



NW Natural®

REQUEST FOR PROPOSAL #2023-01 Renewable Natural Gas Resources

Table of Contents

- 1 General Information3
 - 1.1 Document Components3
 - 1.2 About NW Natural3
 - 1.3 Regulatory Summary4
 - 1.4 Objectives5
- 2 Project Overview and Scope of Services6
 - 2.1 Definitions6
 - 2.2 Scope of Services/Specification Overview8
 - 2.3 Delivery Date8
- 3 Bidder Instructions8
 - 3.1 Point of Contact8
 - 3.2 Request for Proposal Schedule9
 - 3.3 Request for Proposal and Bid Procedures9
 - 3.3.1 Questions and Communications9
 - 3.3.2 Submission of Proposal9
 - 3.3.3 Terms and Conditions of Submission9
 - 3.3.4 Renewable Thermal Certificates Requirements 10
 - 3.3.5 Errors or Omissions 10
 - 3.3.6 Request for Proposal Response Withdrawal 11
 - 3.4 Proposal Selection and Award Process 11
 - 3.4.1 Proposal Evaluation 11
 - 3.4.2 Proposal Scoring 11
 - 3.4.3 Right to Reject Proposals and Negotiate Contract Terms 12
 - 3.4.4 Awards and Final Offers 12
 - 3.4.5 Notification of Intent to Award 12
- 4 Proposal Response Package Components 12
- Appendix 14



NW Natural®



NW Natural[®]

1 General Information

This Request for Proposal (“RFP”) is part of a significant effort by Northwest Natural Gas Company (“NW Natural”) to make a low-carbon, renewable energy future a reality. NW Natural is soliciting proposals from qualified firms to sell renewable natural gas (RNG) from existing or future projects. A definition of RNG is provided in Section 2.1.

For the latest information on the RFP and other procurement activities related to renewable resources, please check the [RNG page](#) on NW Natural’s website.

1.1 Document Components

This document is organized in the following manner:

Section 1 describes the relevant **Background** and outlines NW Natural’s objectives in partnering with other organizations to purchase RNG.

Section 2 outlines the **Project Overview and Scope of Services** expected of the Bidder and sets forth certain key defined terms.

Section 3 provides details on the **Bidder Instructions** regarding submitting a response to the RFP including key dates, questions and communications, submission of the proposal as well as a description of the proposal selection process.

Section 4 provides information on the **Proposal Requirements** including format and required information.

Appendix outlines the requirements for **renewable natural gas quality standards** for RNG resources that will interconnect with NW Natural’s distribution system. Note that NW Natural does not require that acquired RNG resources be interconnected with our distribution system. Any RNG resource will need to satisfy the interconnection requirements and quality standards of whichever system the project is interconnected to.

1.2 About NW Natural

NW Natural is a wholly-owned subsidiary of Northwest Natural Holding Company (“NW Natural Holdings”), and has been serving residential, commercial, and industrial customers in the Pacific Northwest for over 160 years. NW Natural Holdings also has business interests in gas storage, water utilities, and other interests and activities. The company was founded in 1859 and is headquartered in Portland, Oregon. NW Natural Holdings has a market capitalization of approximately \$1.8 billion and an enterprise value of approximately \$3.2 billion. NW Natural has secured credit ratings of AA- and A2 by S&P and Moody’s, respectively, with a stable ratings outlook from both agencies.

NW Natural’s guiding principles embrace constructive relationships with stakeholders, superior customer service, and community involvement. We believe we are uniquely positioned to partner with RNG and hydrogen producers for the following reasons:



NW Natural®

- We are local operators and long-term stewards of our utilities. We have a long history in the utility business and are extremely proud of our track record and heritage. We invest in our systems and stakeholder relationships and have established a long history of trust and credibility with the regulating bodies.
- We are industry leaders in customer satisfaction. For the third consecutive year, NW Natural ranked second in the West for large utilities in the J.D. Power 2022 Gas Utility Residential Customer Satisfaction Study. Per J.D. Power’s annual independent study, this is the 19th time the company has scored in the top two in the West.
- We are actively engaged in the communities we serve. Our shareholders donate nearly \$1 million annually through our corporate philanthropy programs. These funds support over 150 local community and nonprofit groups. Furthermore, our employees give nearly 5,000 hours of their own time annually for hands-on work with these organizations.
- NW Natural has a longstanding commitment to providing energy safely and securely to our customers. As one of the first natural gas utilities in the nation to establish voluntary carbon reduction goals and champion policies that encourage RNG development, NW Natural is committed to supporting the growing RNG market and bringing these important low-carbon resources to our customers.

1.3 Regulatory Summary

Recent state-level policies and regulatory rules give natural gas utilities in the Pacific Northwest the ability and incentive to procure low-carbon gas resources for their customers. With a long history of operating as a forward-looking and progressive utility company, NW Natural looks forward to the next chapter, bringing these important decarbonized resources to end-users throughout our service territory.

Applicable state-level programs include:

- Senate Bill 98: The final rules for Oregon Senate Bill 98 (SB98) were adopted in 2020. SB98 enables gas utilities to invest in carbon reducing infrastructure and/ or to acquire RNG or hydrogen for delivery to their customers. The rules implementing this program are established and overseen by the Public Utility Commission of Oregon, including limits on total expenditures for RNG and hydrogen. The program sets voluntary targets for the percentage of RNG or hydrogen in the system that increases over time with an initial target of 5% by 2024.
- Climate Protection Program: The Climate Protection Program (CPP), an Oregon regulatory program which began in 2022, sets a declining limit, or cap, on greenhouse gas emissions from fossil fuels used throughout Oregon, including diesel, gasoline, natural gas, and propane, used in transportation, residential, commercial, and



NW Natural®

industrial settings. Emissions covered by the CPP's caps will be cut 50% by 2035 and 90% by 2050 from 2017-2019 average baseline emissions.

- House Bill 1257: In 2019, the Washington State legislature passed a bill supporting RNG procurement. House Bill 1257 established the legal framework for natural gas utilities to support a smooth transition to a low carbon energy economy in Washington state. The bill went into effect on July 28, 2019.
- Climate Commitment Act: In 2021, the Washington Legislature passed the Climate Commitment Act (CCA) which establishes a comprehensive program to reduce carbon pollution and achieve the greenhouse gas limits set in state law. The CCA caps and reduces greenhouse gas emissions from the state's largest emitting sources and industries, allowing businesses to find the most efficient path to lower carbon emissions. The program went into effect January 1, 2023.

1.4 Objectives

NW Natural seeks to provide RNG resources for the benefit of our customers, and to do so with the least negative impact on customer costs. To do this, NW Natural desires to partner with those who are interested in selling pipeline-quality RNG. This RFP seeks pipeline-quality RNG resources and/or associated environmental attributes. The resources may be sourced from around the country and from a wide variety of feedstocks and sources, including renewable hydrogen resources.

Please note that NW Natural is generally not seeking renewable hydrogen to be injected into our system at this time; however, we are looking for low-carbon hydrogen supply options to serve individual large industrial customers to use for process heat loads.

NW Natural recognizes the need to transition to a cleaner energy future. In 2022, NW Natural, via its Integrated Resource Plan (IRP), announced its intention to reduce natural gas emissions 30% by 2035 and to be carbon neutral by 2050. To reach these goals, NW Natural is exploring several different strategies, including transitioning from conventional natural gas to RNG and hydrogen.

- In Oregon, to achieve SB 98 targets, we seek to acquire 3.5 million Dths of RNG in 2024 and 4.2 million Dths of RNG in 2025, representing 5% and 6% of normal weather sales load in 2024 and 2025.
- In Washington, to support HB 1257, we seek to acquire 600,000 Dths of RNG in 2024 and 800,000 Dths of RNG in 2025, representing 6% and 8% of normal weather compliance gas in 2024 and 2025.

Awards may be made to multiple bidders offering proposals in accordance with the terms and conditions of this solicitation.



NW Natural®

2 Project Overview and Scope of Services

2.1 Definitions

<p>Environmental Attributes</p>	<p>“Environmental Attributes” means any and all environmental claims, credits, benefits, emissions reductions, offsets, and allowances attributable to the production of renewable natural gas and its avoided emission of pollutants. The environmental attributes of renewable natural gas include, but are not limited to, the avoided greenhouse gas emissions associated with the production, transport, and combustion of a quantity of renewable natural gas compared with the same quantity of geologic natural gas.</p> <p>“Environmental Attributes” do not include:</p> <ul style="list-style-type: none"> (a) The renewable natural gas itself (molecules) or the energy content of that gas; (b) Any tax credits associated with the construction or operation of the renewable natural gas production facility, and any other financial incentives in the form of credits, reductions, or allowances associated with the production of renewable natural gas that are applicable to a state, provincial, or federal income taxation obligation; (c) Fuel- or feedstock-related subsidies or “tipping fees” that may be paid to the seller to accept certain fuels, or local subsidies received by the renewable natural gas production facility for the destruction of particular pre-existing pollutants or the promotion of local environmental benefits; or (d) Emission reduction credits encumbered or used by the renewable natural gas production facility for compliance with local, state, provincial, or federal operating and/or air quality permits.
<p>NAESB Base Contract for Sale and Purchase of Natural Gas (“NAESB Base Contract”)</p>	<p>According to its website, “The North American Energy Standards Board (NAESB) serves as an industry forum for the development and promotion of standards which will lead to a seamless marketplace for wholesale and retail natural gas and electricity, as recognized by its customers, business community, participants, and regulatory entities.” NAESB published the NAESB Base Contract for Sale and Purchase of Natural Gas in 2002, and then published an updated version</p>



NW Natural®

	<p>in 2006, which are widely used in the gas industry for physical gas purchase and sale transactions. The NAESB Base Contract consists of the published General Terms and Conditions, published elections pages on which the executing parties make certain elections, and, usually, bespoke amendments to the published form called the “Special Provisions.” The NAESB Base Contract sets forth the legal terms that will govern future physical gas purchase and sale transactions between the executing parties (until the NAESB Base Contract is terminated) and eliminates the need for the negotiation of new legal terms for each new transaction.</p> <p>After execution of a Base Contract, the parties can transact by entering into transaction confirmations specifying the economic terms of each transaction. The Base Contract together with each transaction confirmation entered thereunder form one integrated agreement.</p>
Renewable Natural Gas or RNG	<p>“Renewable Natural Gas” or “RNG” is gas that satisfies the definition of “renewable natural gas” or “renewable hydrogen” in either Oregon or Washington. The definitions have been set forth below for your convenience.</p> <p>Oregon definition per ORS 757.392(7):</p> <p>“Renewable natural gas” means any of the following products processed to meet pipeline quality standards or transportation fuel grade requirements:</p> <ul style="list-style-type: none">(a) Biogas that is upgraded to meet natural gas pipeline quality standards such that it may blend with, or substitute for, geologic natural gas;(b) Hydrogen gas derived from renewable energy sources; or(c) Methane gas derived from any combination of:<ul style="list-style-type: none">a. Biogas;b. Hydrogen gas or carbon oxides derived from renewable energy sources; orc. Waste carbon dioxide. <p>Washington definitions per RCW 54.04.190(6):</p> <p>“Renewable natural gas” means a gas consisting largely of methane and other hydrocarbons derived from the</p>



NW Natural®

	decomposition of organic material in landfills, wastewater treatment facilities, and anaerobic digesters. "Renewable hydrogen" means hydrogen produced using renewable resources both as the source for the hydrogen and the source for the energy input into the production process.
Renewable Thermal Certificate (RTC)	"Renewable Thermal Certificate" means a unique representation of the Environmental Attributes associated with the production, transport, and use of one dekatherm of renewable natural gas.
Midwest Renewable Energy Tracking System (M-RETS)	The energy certificate system for tracking the purchase and sale of RTCs.

2.2 Scope of Services/Specification Overview

The Bidder may propose one of the following services in regards to RNG as defined in Section 2.1:

- Bidder would sell and deliver to NW Natural, and NW Natural would purchase and receive from Bidder, RNG, as a bundled product consisting of *both* the Renewable Thermal Certificates (RTCs) as well as the gas commodity. NW Natural would enter into a gas purchase agreement with the Bidder and receive the RNG at a specific location.
- The Bidder would sell and deliver to NW Natural, and NW Natural would purchase and receive from Bidder, all the RTCs from an RNG product. In this situation, the Bidder would separately sell or otherwise market the gas commodity.

2.3 Delivery Date

Delivery of the resource to NW Natural may be initiated immediately upon the execution of definitive agreements and must commence no later than December 31, 2025.

3 Bidder Instructions

3.1 Point of Contact

All correspondence, including but not limited to, questions and submissions shall be directed to: renewables@nwnatural.com.

Please visit the RNG page on our website for RFP materials:

<https://www.nwnatural.com/about-us/environment/renewable-natural-gas>. Materials provided include:

- 2023 RFP Response Template – Proposal
- Exhibit A: Non-disclosure Agreement
- 2023 RFP Response Template – Certification



NW Natural®

- Exhibit B: Transaction Confirmation for a Fixed Quantity
- Exhibit C: Transaction Confirmation for a Variable Quantity
- Exhibit D: Renewable Natural Gas Attributes Purchase and Sale Agreement

3.2 Request for Proposal Schedule

Date	Event
3/15/2023	Request for proposal issue date
3/27/2023	Questions due on RFP
4/03/2023	Question responses posted on website
4/17/2023	Proposal submissions due
5/04/2023	Initial notification to responders

3.3 Request for Proposal and Bid Procedures

3.3.1 Questions and Communications

For RFP issues and information requests, please direct your question(s) to the email address noted above in Section 3.1.

3.3.2 Submission of Proposal

- Each Bidder shall submit its proposal adhering to the requirements outlined in this Section, 3.3, and in Section 4. Any qualifications, additions, or clarifications to the proposal response package shall be submitted by way of a separate document.
- Proposals shall be submitted via email to the above address with the subject line “RFP 2023-01 Submission”.
- Multiple proposals from a vendor will be permissible, however, each proposal must conform fully to the requirements for proposal submission. Each such proposal must be separately submitted and labeled as Proposal #1, Proposal #2, etc.
- Proposed projects with alternatives, such as contract length, pricing, and volume combinations, should be treated as separate proposals.

3.3.3 Terms and Conditions of Submission

- Bidder shall comply with all state and federal laws in regard to formulation and submittal of proposals. Bidder should note that this is a competitive proposal situation, and that conferring with other Bidders about pricing or other specific details of a proposal may violate antitrust law and is prohibited.
- Bidder represents that to the bidder’s knowledge it has satisfied all the requirements and that everything in its proposal is true and correct.
- Bidder shall under no circumstances use NW Natural’s name or logos in advertising, marketing materials, printed matter, reference lists, or in any other way that could be



NW Natural®

construed as advertising (e.g., memo pads, tee shirts, binders, reference lists, etc.) without NW Natural's prior written consent.

- Any non-public information provided by NW Natural in connection with this RFP is confidential and proprietary to NW Natural. Such materials are to be used solely for the purpose of responding to this RFP. By requesting further information or submitting a proposal, Bidder agrees not to disclose any such information to any third party without the prior written consent of NW Natural (which consent shall be conditioned upon the written agreement of the intended recipient to treat the same as confidential), except as may be required by law. NW Natural may request at any time that any or all NW Natural material be returned or destroyed.
- Notwithstanding any non-disclosure or confidentiality agreement by and between NW Natural (or any affiliates) and Bidder (or any affiliates), Bidder acknowledges and agrees that any information set forth in a proposal submitted by Bidder may be subject to review by regulating bodies, including the Oregon Public Utility Commission and/or the Washington Utilities and Transportation Commission, and Bidder hereby waives any objection it may have to NW Natural sharing such information and hereby waives any objection to such review.
- Each Bidder is required to enter into a Non-disclosure Agreement with submittal of its proposal. NW Natural will countersign and return the fully executed Non-disclosure Agreement to Bidder. Given the timeframe of this RFP process, NW Natural is unable to entertain modifications to the language contained in the Mutual Confidentiality Agreement. This requirement does not apply to those Bidders who have previously executed a Non-disclosure Agreement with NW Natural.

3.3.4 Renewable Thermal Certificates Requirements

- If the proposed project entails the sale or transfer of RTCs, the RTCs that would be purchased by NW Natural must satisfy the requirements of the definition of Environmental Attributes per Section 2.1 above.
- By definition, RTCs may not also be claimed by any other party, such as anyone selling the attributes into programs such as the California Low-Carbon Fuel Standard or the Oregon Clean Fuels Program. Additionally, the environmental attributes cannot be claimed by any party also generating Renewable Identification Numbers (RINs) from the same gas for satisfaction of obligations within the Renewable Fuel Standard.
- NW Natural will only purchase RNG if the Environmental Attributes would satisfy all requirements for listing on the M-RETS system, and NW Natural may request further documentation in support of this criteria if a Bidder is invited to move on to the next stage of NW Natural's selection process. Winning Bidders will be responsible for ensuring that RTCs are established in M-RETS.

3.3.5 Errors or Omissions

A Bidder that discovers an error and/or omission in its proposal response package may withdraw that package and resubmit, provided it does so before the deadline for submission of proposal responses.



NW Natural®

3.3.6 Request for Proposal Response Withdrawal

A Bidder that wishes to withdraw their proposal response package may do so at any time by submitting notice to the email address noted in Section 3.1.

3.4 Proposal Selection and Award Process

3.4.1 Proposal Evaluation

NW Natural will evaluate and rank the proposal submitted by each Bidder against the proposals submitted by other Bidders in response to this RFP. The evaluation and ranking of the provided information will focus on conformance of each Bidder's submittal with the requirements of this RFP as well as the proposed pricing and other factors of each proposed opportunity. Such evaluation and ranking shall be performed in a fair and consistent manner. All Bidders should be prepared to discuss their proposal and be available for questions either via email or via phone after their detailed proposal is received by NW Natural.

Failure to meet the requirements of this RFP may result in the proposal being rejected. In the event that a Bidder's proposal does not meet all of the RFP requirements, NW Natural reserves the right to continue the evaluation of the non-conforming proposal and to select the proposals that provide the best opportunities for NW Natural to secure RNG resources in accordance with our strategy.

3.4.2 Proposal Scoring

Proposals will be rated based on a range of criteria including, but not limited to, the following:

1. The overall cost of the product.
2. Resource availability date.
3. The experience and proven performance of the firm or team of firms making the proposal.
4. The volume of RNG or RTCs available for purchase.
5. Proposed terms of the purchase contract, including duration and renewal options.
6. Other claims of environmental benefits or emissions reductions on other products of the project (e.g., RIN or LCFS credits generated by other volumes of RNG produced by the project).
7. Overall ability of the project to successfully deliver qualifying RNG within the terms of the contract.
8. Environmental benefits achieved or to be achieved by the project outside of the production of RNG or hydrogen itself.
9. The Bidder's ability to help NW Natural increase its diverse business participation.
10. Contractual remedies for a resource's failure to deliver.
11. Resources located in Washington and Oregon are of particular interest.
12. Other factors that NW Natural, in its sole discretion, deems relevant to its selection process for this RFP.



NW Natural®

3.4.3 Right to Reject Proposals and Negotiate Contract Terms

NW Natural has no obligation to reveal the basis for contract award or to provide any information to Bidders relative to the evaluation or decision-making process. All participating Bidders will be notified of proposal acceptance or rejection in accordance with the schedule outlined in section 3.2.

This is not a “low-bidder gets contract” bidding process. Rather, this is an RFP process in which NW Natural reserves all rights regarding the review and evaluation of proposals, selection of a firm, and award of a contract. NW Natural expressly reserves the rights to (a) select a firm and award a contract to that firm, with or without prior negotiations, (b) select one or more firms and then negotiate with them jointly or collectively before making an award decision, (c) select no firm and award no contract, with or without prior negotiations, (d) proceed with another RFP or other selection process, after selecting no firm or awarding no contract, and (e) waive and disregard any defects, irregularities, omissions, discrepancies, inconsistencies, lack of “responsiveness,” absence of “responsibility” and any other shortcomings in or of any proposal. In exercising these rights, NW Natural also reserves the right to make selection and award decisions based, in whole or in part, on any factors and considerations that it chooses in our discretion. This RFP gives rise to no contractual obligations, implied or otherwise. Bidder waives any right to claim damages of any nature whatsoever based on the selection process, final selection, and any communications associated with the selection.

3.4.4 Awards and Final Offers

Awards may be granted to multiple Bidders. Should the Bidder and NW Natural jointly decide to move into the negotiation phase, NW Natural may request additional documentation to support Bidder’s ability to satisfy the terms of its bid and NW Natural’s requirements.

NW Natural expects that the legal terms of a bundled RNG purchase transaction would be documented in a NAESB Base Contract, and that transaction-specific details, such as volume, price, delivery location, quality specifications, and regulatory requirements related to Environmental Attributes, would be set forth in a Transaction Confirmation (Exhibits B and C) entered into pursuant to the NAESB Base Contract. The terms of an unbundled purchase of RTCs would be set forth in an agreement (Exhibit D), containing legal terms that are standard for the purchase of RTCs or similar products, to be negotiated between the parties.

3.4.5 Notification of Intent to Award

As a courtesy, NW Natural will send a notification of award to responding Bidders upon the conclusion of the RFP process and will inform all Bidders of their status.

4 Proposal Response Package Components

The proposal response package should be composed of the documents outlined below.



NW Natural®

Please do not utilize zip files.

Required

1. 2023 RFP Response Template – Proposal

Using the template provided by NW Natural, provide details about your proposed opportunity. See the instructions provided on the first tab. Please provide the file in Excel format.

2. Non-disclosure Agreement

As noted in Section 3.3.3, submittal of a Non-disclosure Agreement is required. The template is available as Exhibit A. The file may be provided in Word or .PDF format.

This requirement does not apply to those Bidders who have previously executed a Non-disclosure Agreement with NW Natural.

3. 2023 RFP Response Template – Certification

Using the template provided by NW Natural, certify and sign your proposal. The file may be provided in Word or .PDF format.

Optional

4. Purchase Agreements

Section 3.4.4 outlines the agreements that are expected by NW Natural for finalization of a purchase transaction. The Bidder may elect to submit draft agreements as part of their RFP response to expedite the evaluation of their proposal. Files may be provided in Word or .PDF format.

5. Additional Information

Provide any information, outside of the required data, that you feel will aid NW Natural in making their selection.



NW Natural®

Appendix

The local natural gas utility to which this project might interconnect is NW Natural, which has the following specification for the injection of RNG into the distribution system:

Parameters	Value		Action Level
	Min	Max	
Methane (%)	97.3		< 97.3
Heating Value (BTU ^b /SCF ^c)	985	1155	< 985
Wobbe Number (BTU/SCF)	1290	1491	N/A
Temperature (°F)	35	120	> 120
Carbon Dioxide (%)		2.0	> 2.0
Nitrogen (%)		2.0	> 2.0
Total Inerts ^d + Oxygen (%)		3.0	> 3.0
Oxygen (%)		0.20	> 0.20
Hydrogen Sulfide (grain/CCF ^e)		0.25	> 0.25
Total Sulfur (grain/CCF)		5.0	> 5.0
Moisture (lb/MMSCF ^f)		7	> 7
Hydrocarbon Dew Point (°F)		15	> 15