

RIVERSIDE TRANSIT AGENCY
1825 Third Street
Riverside, CA 92507

November 16, 2023

TO: BOARD OF DIRECTORS

THRU: Kristin Warsinski, Chief Executive Officer

FROM: Melissa Blankenship, Director of Contracts

SUBJECT: Authorization to Award Agreement No. S23103F to GHI Energy, LLC (GHI) for the Management of California's Low Carbon Fuel Standards (LCFS) and the Federal Government's Renewable Identification Numbers (RINs) Programs

Background: The Agency utilizes the services of a third-party Energy Services Provider (ESP) to provide the Agency with the natural gas required to power its directly operated bus fleet. The natural gas supplied by the ESP allows the Agency to earn credits via the LCFS and RINs programs as a reward for its reduction of carbon output. These credits have a marketable value, as they can be sold to fuel producers and importers that may need the credits to offset carbon deficits that prevent them from meeting compliance standards.

Under the current Agreement, the ESP provides natural gas to the Agency at a cost pegged to the Southern California Gas Company (SoCalGas) monthly floating index price. Further, the ESP manages the LCFS and RINs programs on behalf of the Agency. This includes all compliance related reporting and responsibility for all credit sales. As compensation for their services, the ESP receives a percentage of the LCFS and RINs credits generated by the Agency. The current Agreement is set to expire on December 31, 2023.

Summary: On July 18, 2023, the Agency issued Request for Proposals (RFP) No. S23103F via PlanetBids. The RFP was publicly advertised in a newspaper of general circulation and notices of the contracting opportunity were sent to the local chambers of commerce in those cities that are members of the Joint Powers Agreement.

The RFP requested that vendors propose a natural gas price that was pegged to the SoCalGas monthly floating index price. The natural gas commodity itself could be provided either directly by SoCalGas or by the vendor. Either way, vendors were encouraged to provide their best overall price package, including compensating the Agency for LCFS and RINs credits.

On August 22, 2023, the Agency received proposals from the following seven vendors:

- Anew RNG, LLC Cottonwood Heights, UT
- Clean Energy Newport Beach, CA
- GHI Energy, LLC Wyomissing, PA
- Maas Energy Works Redding, CA
- Mercuria Energy America LLC Houston, TX
- Trillium USA Company, LLC Houston, TX
- US Energy Appleton, WI

An evaluation committee representing staff from the purchasing, finance, and maintenance departments independently evaluated the proposals in accordance with the evaluation factors listed in the RFP which included:

- Qualifications, related experience, and references
- Project staffing and project organization
- Technical approach and work plan

As a result of the technical review, all proposals were found to be technically acceptable in accordance with the criteria listed in the RFP.

Staff then conducted an analysis of each vendor's pricing model to determine which vendor offered the most competitive (favorable) overall pricing. Each vendor's proposed pricing model was based on the same structure and assumptions to ensure a fair evaluation.

The table below summarizes the price proposals received, presenting the net cost or (savings) to the Agency. The data represents the cost of natural gas offset by LCFS and RINs revenue for a full five-year period.

	Base Period	Option Year 1	Option Year 2	Net Cost to RTA
Anew RNG	\$488,515	\$67,338	\$70,415	\$626,268
Clean Energy	\$1,428,283	\$481,229	\$483,813	\$2,393,325
GHI Energy	(\$390,731)	(\$123,520)	(\$120,142)	(\$634,393)
Maas Energy	\$794,910	\$270,182	\$272,801	\$1,337,893
Mercuria	\$233,903	\$85,328	\$88,088	\$407,319
Trillium	\$2,103,377	\$701,126	\$701,126	\$3,505,629
US Energy	\$461,072	\$153,691	\$153,691	\$768,454

GHI was the only vendor whose combined price proposal resulted in an estimated net savings to the Agency. That is, where the revenue from LCFS and RINs exceeded the cost of the natural gas. GHI's price included a \$0.008 rebate per therm for natural gas purchased from SoCalGas along with a 17% share for both LCFS and RINs credits. Under GHI's proposal, the Agency would receive and purchase natural gas directly from SoCalGas.

Based on the overall evaluation process, it was the evaluation committee's determination that GHI was a technically responsive and responsible vendor. The price submitted was found to be fair and reasonable in comparison to the Independent Cost Estimate (ICE) and all proposals were received under full and open competition.

Fiscal Impact:

The costs and revenues associated with this request are included in the Agency's FY24 operating budget. Funding for these services beyond the fiscal year will be included in future fiscal year budget requests.

Committee Recommendation:

This item was discussed at the Board Administration and Operations Committee meeting on November 1, 2023. The Committee members unanimously approved and recommended this item to the full Board of Directors for their consideration.

Recommendation:

Authorize staff to enter into Agreement No. S23103F with GHI Energy, LLC for the management of California's Low Carbon Fuel Standards and the Federal Government's Renewable Identification Numbers programs for a period of three-years, plus two one-year option periods.