



# LODI CITY COUNCIL

Carnegie Forum  
305 West Pine Street, Lodi

## "SHIRTSLEEVE" SESSION

Date: March 10, 2020

Time: 7:00 a.m.

\*and via conference call:

437 E. Elm Street  
Lodi, CA 95240

For information regarding this Agenda please contact:

**Pamela M. Farris**  
**Assistant City Clerk**  
**Telephone: (209) 333-6702**

### Informal Informational Meeting

**A. Roll Call by City Clerk**

**B. Topic(s)**

B-1 Receive Information on Revenue Opportunities Available through Renewable Natural Gas Low Carbon Fuel Standard Program (PW)

**C. Comments by Public on Non-Agenda Items**

**D. Adjournment**

Pursuant to Section 54954.2(a) of the Government Code of the State of California, this agenda was posted at least 72 hours in advance of the scheduled meeting at a public place freely accessible to the public 24 hours a day.

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Pamela M. Farris  
Assistant City Clerk

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# CITY OF LODI COUNCIL COMMUNICATION

**AGENDA TITLE:** Receive Information on Revenue Opportunities Available Through Renewable Natural Gas Low Carbon Fuel Standard Program

**MEETING DATE:** March 10, 2020 (Shirtsleeve)

**PREPARED BY:** Public Works Director

**RECOMMENDED ACTION:** Receive information on revenue opportunities available through Renewable Natural Gas Low Carbon Fuel Standard Program.

**BACKGROUND INFORMATION:** The California Air Resources Board (CARB) developed the Low Carbon Fuel Standard (LCFS) program in compliance with Assembly Bill 32 (the Global Warming Solutions Act of 2006) to reduce the carbon intensity of transportation fuels used in California by 10 percent by 2020. The CARB regulations allow dispensers of compressed natural gas (CNG), such as the City of Lodi, to earn revenue in the form of LCFS credits by partnering with producers of Renewable Natural Gas (RNG).

RNG is methane captured from the decomposition of organic materials at landfills, agricultural facilities, and wastewater treatment plants that has been cleaned and treated to meet natural gas pipeline quality standards. The pipeline quality biomethane is then injected into the national Natural Gas pipeline grid and the CNG we currently use will be displaced with RNG. This "displacement" means that for every unit of RNG that is injected into the pipeline, an equal unit of fossil fuel is not extracted from the earth.

Clean Energy proposes to deliver RNG in equivalent volume to the CNG dispensed at the City's CNG station on a monthly basis. There are no modifications required to our existing equipment or fleet. The credits are based on the amount of CNG dispensed from the City's CNG station, which is verified through the monthly Pacific Gas & Electric bills. The City anticipates dispensing approximately 82,000 Gallon Gas Equivalent per year, thus making it eligible to receive LCFS credit payments of approximately \$24,000 per year, which will be applied to the City's Transit Division.

Due to the esoteric nature of this revenue program, a shirtsleeve presentation is scheduled to provide Council with enough information on the program, prior to staff requesting award of a contract.

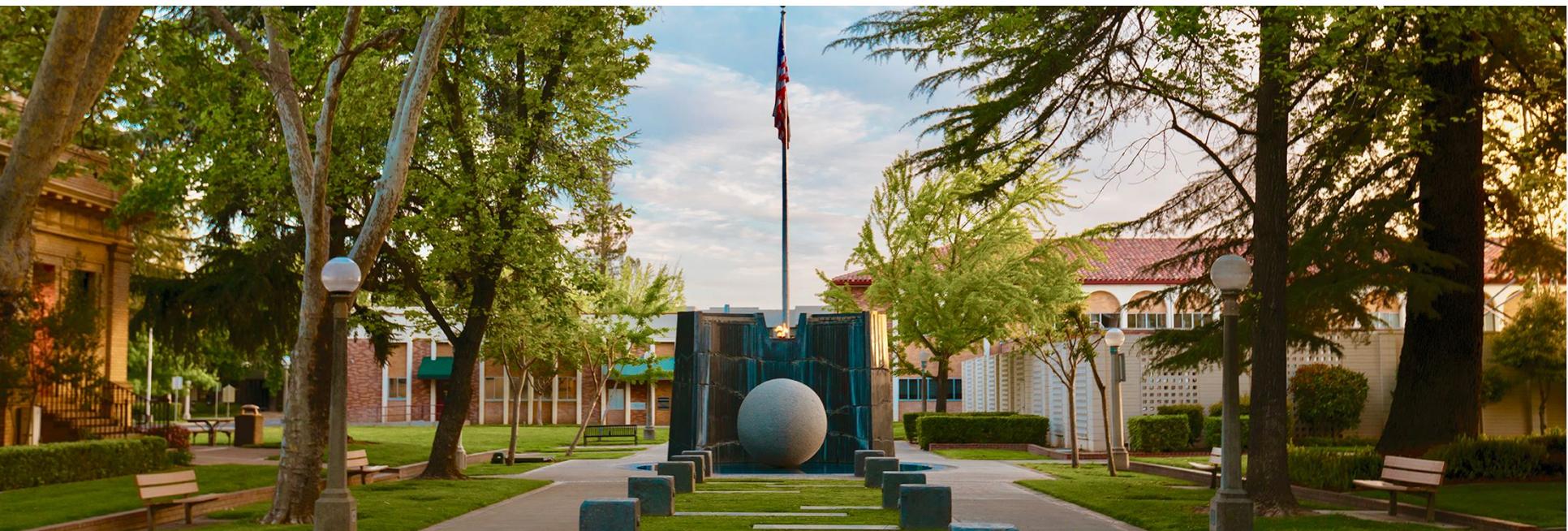
**FISCAL IMPACT:** Not applicable.

**FUNDING AVAILABLE:** Not applicable.

\_\_\_\_\_  
Charles E. Swimley, Jr.  
Public Works Director

Prepared by Georgia Graham, Transportation Manager  
CES/GG/tc

**APPROVED:** \_\_\_\_\_  
Stephen Schwabauer, City Manager



# RNG Proposal – City of Lodi

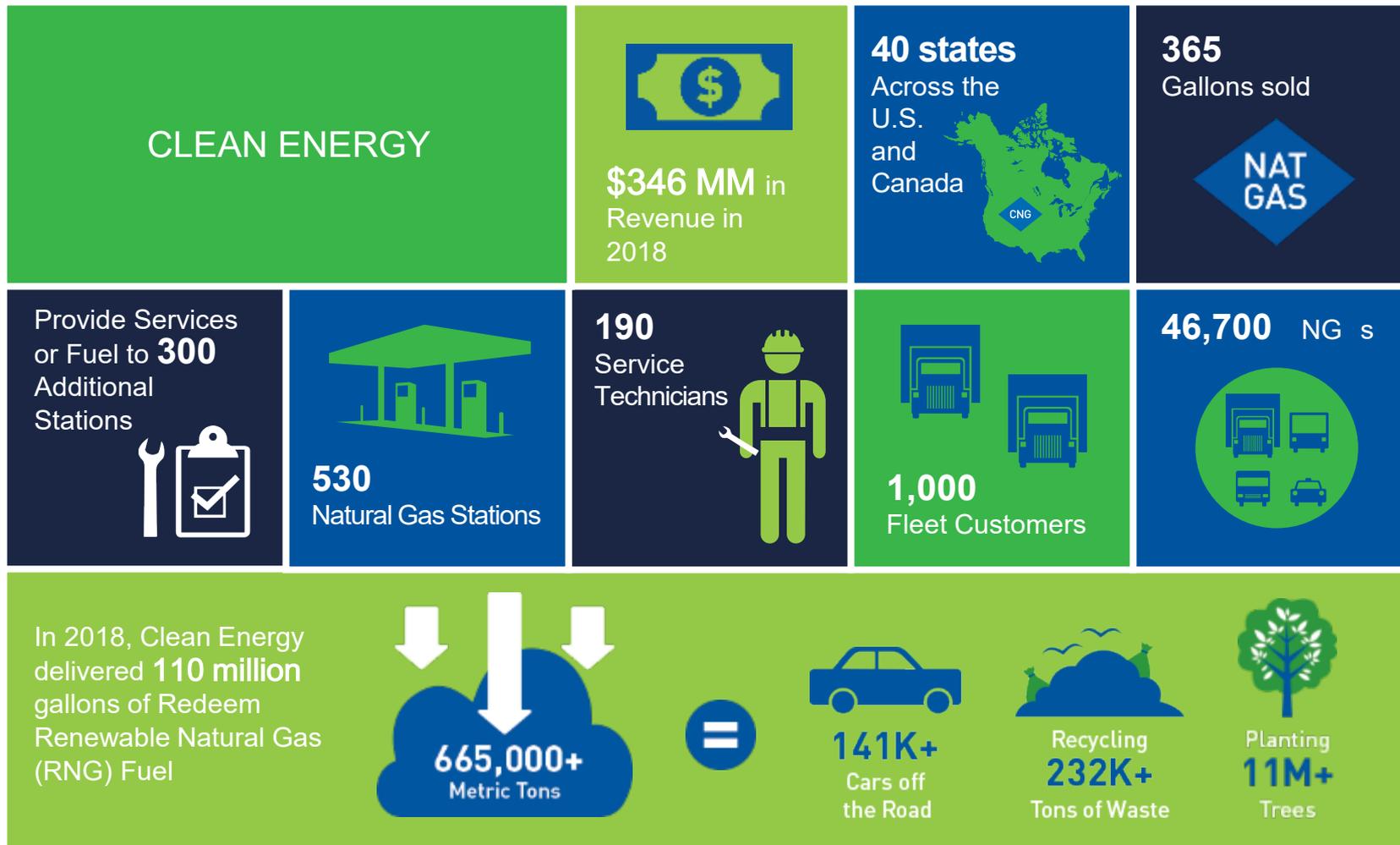
March 10, 2020



# Agenda

1. Clean Energy
2. What is RNG?
3. RIN LCFS Markets
4. RNG Proposal – City of Lodi
5. Questions

# Clean Energy At A Glance



# What is Renewable Natural Gas?

Renewable natural gas (RNG) has significantly lower greenhouse gas emissions than diesel and gasoline. It is even cleaner than electric vehicles, when considering how the electricity is produced.

When used as a vehicle fuel, RNG delivers the best and highest use it replaces the demand for high-carbon diesel and gasoline with a fuel that reduces the GHG emissions of a fleet.



**R D C I I**  
Reduces greenhouse gas emissions by 70% or more from gasoline and diesel



**C T F F I C I T**  
Substantially less expensive than diesel and gasoline

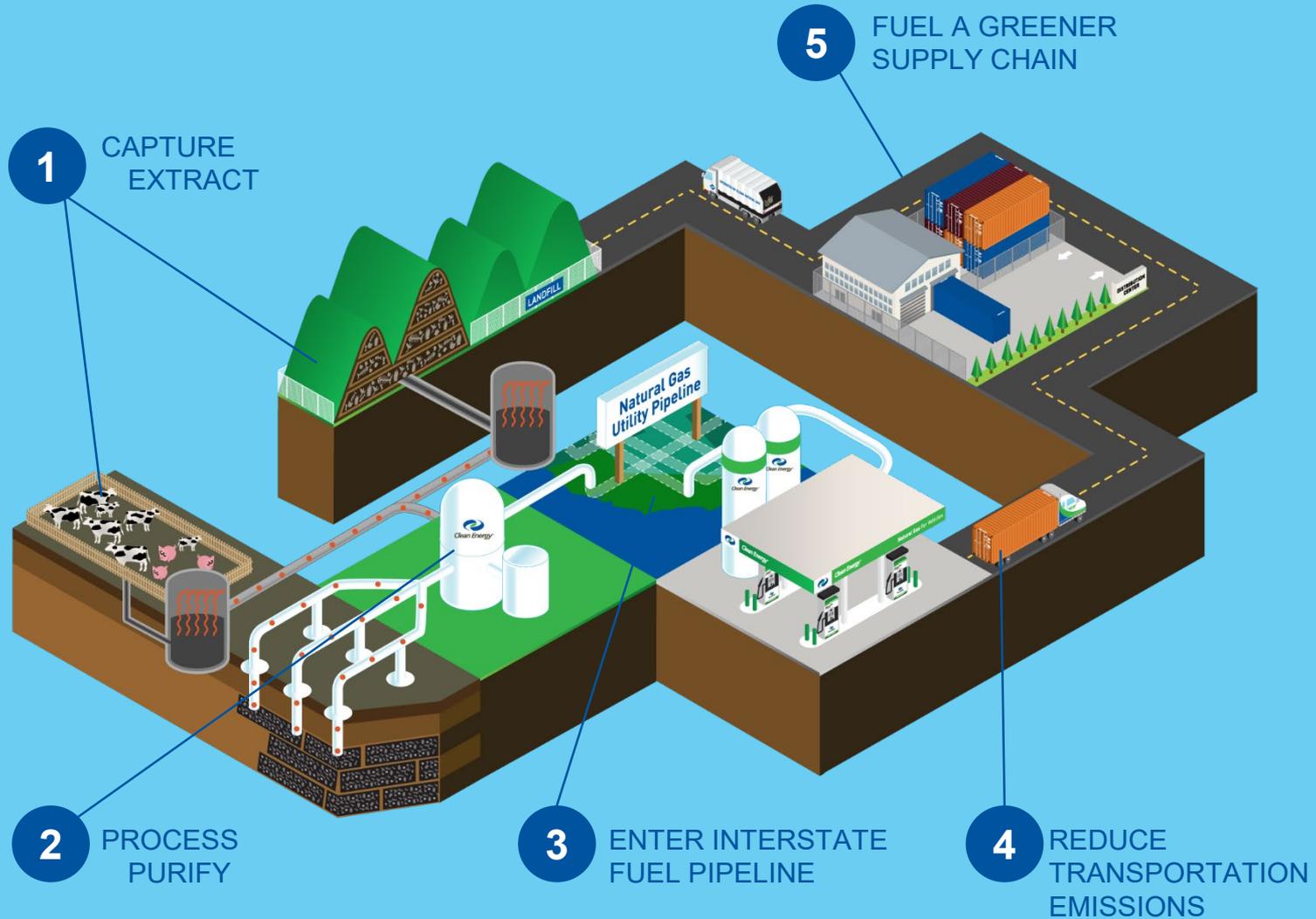


**R A L**  
Made from organic waste sources like landfills and dairy waste



**D T I C**  
Moving the country towards energy independence

# Renewable Natural Gas Roadmap



# Regulatory Programs

## Federal Regulation

- Renewable Fuel Standard (RFS2)
- Mandated through 2022 and every year thereafter
- Credits (RINs) generated for every gallon of renewable fuel produced and consumed

## State Regulation

- California Low Carbon Fuel Standard
- Mandated through 2030
- LCFS credits generated for every metric ton (MT) of CO<sub>2</sub> emission reduced when using a low carbon transportation fuel

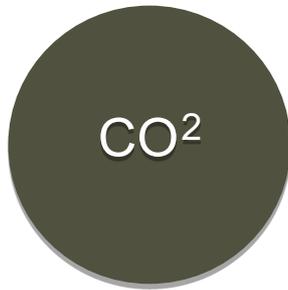
RFS2



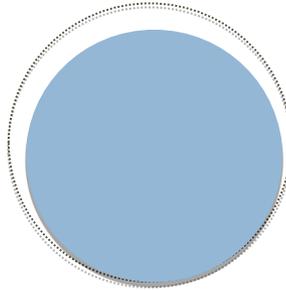
LCFS

# Low Carbon Fuel Standard (LCFS) GHG Emissions Calculations

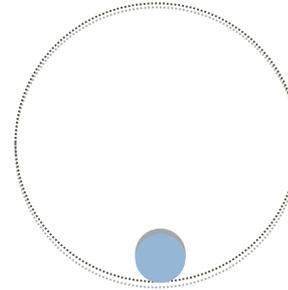
- Credits are generated against compliance curve
- Goal decrease CI of transportation fuels in CA 20% by 2030



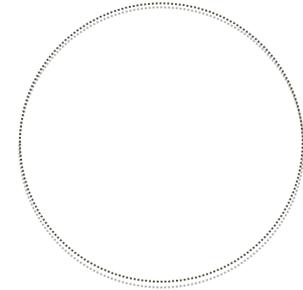
**102G**  
ULTRA LOW  
SULFUR  
DIESEL



**79G**  
COMPRESSED  
NAT GAS



**CNG**  
**48G**  
FROM  
LANDFILL



**CNG**  
**-15G**  
FROM  
DRY AD

# CER RNG Proposal

- ▶ 3-year supply deal
  - Two one-year extensions at City's option
  - 100% RNG Supply for City's volumes
  - Can accommodate City CNG station volume growth
  
- ▶ 5% RIN revenue share, paid monthly
  
- ▶ 10% Incremental LCFS revenue share, paid quarterly
  
- ▶ 100% Fossil CNG equivalent LCFS revenue, paid quarterly
  
- ▶ CI is fixed at 48 for revenue share only
  
- ▶ Sustainability marketing support

# Conclusion CNG with Better Economics

RNG is available today for 100% of the City's CNG demand



Significant additional value can be unlocked by the City by fueling with RNG instead of fossil CNG



Clean Energy Renewables is an experienced RNG provider and offers a comprehensive program for environmental credit management, recordkeeping, reporting and monetization

