Renewable Natural Gas (RNG)

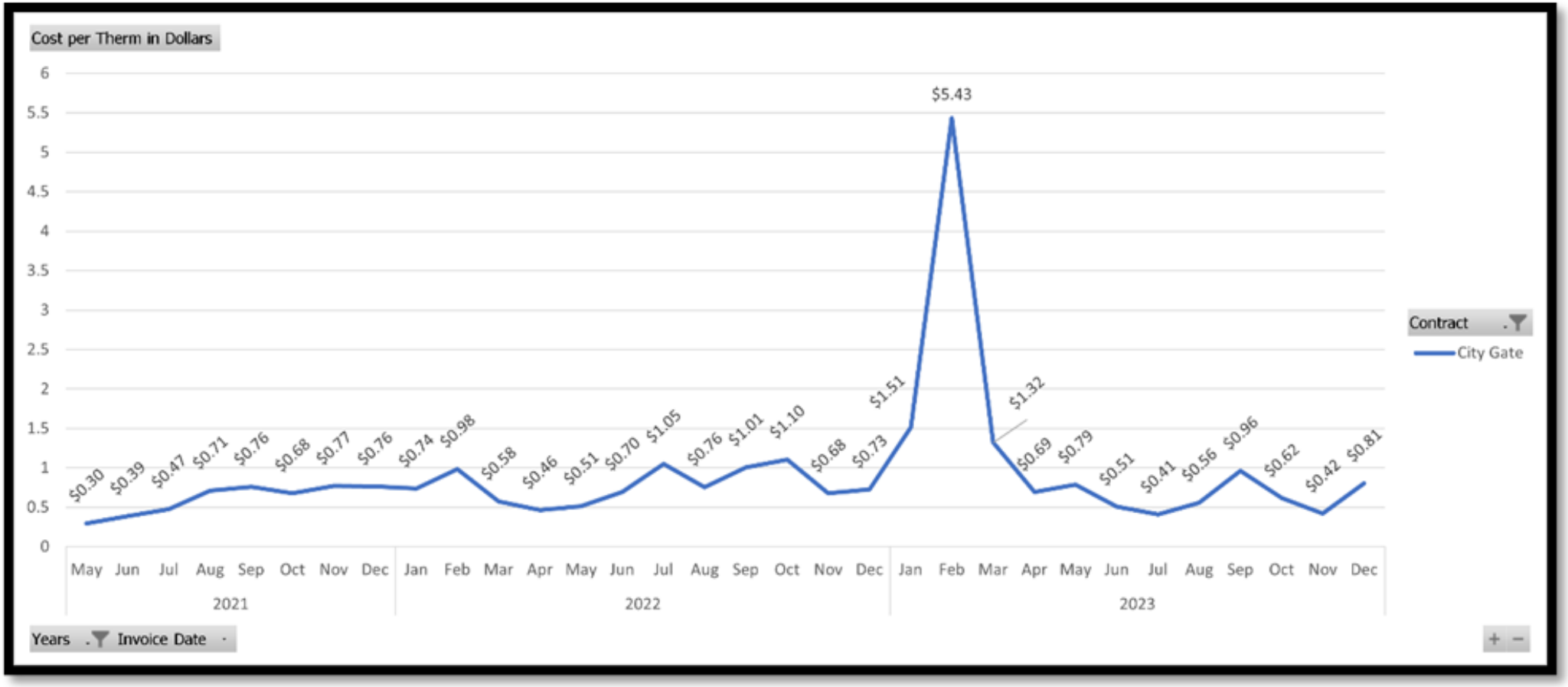
Operations, Safety, and Customer Experience
March 21, 2024

Renewable Natural Gas (RNG) - Background

- Majority of Metro's fleet of over 2,000 buses use Renewable Natural Gas (RNG)
  - Battery electric buses currently account for 50 buses and will increase to 145 buses this year
- RNG was procured under four contracts due to limited availability
  - Clean Energy contract approved in July 2017 for five bus divisions
    - Contract expiration date is July 31, 2024
  - Shell, Trillium, and Clean Energy contracts awarded in October 2020
    - Three contracts provide fuel for remaining five bus divisions
    - Contract expiration is December 31, 2025
- Spike in natural gas prices in 2023 impacted remaining Board authority

Renewable Natural Gas (RNG) – Impact to Budget Authority

- Board action required due to unprecedented spike in natural gas prices
  - Price per therm increased from $0.98 to $5.43 in 2023
  - Multi-million dollar budget impact resulted in need to act earlier than original plans



Renewable Natural Gas (RNG) – Requested Actions

- Modification to original Clean Energy contract
  - Increase contract authority by $20,204,040 and extend performance end date to December 31, 2025
  - Includes small contingency to address potential future fuel price spikes
- Modifications to three other contracts with Shell, Trillium, and Clean Energy
  - Increase contract authority by $33,360,739
  - Includes small contingency to address potential future fuel price spikes
- RNG expenditures occur on an as-needed basis
  - RNG fuel dispensed into buses each evening when buses return to divisions
  - Expenditures may be less if RNG fuel prices remain stable to current prices

Benefits of Proposed Actions

- Provides consolidated and adequate contract authority for RNG contracts through December 31, 2025
- Provides framework to procure one consolidated contract after existing contracts expire
- Allows staff to further analyze RNG needs with transition to Battery Electric Buses
  - 145 battery electric buses will be in operation in 2024
  - Modeling of RNG demand will use data from actual reductions in RNG use
  - New contracts will include provisions for continued reduction in RNG use
  - New contracts will also include provisions for future reductions in fueling station maintenance requirements

THANK YOU!