

DOE's NATURAL GAS MARKET ACCESS PROGRAM FOR SMALL AND DISADVANTAGED BUSINESSES



**Presented by:
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November 14, 2010**

HISTORY

July, 1994 – Energy Secretary Hazel O’Leary met with Ms. Helen Crawley, President of C&L Petroleum, about DOE support to WMBE’s in the natural gas industry.

September, 1994 --The American Gas Association, Washington Gas, and DOE form an ad hoc workgroup to help WMBE’s compete in the natural gas industry.

July, 1996 --The ad hoc workgroup sponsors a one day seminar at DOE to identify and address the issues preventing greater WMBE participation in the natural gas industry. At a reception following the Workshop, Secretary O’Leary announces that DOE will create an “Advisory Committee” to help us draft an Outreach Strategy for assisting WMBE’s. To avoid legal issues associated with a formal “Advisory Committee”, we create an informal “Roundtable” to help us draft the Strategy.

January, 1997 --The WMBE Outreach Strategy is drafted with a core focus on increasing WMBE access to supply, capital, and wholesale gas markets

January 1997 – Present --Implement the Outreach Strategy. The DOE Office of Fossil Energy has been the DOE lead in this effort. The DOE Office of Economic Impact and Diversity provides support.

STRATEGIC VISION

**A competitive natural gas
marketplace open to all
qualified entrepreneurs**

STRATEGY

Create a natural gas business development program that will:

- Identify opportunities for marketing women and minority-owned business capabilities within the natural gas industry
- Remove obstacles to increased women and minority-owned business participation in the gas industry

IDENTIFY OPPORTUNITIES

- Encourage the natural gas industry to partner with and mentor women and minority-owned businesses
- Work with the National Association of Regulatory Commissioners (NARUC) to encourage regulated utilities to buy natural gas from women and minority-owned businesses.

IDENTIFY OPPORTUNITIES

- Coordinate women and minority-owned business participation in appropriate natural gas industry conferences, seminars, and workshops
- Ensure that women and minority-owned businesses have equal access to sales of federally-owned natural gas and federal natural gas procurements

REMOVE OBSTACLES

- Work with banks, financial institutions, and others to develop creative, alternative financial instruments for women and minority-owned businesses
- Incorporate alternative financing instruments in industry and government gas purchasing contracts

The Funds Transfer Agent Agreement:

**An Innovative Way for Women and
Minority-Owned Businesses to
Satisfy the Capital Requirements of
the Natural Gas Marketplace**

HOW THE FTA WORKS

The SADB0 natural gas marketer identifies potential gas Supplier and Re-purchaser.

The SADB0 locates a bank willing to act as its agent in the transaction. The WMBE signs a Funds Transfer Agent Agreement with the bank and the bank becomes the WMBE's Funds Transfer Agent.

The SADB0 incorporates the Funds Transfer Agent Agreement in the purchase contract with the Supplier and the sales contract with the Re-purchaser.

The bank acts as an intermediary, handling payment from the re-purchaser to the gas supplier via a "blocked" account in the SADB0 name. *Title is instantaneously transferred from the Supplier to the SADB0 to the Re-purchaser.*

WHO BENEFITS?

The SADBBO:

- Short Term - Obtains a Transactional Instrument that can be used to Buy/Sell natural gas.
- Long Term - Develops an ongoing credit relationship with a bank.
- Greater access to natural gas marketplace.

The Bank:

- Develops a new customer/new market.
- 1-2 day access to purchasers funds.
- Significantly increase its business activities with small and minority-owned businesses.
- Earns CRA credit for the loan.

WHO BENEFITS?

The Supplier:

- Assured Payment
- Access to new/niche markets
- Significantly increase its sales to small and minority-owned businesses

The Re-Purchaser:

- More suppliers
- Lower prices
- Significantly increases the amount of purchases from small and disadvantaged businesses

FOR MORE INFORMATION CONTACT:

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- Sterling Nichols, U.S. Department of Energy, 202-586-8698
- Or visit our Web site: www.wmbe.doe.gov

SUCSESSES:

- Created the DOE Natural Gas Market Access Program “Roundtable”. An informal forum open to any and all public and private entities interested in increasing opportunities for women and minority-owned businesses in the natural gas industry. Held 12 Roundtable meetings to date.
- Last Roundtable meeting, May 7, 2001, held in Houston and sponsored by Enron, Dynegey, and Reliant Energy.

SUCSESSES:

- Incorporate the Funds Transfer Agent (FTA) Agreement in the Gas Industry Standards Board (GISB) Short Term Contract for Sale and Purchase of Natural Gas.
- Convinced the Office of the Comptroller of the Currency to Award Community Reinvestment Act (CRA) credits to financial institutions that use the FTA to support minority business development.

SUCSESSES:

- Worked with the General Services Administration, Office of Public Utilities, to qualify small and disadvantaged businesses to market offshore MMS royalty-in-kind natural gas to federal facilities.
- Sponsored a Workshop on the Gulf of Mexico Royalty In-Kind Program. Workshop attendees used the information obtained at the Workshop to successfully bid on MMS Gulf of Mexico Royalty In-Kind natural gas. This was the first time small and disadvantaged businesses successfully bid on MMS Gulf of Mexico Royalty In-Kind natural gas.

SUCSESSES:

- NARUC Energy Partnership Board created to promote supplier diversity. Made up of DOE representatives, state commissioners, representatives of WMBE companies, regulated utilities, large energy marketers, and others interested in promoting supplier diversity in the regulated utility industry, the Board will serve as an ombudsman between regulated utilities and the minority business community.

NARUC ENERGY PARTNERSHIP BOARD

Public Service Commissioners:

CARL WOOD, California

LINDA J. KELLY-ARNOLD, Connecticut

E. LEON JACOBS, JR., Florida

CAMIE SWANSON-HULL, Indiana

BRETT A. PERLMAN, Texas

NARUC ENERGY PARTNERSHIP BOARD

WMBE Companies:

Stargill Energy - Michigan

Visage Energy - California

Patten Energy Enterprises, Inc - California

MEG Marketing, LLC - Georgia

Victoria International, LTD - Virginia

ICC Energy Corporation - Texas

NARUC ENERGY PARTNERSHIP BOARD

Industry Representatives:

David Parker - AGA

Shawn Farrar - SEMPRA Energy

Cuba Wadlington - Williams Gas Pipeline

James DeGraffenreidt, Jr - Washington Gas

Jimmy Addison - SCANA Corporation

Daniel F. Packer - Entergy Inc

NARUC ENERGY PARTNERSHIP BOARD

Government Representatives:

Bob Kripowicz - DOE, Assistant Secretary of Fossil Fuel

William A. Lewis, Jr., - DOE, Acting Director, Office of Economic Impact and Diversity