AGREEMENT NO. 17-057

BETWEEN

RIVERSIDE TRANSIT AGENCY

AND

GHI ENERGY, LLC

THIS AGREEMENT is made and entered into this 19th day of April, 2018, by and between the RIVERSIDE TRANSIT AGENCY, located at 1825 Third Street, Riverside, California 92507 (hereinafter referred to as "AGENCY"), and GHI Energy, LLC, located at 800 Bering Drive, #301, Houston, Texas 77057 (hereinafter referred to as "CONSULTANT").

WITNESSETH:

WHEREAS, AGENCY desires the services of CONSULTANT to provide natural gas as stated in the Exhibit A Scope of Services and LCFS management services in accordance with Title 17 of the California Code of Regulations; and

WHEREAS, said work cannot be performed by the regular employees of AGENCY; and

WHEREAS, CONSULTANT has represented that it has the requisite personnel and experience, and is capable of performing such services; and

WHEREAS, CONSULTANT wishes to perform these services;

NOW, THEREFORE, it is mutually understood and agreed by AGENCY and CONSULTANT as follows:

ARTICLE 1. COMPLETE AGREEMENT

A. This Agreement, and the exhibits and documents incorporated herein and made applicable by reference, including RFP No. 17-057 Exhibit A-Scope of Services, Exhibit-Cost and Pricing, Appendix B NAESB Agreement and the Transaction Confirmation Agreement dated April 19, 2018 constitutes the complete and exclusive statement of the terms and conditions of the Agreement

between AGENCY and CONSULTANT and supersedes all prior representations, agreements, understandings and communications with respect thereto.

B. Changes to any portion of this Agreement shall not be binding upon AGENCY except when specifically confirmed in writing by an authorized representative of AGENCY by way of a written amendment to this Agreement and issued in accordance with the provisions contained in this Agreement.

ARTICLE 2. ORDER OF PRECEDENCE

Conflicting provisions hereof, if any, shall prevail in the following descending order of precedence: (1) the provisions of this Agreement and all subsequent Amendments to this Agreement, including all exhibits and documents attached hereto; (2) the provisions of RFP No. 17-057 as addended; (3) CONSULTANT'S proposal dated November 7, 2017 and; (4) all other documents, if any, cited herein or incorporated by reference.

ARTICLE 3. SEVERABILITY

If any provision, term or condition of this Agreement is held to be invalid, illegal or unenforceable, in whole or in part, then such provision, term or condition shall not affect the validity of any remaining provision, term or condition of this Agreement. All remaining provisions, terms and conditions of this Agreement shall continue in full force and effect.

ARTICLE 4. NON-WAIVER

AGENCY'S failure to insist in any one or more instances to require performance by CONSULTANT of any term(s) or condition(s) of this Agreement shall not be construed as a waiver or relinquishment of AGENCY'S right to such performance, and shall not affect AGENCY'S right to such performance or to future performance of any such term(s) or condition(s) and CONSULTANT'S obligation with respect thereto shall continue in full force and effect.

ARTICLE 5. AGENCY DESIGNEE

The Chief Executive Officer of AGENCY, or his designee, shall have the authority to act for and exercise any rights of AGENCY as set forth in this Agreement, subsequent to and in accordance with, the authorization granted by AGENCY's Board of Directors.

ARTICLE 6. TERM OF AGREEMENT

A. This Agreement shall commence August 1, 2018, and shall continue in full force and effect through July 31, 2021 ("Initial Term"), unless earlier terminated or extended as provided in this Agreement.

B. AGENCY, at its sole discretion, may elect to extend the term of the Agreement up to an additional twelve (12) months, commencing August 1, 2021 and continuing through July 31, 2022 ("First Option Term"), and thereupon require CONTRACTOR to continue to provide services, and otherwise perform, in accordance with Exhibit A, "Scope of Services", and successful proposing firm's Pricing submittal dated November 7, 2017.

C. AGENCY, at its sole discretion, may elect to extend the term of the Agreement up to an additional twelve (12) months, commencing August 1, 2022 and continuing through July 31, 2023 ("Second Option Term"), and thereupon require CONTRACTOR to continue to provide services, and otherwise perform, in accordance with Exhibit A, "Scope of Services", and successful proposing firm's Pricing submittal dated November 7, 2017.

D. AGENCY's election to extend the Agreement beyond the "Initial Term" shall not diminish its right to terminate the Agreement for AGENCY'S convenience or CONTRACTOR'S default, as provided elsewhere in this Agreement. The "Maximum Term" of this Agreement shall be the period extending from August 1, 2018 through July 31, 2023 which period encompasses the Initial Term, First Option Term and Second Option Term.

ARTICLE 7. STATEMENT OF SERVICES

A. CONSULTANT shall perform the work necessary to complete, in a manner satisfactory to AGENCY, the services set forth in Exhibit A, "Scope of Services", inclusive of all attachments set forth herein. CONSULTANT shall also perform in accordance with its proposal to AGENCY dated November 7, 2017. All services shall be provided at the times and places designated by AGENCY.

ARTICLE 8. OWNERSHIP OF REPORTS AND DOCUMENTS

The originals of all custom letters, documents and reports produced under this Agreement shall be delivered to and become the property of AGENCY. Copies may be made for CONSULTANT's records, and in performance of the underlying Agreement, but shall not be furnished to others without the express written authorization from AGENCY. Such deliverables shall be deemed works made for hire and all rights in copyright therein shall be retained by AGENCY.

ARTICLE 9. PATENT AND COPYRIGHT INFRINGEMENT

A. In lieu of any other warranty by AGENCY or CONSULTANT against patent or copyright infringement, statutory or otherwise, it is agreed that CONSULTANT shall defend, at its expense, any claim or suit against AGENCY on account of any allegation that any item furnished under this Agreement or the normal use or sale thereof, arising out of the performance of this Agreement, infringes upon any presently existing U.S. letters patent or copyright and CONSULTANT shall pay all costs and damages finally awarded in any such suit or claim, provided CONSULTANT is promptly notified in writing of the suit or claim and given AGENCY, information and assistance at CONSULTANT's expense for the defense of same. However, CONSULTANT will not indemnify AGENCY if the suit or claim results from: (1) AGENCY's alteration of a deliverable, such that said deliverable in its altered form infringes upon any presently existing U.S. letters patent or copyright; or (2) the use of a deliverable in combination with other material not provided by CONSULTANT when such use in combination infringes upon an existing U.S. letters patent or copyright.

B. CONSULTANT shall have sole control of the defense of any such claim or suit and all allegations for settlement thereof. CONSULTANT shall not be obligated to indemnify AGENCY under any settlement made without CONSULTANT's consent or in the event AGENCY fails to cooperate fully in the defense of any suit or claim, provided, however, that said defense shall be at CONSULTANT's expense. If the use or sale of said item is enjoined as a result of such suit or claim, CONSULTANT, at no expense to AGENCY, shall obtain for AGENCY, the right to use and sell said item, or shall substitute an equivalent item acceptable to AGENCY and extend this patent and copyright indemnity thereto.

ARTICLE 10. INDEPENDENT CONTRACTOR

CONSULTANT'S relationship to AGENCY in the performance of this Agreement is that of an Independent Contractor. CONSULTANT's personnel performing services under this Agreement shall at all times be under CONSULTANT's exclusive direction and control and shall be employees of CONSULTANT and not employees of AGENCY. CONSULTANT shall pay all wages, salaries and other amounts due its employees in connection with this Agreement and shall be responsible for all reports and obligations respecting them, such as social security, income tax withholding, unemployment compensation, worker's compensation and similar matters.

ARTICLE 11. ASSIGNMENTS

Neither this Agreement, nor any interest herein or claim hereunder, may be assigned by CONSULTANT either voluntarily or by operation of law, nor may all, or any part, of this Agreement be sub-contracted by CONSULTANT, without the prior written consent of AGENCY. Consent by AGENCY shall not be deemed to relieve CONSULTANT of its obligation to comply fully with all terms and conditions of this Agreement.

ARTICLE 12. AGENCY REIMBURSEMENT/PAYMENT

RTA shall be reimbursed in accordance with Exhibit B of CONSULTANT's proposal dated November 7, 2017 attached hereto; supporting documentation will be sent to AGENCY along with the

monthly invoice showing the detailed breakdown of fuel usage and cost by meter, and the calculations of credits generated and their value. At its sole discretion, RTA may decline to make full payment for any item until such time as CONSULTANT has documented and/or corrected, to RTA's satisfaction, any errors or omissions. RTA shall remit payment within thirty (30) calendar days of the receipt and approval of each invoice.

ARTICLE 13. INSURANCE

CONSULTANT shall procure and maintain for the duration of the contract insurance against claims for injuries to persons or damages to property which may arise from or in connection with the performance of the work hereunder by the CONSULTANT, its agents, representatives, or employees.

Minimum Scope and Limit of Insurance

Coverage shall be at least as broad as:

A. Commercial General Liability (CGL): Insurance Services Office (ISO) Form CG 00 01 covering CGL on an "occurrence" basis, including products and completed operations, property damage, bodily injury and personal & advertising injury, with limits no less than $1,000,000 per occurrence. If a general aggregate limit applies, either the general aggregate limit shall apply separately to this project/location or the general aggregate limit shall be twice the required occurrence limit.

B. Automobile Liability: ISO Form Number CA 0001 covering any auto (Code 1), or if CONSULTANT has no owned autos, hired, (Code 8) and non-owned autos (Code 9), with limit no less than $1,000,000 per accident for bodily injury and property damage.

C. Workers' Compensation: Insurance as required by the State of California, with Statutory Limits, and Employer's Liability Insurance with limit of no less than $1,000,000 per accident for bodily injury or disease.

D. If the CONSULTANT maintains higher limits than the minimums shown above, the Agency requires and shall be entitled to coverage for the higher limits maintained by the CONSULTANT. Any available insurance proceeds in excess of the specified minimum limits of

The AGENCY may require the CONSULTANT to provide proof of ability to pay losses and related investigations, claim administration, and defense expenses within the retention.

Acceptability of Insurers

Insurance is to be placed with insurers with a current A.M. Best's rating of no less than A: VII, unless otherwise acceptable to the AGENCY.

Verification of Coverage

CONSULTANT shall furnish the AGENCY'S Chief Procurement and Logistics Officer, or his designee, with original certificates and amendatory endorsements or copies of the applicable policy language effecting coverage required by this clause. All certificates and endorsements are to be received and approved by the AGENCY before work commences. However, failure to obtain the required documents prior to the work beginning shall not waive the CONSULTANT'S obligation to provide them. The AGENCY reserves the right to require complete, certified copies of all required insurance policies, including endorsements required by these specifications, at any time.

Sub-contractor

CONSULTANT shall require and verify that all sub-contractors maintain insurance meeting all the requirements stated herein, and CONSULTANT shall ensure that AGENCY is additional insured on insurance required for sub-contractors.

Special Risks or Circumstances

AGENCY reserves the right to modify these requirements, including limits, based on the nature of the risk, prior experience, insurer, coverage, or other special circumstances.

ARTICLE 14. INDEMNIFICATION

A. CONSULTANT shall indemnify, defend, and hold harmless AGENCY, its officers, directors, employees, and agents, from all losses, damages, claims for personal injury or damages to real or personal property, to the extent caused by CONSULTANT's negligence. CONSULTANT agrees to indemnify AGENCY against expenses, including reasonable attorney's fees and liability arising from any such claim, provided CONSULTANT has the right to control the defense or settlement of any such

insurance and coverage shall be available to Agency.

Other Insurance Provisions

The insurance policies are to contain, or be endorsed to contain, the following provisions:

Additional Insured Status

The AGENCY and their officers, officials, employees, and volunteers are to be covered as additional insureds on the CGL policy with respect to liability arising out of work or operations performed by or on behalf of the CONSULTANT including materials, parts or equipment furnished in connection with such work or operations. General liability coverage can be provided in the form of an endorsement to the CONSULTANT'S insurance (at least as broad as ISO Form CG 20 10 11 85 or both CG 20 10 and CG 20 37 forms if later revisions used).

Primary Coverage

For any claims related to this contract, the CONSULTANT'S insurance coverage shall be primary insurance as respects the AGENCY and their officers, officials, employees, and volunteers. Any insurance or self-insurance maintained by the AGENCY or their officers, officials, employees, or volunteers shall be excess of the CONSULTANT'S insurance and shall not contribute with it.

Notice of Cancellation

Each insurance policy required above shall state that coverage shall not be canceled, except with notice to the AGENCY.

Waiver of Subrogation

CONSULTANT hereby grants to AGENCY a waiver of any right to subrogation which any insurer of said CONSULTANT may acquire against the AGENCY by virtue of the payment of any loss under such insurance. CONSULTANT agrees to obtain any endorsement that may be necessary to affect this waiver of subrogation, but this provision applies regardless of whether or not the AGENCY has received a waiver of subrogation endorsement from the insurer.

Deductibles and Self-Insured Retentions

Any deductibles or self-insured retentions must be declared to and approved by the AGENCY.

claim in accordance with the following:

1. CONSULTANT at its own cost and expense, shall indemnify, defend, and hold harmless AGENCY from, and against, any and all claims, demands, actions, suits, damages, liabilities, losses and expenses, including reasonable attorney's fees and reimbursements, for personal injury or property damage asserted by third parties ("Third Party Claims") to the extent caused by the negligence or willful misconduct of CONSULTANT in connection with CONSULTANT's performance or failure to perform this Agreement hereunder.

2. AGENCY shall promptly give written notice to CONSULTANT after obtaining knowledge of any Third Party Claim against AGENCY as to which recovery may be sought against CONSULTANT because of the indemnity set forth in clause 1. above.

3. CONSULTANT will have the right to defend AGENCY against any such Third Party Claim with counsel mutually agreed upon by CONSULTANT and AGENCY. In addition:

a. AGENCY may retain separate co-counsel at its sole cost and expense to monitor the defense of such Third Party Claim provided, however, that CONSULTANT shall have the right to control the defense of such Third Party Claim in CONSULTANT's sole discretion;

b. AGENCY will not consent to the entry of any judgment or enter into any settlement with respect to such Third Party Claim without the prior written consent of CONSULTANT; and

c. AGENCY shall cooperate with all reasonable requests of CONSULTANT in connection with the defense of such Third Party Claim.

4. To the extent reasonably possible, AGENCY shall use its good faith efforts to mitigate any losses that CONSULTANT is obligated to indemnify against, pursuant to this indemnification provision.

ARTICLE 15. CHANGES

By written notice or order, AGENCY may, from time to time, order work suspension or make changes to the general scope of this Agreement, including, but not limited to, the services furnished to AGENCY by CONSULTANT as described in Exhibit A – Scope of Services. If any such work suspension or change causes an increase or decrease in the price of this Agreement or in the time required for its performance, CONSULTANT shall promptly notify AGENCY thereof and assert its claim for adjustment within ten (10) days after the change or work suspension is ordered, and an equitable adjustment shall be negotiated. Nothing in this provision shall excuse CONSULTANT from otherwise proceeding immediately with Agreement as changed.

ARTICLE 16. DISPUTES

A. Except as otherwise provided for in this Agreement, any dispute concerning a question of fact arising under this Agreement, which is not disposed of by supplement agreement, shall be decided by AGENCY'S Chief Procurement and Logistics Officer, who shall reduce the decision to writing and shall mail, or otherwise furnish a copy thereof to CONSULTANT. The decision of the Chief Procurement and Logistics Officer shall be final and conclusive unless, within thirty (30) calendar days from the date of receipt of such copy, CONSULTANT mails or otherwise furnishes to the Chief Procurement and Logistics Officer a written appeal addressed to AGENCY'S Chief Executive Officer. The decision of the AGENCY's Chief Executive Officer, or duly authorized representative for the determination of such appeals, shall be final and conclusive.

B. Any such decision made pursuant to this Article shall be final and conclusive, unless the same is fraudulent, capricious, arbitrary or so grossly erroneous as to necessarily imply bad faith or is not supported by substantial evidence. In cases where fraud by such official or his representative or Board is alleged, the provisions of this Article shall not be pleaded in any suit as limiting judicial review of any such decision.

C. Pending final decision of a dispute hereunder, CONSULTANT shall proceed diligently with the performance of this Agreement in accordance with the decision of AGENCY's Chief Procurement

and Logistics Officer. This "Disputes" clause does not preclude consideration of questions in law in connection with decisions provided for above. Nothing in this Agreement, however, shall be construed as making the final decision of any AGENCY official or representative on a question of law, which questions shall be settled in accordance with the laws of the State of California.

ARTICLE 17. TERMINATION

A. AGENCY may terminate this Agreement for its convenience any time, in whole or in part, by giving CONSULTANT written notice thereof. Upon termination, AGENCY shall pay CONSULTANT its allowable costs incurred to date of that portion terminated. Said termination shall be construed in accordance with the provisions of the Federal Acquisition Regulation (FAR), Part 31.205 and Part 49, the specific sub-parts and other provisions thereof, applicable to termination for convenience. If AGENCY sees fit to terminate this Agreement for convenience, said notice shall be given to CONSULTANT in accordance with the provisions of the FAR referenced above and Article 19 "Notices", herein. Upon receipt of said notification, CONSULTANT agrees to comply with all applicable provisions of the FAR pertaining to termination for convenience.

B. CONSULTANT shall have no rights to terminate this Agreement or any sub-contracts under this Agreement for CONSULTANT's convenience.

C. CONSULTANT shall have no rights to terminate any sub-contracts for cause and then perform the work with its own forces without AGENCY's prior written consent. AGENCY reserves the right to require CONSULTANT to replace its terminated sub-contractors with another sub-contractor agreeable to AGENCY, and to do so without any increase or delay in the performance of this Agreement.

D. AGENCY may terminate this Agreement for CONSULTANT's default if a federal or state proceeding for the relief of debtors is undertaken by or against CONSULTANT, or if CONSULTANT makes an assignment for the benefit of creditors, or if CONSULTANT breaches any term(s) or violates any provision(s) of this Agreement and does not cure such breach or violation within thirty (30) calendar

days after written notice thereof by AGENCY. CONSULTANT shall be liable for any and all reasonable cost incurred by AGENCY as a result of such default including, but not limited to, re-procurement costs of the same or similar services defaulted on by CONSULTANT under this Agreement. Such termination shall comply with the Federal Acquisition Regulation (FAR), Part 31.205 and Part 49.

ARTICLE 18. FORCE MAJEURE

Either party shall be excused from performing its obligations under this Agreement during the time and to the extent that it is prevented from performing by an unforeseeable cause beyond its control including, but not limited to: any incidence of fire or flood; acts of God; commandeering of material, products, plants or facilities by the federal, state or local government; national fuel shortage; a material act of omission by the other party; or strike, when satisfactory evidence of such cause is presented to the other party, and further provided that such nonperformance is unforeseeable, beyond the control and is not due to the fault or negligence of the party not performing.

ARTICLE 19. NOTICES

All notices hereunder and communications regarding the interpretation of the terms of this Agreement, or changes thereto, shall be effected by delivery of said notice(s) in person or by depositing said notice(s) in the U.S. Mail, registered or certified mail, return receipt requested, postage prepaid and addressed as follows:

TO AGENCY:

Riverside Transit Agency
1825 Third Street
P.O. Box 59968
Riverside, CA 92517-1968

ATTENTION: Vince Rouzaud
Chief Procurement and Logistics Officer
(951) 565-5180 phone
(951) 565-5001 facsimile

TO CONSULTANT:

GHI Energy, LLC
800 Bering Drive, #301
Houston, TX 77057

ATTENTION: John M. Greene
President
(281) 761-7835 phone
(832) 415-9724 facsimile

ARTICLE 20. FEDERAL, STATE AND LOCAL LAWS

CONSULTANT warrants that in the performance of this Agreement, it shall comply with all applicable federal, state, and local laws, statutes, ordinances, lawful orders, rules and regulations promulgated thereunder.

ARTICLE 21. GOVERNING LAW

This Agreement shall be interpreted and construed according to, and governed by, the laws of the State of California. The federal or state courts located in the County of Riverside, State of California, shall have jurisdiction to hear any dispute under this Agreement.

This Agreement shall be made effective upon execution by both parties.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement No. 17-057 to be executed on the date first written above.

GHI ENERGY, LLC

By: _____
John M. Greene
President

RIVERSIDE TRANSIT AGENCY

By: _____
Larry Rubio
Chief Executive Officer

APPROVED AS TO FORM:

By: _____
James Donich
General Counsel

EXHIBIT A

SCOPE OF SERVICES

Introduction

The Riverside Transit Agency (RTA) is soliciting proposals from qualified firms to (1) supply 100 percent of RTA's natural gas requirements in the form of a guaranteed supply of natural gas for conversion to Compressed Natural Gas (CNG) to RTA's two facilities on a non-interruptible basis at a minimal cost and (2) manage its Low Carbon Fuel Standard (LCFS) program as outlined in Division 25.5 of the California Health & Safety Code (also known as the California Global Warming Solutions Act of 2006). The successful proposer shall compensate RTA for providing the proper rights for its LCFS credits created under LCFS Regulations. In addition, the successful proposer shall maximize revenues to RTA from all applicable and eligible sources including but not limited to LCFS credits, federal RINs, and FET credits.

Background

The RTA was established as a Joint Powers Agency in 1975, and began operating bus service in 1977. Last year, the RTA celebrated 40 years of service. The transit service area is approximately 2,500 square miles with 37 fixed-routes, eight (8) express routes, and Dial-A-Ride services using a total fleet of 334 vehicles. The area is bounded to the north by San Bernardino County, to the east by the San Jacinto Mountains and Coachella Valley sub-region of Riverside County, to the west by Orange County and to the south by San Diego County. The RTA provides bus service to both urban and rural areas, which includes 18 incorporated cities and numerous unincorporated communities.

The RTA directly operates a fleet of 145 CNG buses from two bus facilities. One facility is located at 1825 Third Street, Riverside, CA (Riverside) and the other facility is located at 700 Scaramella Circle, Hemet, CA (Hemet). The Hemet facility also includes a public access CNG fueling station which is accessible 24 hours per-day, seven days per-week. RTA fuels buses on a daily basis, every day of the year. RTA may utilize additional CNG powered vehicles in the future.

Prior to August 2013, the RTA had purchased its natural gas requirements from the local public utility, Southern California Gas Company (SoCal Gas). From August 2013 forward, RTA has contracted with GHI LLC for the provision of its natural gas requirements as well as the management of RTA's LCFS program. RTA's goal is to reduce its energy costs while maintaining the highest possible degree of reliability in its natural gas supply to ensure that buses can be fueled and operated every day of the year.

Currently, RTA's Riverside facility receives natural gas for vehicle fueling through two separate gas meters. At the Hemet facility, there is one meter dedicated for the supply of natural gas to the CNG fueling station (which has public access). The specific meter numbers and locations are more specifically identified in Attachment A.

CNG / Service Requirements

RTA's usage is approximately 3,000,000 therms of CNG fuel annually. Monthly usage, the bulk of which is fueling of RTA vehicles, averages approximately 250,000 therms and is expected to remain fairly constant throughout the contract term. However, provisions shall be included in the final agreement between the parties to accommodate increases and/or decreases in natural gas usage. Proposers should address how they would accommodate and price such potential increases and/or decreases in usage and its effects on pricing. The most recent (3-year) usage/projection is shown in the attached Attachment A.

The successful vendor must be a registered Energy Service Provider (ESP) with SoCalGas and as approved by the California PUC. The successful vendor must assume full responsibility for guaranteed delivery of required volumes at all times, including any periods during which supply is curtailed or restricted in any way by the local utility company or any other entity. RTA will require proposing parties to provide proposal pricing in a minimum amount to allow for a reasonable minimum contract term. RTA reserves the right to select the option that is determined to be the most advantageous to RTA and enter into a contract based on that selection. During the term of this agreement, RTA reserves the right to purchase natural gas based on a monthly index (e.g. SoCalGas), or convert such agreement into a fixed price, longer term agreement or such other terms as may be in the best interest of RTA. *Index pricing* shall mean the price posting relative to that as first published each month for SoCalGas. *Fixed pricing* shall mean a constant price for natural gas requirements during the contract term.

In addition, the selected vendor will be required to provide the following services based on the selected procurement method:

- Daily monitoring of natural gas usage
- Daily balancing as required by natural gas supplier
- Billing services
- Natural gas information and consulting services
- Handle all gas supply and delivery arrangements (both gas suppliers and utility companies)
- Monitor gas infrastructure issues (gas supply, reliability) and strategies for curtailment protection
- Maintain an auditable "paper trail"
- Act as an advocate on relevant issues before the Public Utilities Commission

Finally, the RTA will expect the selected vendor to invoice monthly and provide detailed breakdowns of fuel usage and cost per therm by meter, and credits generated and credits' value along with supporting documentation of the calculations (i.e. SoCalGas consumption) and pricing, OPIS RINs and LCFS pricing.

California's LCFS Program

California's Low Carbon Fuel Standard (LCFS) Program was enacted to support the California Global Warming Solutions Act of 2006 (AB32). The Program is designed to lower greenhouse gas (GHG) emissions by reducing

the full fuel-cycle carbon intensity of transportation fuels used in California. Regulated parties were required to begin reducing carbon intensities in 2011, with the goal of a 10 percent reduction by 2020.

LCFS credits or deficits for each fuel are calculated by using the formula found in Section 95484(a)(3) of the ARB Regulations. A regulated party using a fuel with carbon intensity below the baseline generates credits. Those parties with carbon intensities above the baseline generate deficits. Under the ARB Regulations, RTA, as the owner of three CNG fueling stations, will receive LCFS credits for CNG therm usage which may be sold to other regulated entities. It is anticipated that, as compliance obligations of AB32 become more restrictive on regulated parties, the value of RTA's LCFS credits will increase. RTA shall for the term of the agreement, and in return for compensation, provide the successful proposer with rights to all LCFS credits generated as a result of CNG being dispensed from RTA's CNG fueling stations. The successful proposer shall compensate RTA for a fossil fuel equivalent volume of credits created at the fueling stations using the guidance provided in Title 17 of the California Code of Regulations. Proposers shall identify a method or approach that will guarantee that RTA is reimbursed within 15 calendar days or other mutually agreed upon timeframe for 100 percent of the market value of its LCFS credits earned each month throughout the contract term.

The services provided by the successful proposer shall include, but not be limited to:

- Register (Opt In) as the regulated party on behalf of RTA
- Manage all regulatory requirements including regulatory filings
- Reporting requirements
- Adherence to market rules
- Verification of actual emissions to regulatory agencies
- All compliance obligations promulgated under AB32 or subsequent legislation
- Keep RTA informed of LCFS, RINs, FET and/or any other market conditions on a monthly basis
- Provide annual cumulative accounting of RTA's LCFS, RINs, FET and/or any other appropriate credit balance

Pricing Requirements

Each proposer should offer its best available alternatives and best approach in terms of providing both natural gas pricing and LCFS management services for a total requirements "Package" that ensures the reliable delivery of RTA's natural gas requirements, at a competitive price, and guarantees top market value for RTA's LCFS credits, federal RINs (under the federal Renewable Fuel Standard program authorized by the Energy Policy Act of 2005 and expanded under the Energy Independence and Security Act of 2007), FET credits or others programs as proposed.

For its price submittal, proposing firms must provide pricing relative to the SoCalGas G-NGU rate for Core Procurement Gas Price as published on Schedule No. G-NGV; the price submittal must designate the index used for the basis of pricing. The Agency envisions a five year term; consisting of a three-year base year plus two one-year options unilaterally exercised by the Agency. The proposing firm must also state whether both the Agency's fueling and non-fueling natural gas requirements will be met. If the proposing firm is offering an alternative method, pricing should be submitted separately in the same format. In each instance, narrative must be provided to thoroughly explain the rational, payment mechanisms and individual cost elements.

Attachment A

Riverside Transit Agency CNG Meters and Usage

Meter Number	Location	Annual Them Usage (000's)		
		FY2016	FY2017	FY2018 (Est.)
10697053	1825 Third Street Riverside, CA	2,000	2,003	2,230
12141599	3205 Durahart Street Riverside, CA	10	20	20
5026317	700 Scaramella Circle Hemet, CA	692	742	750
	Total	**2,702**	**2,765**	**3,000**