

Legislation Text

File #: 181063-A, **Version:** 1

Authorizing the Philadelphia Gas Works by Philadelphia Facilities Management Corporation, Philadelphia Municipal Authority, and the Commissioner of Public Property (on behalf of The City of Philadelphia) to enter into certain transactions and contracts regarding a liquefied natural gas project on property and facilities owned by the City of Philadelphia and operated by the Philadelphia Gas Works, including certain leases and licenses, and contracts related to the purchase of natural gas, all under certain terms and conditions.

WHEREAS, The Philadelphia Municipal Authority (the "Authority"), incorporated pursuant to the Municipality Authorities Act, 53 Pa. C. S. Ch. 56 (as amended from time to time, the "Act"), is authorized by Ordinance approved April 3, 2014 (Bill No. 140073), to undertake any project (as defined in the Act) that the Authority is specifically authorized to undertake from time to time by ordinance of the City Council; and

WHEREAS, The Philadelphia Gas Works ("PGW") by Philadelphia Facilities Management Corporation ("PFMC"), has requested that the Authority undertake a project whose purpose is to provide liquefied natural gas ("LNG") equipment and ancillary facilities and services (the "Project") at PGW's Passyunk LNG Plant, and to a lesser extent, PGW's Richmond LNG Plant; and

WHEREAS, Liberty Energy Trust GP, LLC, through its affiliate, a newly formed special-purpose entity, Passyunk Energy Center LLC ("PEC"), has been selected through a competitive process to develop and finance facilities for the Project and, in connection therewith, to purchase and sell LNG services and/or gas; and

WHEREAS, The Project will require the Authority to enter into contracts with The City of Philadelphia (the "City"), PEC, and PGW, including certain leases and licenses respecting property owned by the City and operated by PGW, and other contracts related to the purchase of gas; and

WHEREAS, Paragraph 2 of Section II of the agreement dated December 29, 1972 between the City and PFMC relating to the operation and management of the Philadelphia Gas Works, authorized pursuant to an Ordinance of Council approved December 29, 1972 (Bill No. 455), as amended ("Management Agreement"), provides in part that contracts and agreements for purchases of gas by or for PGW shall be submitted to the Philadelphia Gas Commission for its recommendation and approval and shall be submitted to City Council for its approval by ordinance; and

WHEREAS, Paragraph 3 of Section VIII of the Management Agreement provides in part that leases of real estate by or for PGW shall be submitted to the Philadelphia Gas Commission for its action and approval and shall be submitted to City Council for its approval by ordinance; and

WHEREAS, The Philadelphia Gas Commission at a public meeting duly held on December 4, 2018, approved transactions and contracts regarding the Project, including certain leases and licenses, and contracts related to the purchase of Natural Gas, pursuant to terms substantially as set forth in the document attached hereto as Exhibit "1," and favorably recommended approval of the transactions and contracts to City Council; and

WHEREAS, PGW is committed to safety and reliability, and the Project will aid PGW to continue its overall commitment to upgrading infrastructure, combating energy insecurity, and pursuing creative and environmentally-sound initiatives to clean the environment and reduce overall carbon emissions; now, therefore

THE COUNCIL OF THE CITY OF PHILADELPHIA HEREBY ORDAINS:

SECTION 1. The Philadelphia Gas Works by Philadelphia Facilities Management Corporation, the Philadelphia Municipal Authority, and the Commissioner of Public Property (on behalf of The City of Philadelphia), are hereby authorized to undertake and enter into certain transactions and contracts regarding a liquefied natural gas project on property and facilities owned by the City of

Philadelphia, and operated by the Philadelphia Gas Works, including certain leases and licenses, and contracts related to the purchase of natural gas, all pursuant to terms substantially set forth in the document attached hereto and made a part hereof as Exhibit "1."

SECTION 2. The City Solicitor is hereby authorized to review the contracts necessary to effectuate the transactions authorized by this Ordinance, to impose such terms and conditions on them as the City Solicitor may deem necessary and proper to protect the interests of the City of Philadelphia and to carry out the purpose of this Ordinance, and to approve such contracts of the City of Philadelphia and the Philadelphia Gas Works by Philadelphia Facilities Management Corporation.

SECTION 3. (a) PGW shall provide the Philadelphia Gas Commission and the President of City Council with a report regarding market information gathered by PGW regarding the purchase of renewable natural gas ("RNG"), on the first day of October following the commencement date of the Turnkey Lease described in Exhibit "1", and again each third anniversary thereof during the term of the Turnkey Lease.

(b) During the term of the Turnkey Lease described in Exhibit "1", PGW shall provide the Gas Commission and the President of City Council, within five (5) business days of filing with the PUC, copies of all documents filed relative to PGW's Gas Cost Adjustment ("GCA"). If not already provided as part of such PUC filings, PGW, by no later than March 1 of each year, shall provide the Gas Commission and the President of City Council with PGW's proposed gas procurement program for the two-year period beginning with the next September 1. In addition, PGW shall provide the Gas Commission and the President of City Council with copies of all orders and secretarial letters issued by the PUC regarding PGW's GCA within three (3) business days of issuance.

(c) During the term of the LNG Services Agreement described in Exhibit "1", PGW shall require Passyunk Energy Center, LLC ("PEC") to provide to PGW on an annual basis a report listing: (i) the source or sources of natural gas commodity paid for and owned by PEC during the reporting year, and the average cost of such gas per dekatherm, and (ii) the names of bona fide purchasers of PEC gas during the reporting year. PGW shall promptly provide a copy of the report to the Gas Commission and the President of City Council, which report shall be considered proprietary information, trade secrets and/or competitively sensitive information of PEC and PGW.

SECTION 4. This Ordinance shall be effective immediately.