transaction confirmation also allows an affiliate of IGI Resources, Inc., BP Products North America, to purchase and transact the environmental attributes.

BE IT ORDAINED BY THE COUNCIL OF KING COUNTY:

SECTION 1. The King County executive is hereby authorized to execute a Biogas Transaction Confirmation, substantially in the form of Attachment A to this ordinance.