



## Legislation Text

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**File #:** 21-0329, **Version:** 1

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Recommendation to authorize City Manager, or designee, to execute a Fourth Amendment to the Natural Gas Services Agreement with Shell Energy North America (SENA), for providing administrative functions related to the delivery of natural gas to the City of Long Beach's natural gas pipeline system, to extend the term for an additional three-year period, with no other change in terms. (Citywide)

The supply of natural gas entering the City of Long Beach's (City) Energy Resources Department (ER) natural gas pipeline system is delivered via the Southern California Gas Company's (SoCalGas) transmission system from various supply locations. These sources include intrastate and interstate sources, local storage facilities, and local natural gas production. ER currently has a Natural Gas Services Agreement (No. 31076) with Shell Energy North America (SENA), in which SENA coordinates the scheduling of natural gas supplies from multiple sources to ensure a reliable source of natural gas for ER's core, non-core, and industrial transportation customers.

A three-year Natural Gas Service Agreement with SENA was approved by the City Council on March 24, 2009. Subsequent amendments were also approved by the City Council on March 20, 2012, March 10, 2015, and April 17, 2018, each extending the term of the contract for an additional three-year period. The current agreement expired March 31, 2021.

The current Natural Gas Service Agreement represents a significant discount from prior service contracts. ER is satisfied with SENA's performance under the current contract and does not believe a more favorable service agreement can be negotiated with other providers given the impact of historically low natural gas prices on the availability of such services. SENA has an excellent reputation in the industry, has extensive expertise in the procurement and transportation of natural gas to ER, and is a major marketer in California with scheduling and trading offices in San Diego.

This matter was reviewed by Deputy City Attorney Richard F. Anthony on March 25, 2021 and by Revenue Management Officer Geraldine Alejo on March 31, 2021.

City Council action is requested on April 20, 2021, to ensure the amendment to the Natural Gas Services Agreement is made effective April 1, 2021.

The Natural Gas Services Agreement with SENA will cost \$74,741 for the first year, after which the cost will increase annually by 3 percent. There will be no net cost to the City. The cost of the agreement is included as part of the gas commodity charge to customers. This recommendation has no staffing impact beyond the normal budgeted scope of duties and is

consistent with existing City Council priorities. There is no local job impact associated with this recommendation.

Approve recommendation.

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ROBERT DOWELL  
DIRECTOR OF ENERGY RESOURCES

APPROVED:

THOMAS B. MODICA  
CITY MANAGER