

# Amendment to Agreement for Renewable Natural Gas



# Background

- OCTA operates 498 compressed natural gas (CNG) buses
  - Engines are near-zero emission to support clean air initiatives
- OCTA contracts with Element Markets Renewable Energy, LLC to:
  - Provide renewable natural gas
  - Manage the Low Carbon Fuel Standard (LCFS) Program
  - Manage the Renewable Fuel Standard (RFS) Program
- Initial agreement:
  - Approved on March 14, 2016
  - Three years, with two, two-year options
- OCTA exercised the first option term, which expires March 31, 2021

# Benefits of Agreement



## Environmental

- Supports OCTA's environmental sustainability goals
- Element Markets:
  - Supplies all renewable natural gas for fixed-route bus service
  - Ensures OCTA compliance with the LCFS and RFS Programs

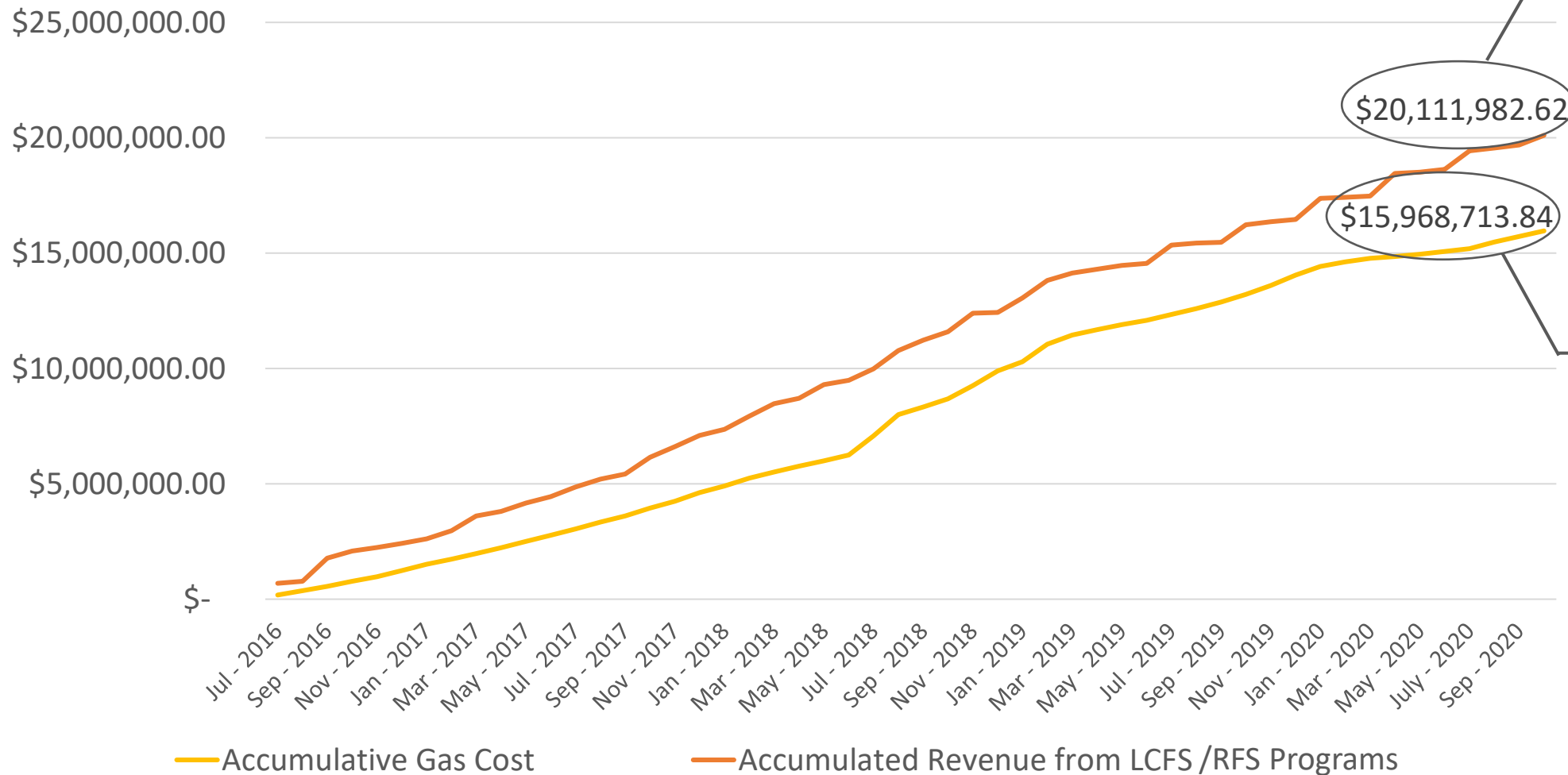


## Financial

- Element Markets sells credits generated by both programs
- Initial term guaranteed OCTA \$9 million in revenue, achieved in July 2018
- Revenue from the sale of credits has exceeded the cost of fuel over the life of the agreement

# Revenue-Generating Program

## Revenue vs Gas Cost



OCTA has received \$20.1 million from the sale of credits since contract commencement (as of November 2020)

The cost of renewable gas over the same period has been \$16 million

- Revenue supports ongoing transit operations

# Recommendation

- Authorize the Chief Executive Officer to negotiate and execute Amendment No. 8 to Agreement No. C-5-3636 between Orange County Transportation Authority and Element Markets Renewable Energy, LLC, to exercise the second two-year option-term in the amount of \$9,500,000
- This will increase the maximum obligation of the agreement to a total contract value of \$27,560,000