

**DEB Notice 082007**

**EO48 Commonwealth Natural Gas Requirements**

See the attached memorandum from the Director of DGS, dated 7-31-07.



# COMMONWEALTH of VIRGINIA

## Department of General Services

Richard F. Sliwoski, P.E.  
Director  
Joseph F. Damico  
Deputy Director  
Robert H. Myers  
Deputy Director

202 North Ninth Street  
Suite 209  
Richmond, Virginia 23219-3402  
Voice/TDD (804) 786-6152  
FAX (804) 371-8305

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### **Memorandum**

TO: Facility Directors of Executive Branch Agencies  
and Institutions of Higher Education

FROM: Richard F. Sliwoski, P.E.

SUBJECT: Commonwealth Natural Gas Requirements

Effective October 1, 2005, the Division of Purchases and Supply (DPS) awarded a mandatory contract to Stand Energy for the Commonwealth's natural gas requirements. This action was taken in coordination with the Department of Mines, Minerals and Energy (DMME) and representatives from state agencies and institutions to achieve economies of scale in the natural gas market and reduce agency energy costs. Stand Energy now purchases natural gas on behalf of the Commonwealth and transports the gas to agencies. The Commonwealth pays Stand Energy for the price of the gas, an administrative fee, and the cost of distribution through the local natural gas utility. This total price is lower than the price using the local natural gas utilities or other providers.

DMME and DGS/DPS conducted a series of information seminars across the Commonwealth during the summer of 2005 to provide information on the new mandatory contract with Stand Energy. DMME is continuing this communication through Executive Order 48 information sessions and through one-on-one meetings with agency representatives.

To date, many agencies have taken action to get on the Stand Energy contract; however, there are also many who have not. It is estimated that there is \$25 million dollars in gas volume that needs to be placed under this contract. This results in an aggregation shortfall that significantly impacts the level of savings achievable under the contract. To correct this shortfall, DMME and DGS/DPS are taking the following actions:

- For the Columbia small gas accounts (these accounts are paid to Columbia through utility billings and no contracts are in effect) DGS/DPS has taken action with Stand Energy to have these accounts transferred to the mandatory contract. The date of this

action for the affected agencies will vary dependent on the established billing cycle. DMME will contact affected agencies to let them know the effective date of this change.

- DMME will work with agencies to identify similar small accounts served by other natural gas utilities. Once DMME has obtained these small gas account numbers and has an agreement in place with the LDC serving these accounts, DGS/DPS will initiate action with Stand Energy to have the accounts transferred to the mandatory contract.
- For the large accounts that have signed agreements with other natural gas suppliers, DGS/DPS will contact these agencies on an individual basis. We recognize that agencies may have signed these agreements to lock in natural gas prices over a multi-year period and assist budgeting. Agencies can achieve this objective under the mandatory Stand Energy contract. You are encouraged to contact DMME about setting up a plan that meets your needs.

You can apply the savings achieved through this contracting action to your agency's Executive Order 48 energy goals. If you have any questions in regards to this natural gas program, please contact Tommy Thompson at DMME, tel 804-692-3230, [thomas.thompson@dmme.virginia.gov](mailto:thomas.thompson@dmme.virginia.gov) or Robert Parolisi at DGS, tel 804-786-0078, [robert.parolisi@dgs.virginia.gov](mailto:robert.parolisi@dgs.virginia.gov).