



MEMORANDUM

OCPPA Agenda
Item No. PPA. A
12/17/2024

The City of OKLAHOMA CITY

TO: Chairman and Trustees of the Oklahoma City Public Property Authority

FROM: Craig Freeman, City Manager/General Manager, OCPPA

Amendment No. 2 to Contract with Constellation Energy Generation, LLC., to purchase renewable natural gas and share in the revenue from selling the renewable natural gas credits under the Renewable Fuels Standard Program.

Purpose:

The purpose of this amendment is to ensure compliance with the Biogas Regulatory Reform Rule (BRRR) requirements under the Environmental Protection Agency (EPA) Renewable Fuel Standard Program.

Background:

The Renewable Fuel Standard (RFS) Program is a federal initiative mandating that transportation fuel sold in the U.S. contains a minimum volume of renewable fuel. A RIN is generated when Renewable Natural Gas (RNG) is produced and allocated to a CNG station for consumption. These RIN credits are sold to obligated parties, and the revenue is shared among the CNG station owner (OCPPA), the marketer (Constellation), and the RNG producer. Revenue from RIN sales is applied to reduce natural gas costs, with amounts varying monthly based on the fluctuating market value of RINs and the volume of CNG dispensed.

On March 28, 2024, a contract was approved for OCPPA with Constellation Energy Generation, LLC., to purchase renewable natural gas and share in the revenue from selling the renewable natural gas credits under the Renewable Fuels Standard Program. The contract is effective from July 1, 2024, to June 30, 2026. On June 18, 2024, an amendment to the contract was approved, allowing Constellation to contract directly with the RNG producer, Montauk HRE Landfill (Atascocita) Project, on behalf of OCPPA. This amendment ensures benefits for all parties, including a higher RIN value percentage for OCPPA by having this commitment in place.

The Biogas Regulatory Reform Rule (BRRR), an update to this program, introduces new definitions and requirements to streamline compliance processes. Constellation will facilitate RIN generation and separation for compliance purposes under this amendment. Under the amended agreement, OCPPA, as the CNG station owner, must establish a RIN separator account on the EPA Moderated Transaction System (EMTS) by January 1, 2025, to meet these new compliance standards.

This amendment supports OCPPA's adherence to federal regulations for continued participation in the Renewable Fuel Standard Program.

Review:

Finance Department

Recommendation: Amendment be approved.