



Legislation Text

File #: 2025-0236, **Version:** 2

AN ORDINANCE relating to the sale of biomethane and related environmental attributes held by the county; authorizing the solid waste division to enter into an agreement for the sale of biomethane and environmental attributes produced at the Cedar Hills regional landfill to Puget Sound Energy.

STATEMENT OF FACTS:

1. The solid waste division of the department of natural resources and parks operates the Cedar Hills regional landfill, located in Maple Valley, Washington, which receives over 800,000 tons of municipal solid waste each year.
2. The breakdown of organic matter at the landfill generates landfill biogas as part of the natural decomposition of waste over time when buried underground. Landfill biogas generally is composed of 45% to 60% methane.
3. Landfill biogas can be processed to generate a high concentration biomethane gas that meets natural gas pipeline standards. Purified biomethane gas is also known as renewable natural gas (RNG), which is a direct substitute for geologic natural gas. The RNG includes biomethane energy gas molecules.
4. In addition to the biomethane energy content of the renewable natural gas, the beneficial use of landfill biogas as a byproduct of the landfill decomposition process provides significant greenhouse-gas reduction and other environmental benefits when compared to the consumption of fossil fuel-derived natural gas. These environmental benefits, as an extension of the energy content, are recognized as environmental attributes.

5. Environmental attributes related to renewable energy or other characteristics of a resource that are distinguished from the biomethane commodity can have financial value related to both voluntary and mandatory environmental markets.
6. Bio Energy (Washington), LLC, ("Bio Energy") constructed a facility at the Cedar Hills regional landfill that can purify landfill biogas into biomethane. In 2011, Bio Energy began to purify landfill biogas from the Cedar Hills regional landfill into pipeline-quality biomethane gas and inject the gas into the natural gas pipeline adjacent to the landfill. The facility has not been processing and injecting gas since June of 2023.
7. Legislation was adopted by the King County council that authorizes the purchase of the landfill gas processing facility by King County from Bio Energy, and to resolve all legal disputes between Bio Energy and King County.
8. Puget Sound Energy is the owner of approximately a quarter mile of natural gas pipeline connecting the Cedar Hills biogas processing facility to the Northwest Pipeline, owned by the Williams Companies. All pipeline quality gas produced by the Cedar Hills biogas processing facility is transported through this pipeline.
9. As the local natural gas utility, Puget Sound Energy supplies natural gas to approximately 900,000 customers. Puget Sound Energy supplies renewable natural gas to its customers for various reasons, including: corporate interest in decarbonization; to integrate lower-carbon fuels as part of its compliance with the Washington State Climate Commitment Act; and to use the mechanisms of 2019 Washington State House Bill 2580, which allows natural gas utilities to acquire RNG through purchased gas agreements and recover associated costs.
10. Before July 2023, King County had a contractual relationship with Puget Sound Energy to help monetize the value of the environmental attributes of the biomethane produced by the Cedar Hills biogas processing facility.

11. 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.

12. Unique circumstances are present for this agreement because the market for the sale of biomethane and the environmental attributes associated with biomethane is highly specialized and is subject to market variability. K.C.C. 4.56.250 authorizes the county to negotiate directly with a person or entity in such circumstances. For the reasons indicated above and to support the decarbonization of the natural gas supply system in King County and beyond, Puget Sound Energy is a logical purchaser of RNG produced by the Cedar Hills biogas processing facility. The County has negotiated directly with Puget Sound Energy to sell biomethane and specified volumes of the environmental attributes related to the RNG produced at the Cedar Hills biogas processing facility.

13. The sale of the biomethane and environmental attributes provide public benefit by increasing the revenue generated through the sale of the renewable natural gas resource. The revenue from the sale of the biomethane and environmental attributes will be used to offset debt and other costs associated with operating the Cedar Hills biogas processing facility. Revenue in excess of debt and operating costs will be used for other solid waste division purposes.

BE IT ORDAINED BY THE COUNCIL OF KING COUNTY:

SECTION 1. Findings: The King County council has determined, and therefore finds, that unique circumstances make a negotiated direct sale of biomethane and environmental attributes associated with the Cedar Hills biogas processing facility in the best interests of the public.

SECTION 2. The King County executive is hereby authorized to execute a base contract, a transfer line interconnection and transportation agreement, and all related documents for the sale and purchase of biomethane and environmental attributes with Puget Sound Energy substantially in the form of Attachments A and B to this ordinance.

SECTION 3. Moneys from the sale of biomethane and environmental attributes under section 2 of this ordinance shall be allocated to the originating division. The revenue from the biomethane and environmental attributes shall be used to offset debt and operating costs associated with the acquisition of the Cedar Hills biogas processing facility. Revenue beyond that needed for the debt service and operating costs may be spent on other originating division purposes.