



Natural Gas Requirement

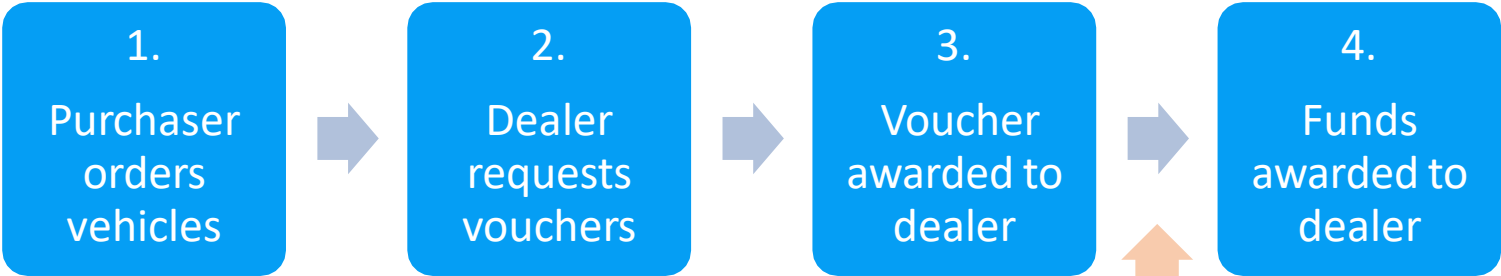
Overview

- A contract for renewable natural gas is required for HVIP-funded vehicles.
- The contract must cover 100% of planned fuel use for 3 years for HVIP funded CNG vehicles/engines.
- Customers may use contracted fuel with other fleet vehicles as well.
- For vouchers requested AFTER October 24, 2019, fleets must use 100% **California-produced** RNG.
- RNG is natural gas derived from the decomposition of organic matter, e.g. dairy manure, landfills, wastewater.
- Like fossil natural gas, RNG may be injected into the pipeline and sent to any pipeline-connected CNG or LNG station.
- In most cases, RNG is available from major suppliers; contracts are simple to put in place and cost no more than existing NG fuel.



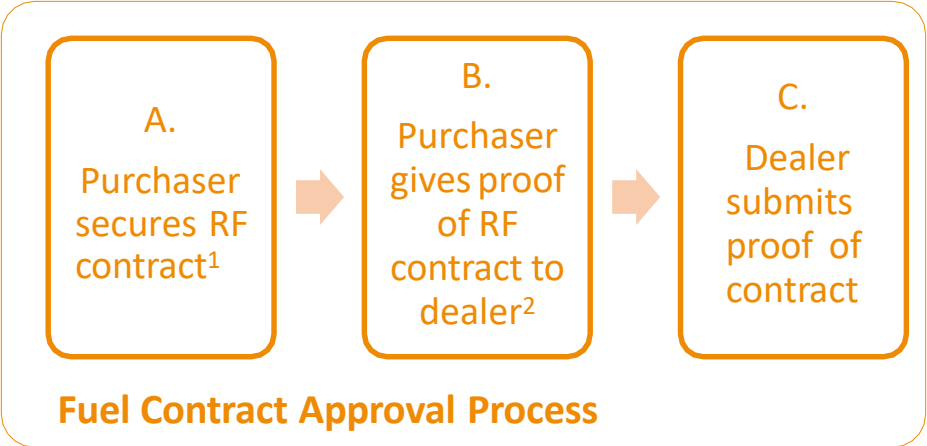
Illustrative Voucher Redemption Process

> Dealer may submit proof of purchaser’s renewable fuel contract at any time prior to voucher redemption



Vehicle Voucher Redemption Process

1 Proof of contract includes (1) copy of contract and (2) note with estimated fuel use



Roles & Responsibilities: See Implementation Manual at CaliforniaHVIP.org

Customers

- Establish contract with RF provider¹
- Submit memo noting commitment to use RF²
- Share contract and memo with dealer
- Affirm continuation of contract in yearly questionnaire

Vehicle Dealers

- Provide fleet customers information about RF requirements
- Submit customers' contract and memo when processing voucher request

RF Providers³

- Know RF program requirements and be willing to help fleets meet them
- Establish a contract with fleets to fuel 100% of demand for one or more vehicles for 3 years
- Commence delivery within 60 days



1 Sensitive terms may be redacted 2 Templates available – see slides

3 RF providers have up to one year to make up deficits between RF “ordered” and RF delivered in case of supply interruptions

Sample Memo Option 1: Simple Agreement

January 2, 2018

HVIP Administrator,

HVIP requires that vehicles purchased with Low NOx vouchers use 100% renewable fuel for three years. Pursuant to this requirement, COMPANY is purchasing NUMBER low NOx VEHICLE/ENGINE TYPE with incentive funding from Low NOx vouchers and commits to using no less than the amount of renewable natural gas (RNG) required to operate all NUMBER of the vehicles with 100% renewable natural gas for no less than three years.

Specifically, we agree to fuel our fleet with at least NUMBER diesel gallons equivalent (DGE) through DATE, which will cover the projected fuel use of all

NUMBER vehicles that we are purchasing with Low NOx vouchers (see Appendix below for details).

COMPANY has a contract in place for RNG delivery through DATE with PROVIDER NAME. The agreement number for the contract is RECORD IDENTIFIER and the contact person is NAME, PHONE, AND EMAIL. We grant the provider permission to validate our contracted and delivered RNG volumes upon your request, and they have agreed to provide the necessary information.

As a contingency measure for unexpected shortfalls or gaps in RNG delivery, if our fuel provider is unable to supply the complete amount of RNG required to operate all NUMBER vehicles for three years, we will make up the remaining amount through additional deliveries to be used within our fleet as soon as possible, and the total volume of RNG will be fully delivered by the end of year three.

Should COMPANY purchase additional Low NOx vehicles covered under the 100% RNG requirement, we will provide an updated memo that outlines our compliance with the requirement.

Signed,

Name
Address
City, CA, Zip Code
Phone

Appendix: Estimated Fuel Required:

Appendix: Estimated Fuel Required:

A. Vehicle type	B. Expected annual RNG fuel per vehicle (DGE)	C. Quantity of vehicles/ vouchers	D. Expected annual RNG fuel use subtotal (DGE) (column B x C)	E. Expected annual RNG fuel use over three years (DGE) (column D x 3)
Xpeditor E3	10,000	2	20,000	60,000
Autocar 4x2	12,000	3	36,000	108,000
Total RNG to be supplied and used over 3 years (DGE)				168,000



Sample Memo Option 2: Two Phase Agreement¹

January 2, 2018

HVIP Administrator,

HVIP requires that vehicles purchased with Low NOx vouchers use 100% renewable fuel for three years. Pursuant to this requirement, COMPANY is purchasing NUMBER of low NOx refuse haulers with incentive funding from Low NOx vouchers and commits to using no less than the amount of renewable natural gas (RNG) required to operate all NUMBER of the vehicles with 100% renewable natural gas for no less than three years.

Specifically, we agree to fuel our fleet with at least NUMBER diesel of gallons equivalent (DGE) through DATE, which will cover the projected fuel use of all NUMBER vehicles that we are purchasing with Low NOx vouchers (see Appendix below for details) and an additional NUMBER vehicles that are not required to use RNG. Our commitment will be met as follows:

Period of DATE – DATE – Current Contract

Currently, COMPANY has a contract in place for RNG delivery through DATE. We expect to use over NUMBER DGE of compressed natural gas (CNG) in 2017, with more than PERCENTAGE from RNG. While our contract does not specify a RNG content requirement, we expect the share of RNG to be at least PERCENTAGE since over PERCENTAGE of CNG delivered since DATE was from RNG, and our current provider has stipulated that the share is expected to remain stable.

Our current RNG provider is PROVIDER NAME. The agreement number for the contract is RECORD IDENTIFIER and the contact person is NAME, PHONE, AND EMAIL. We grant the provider permission to validate our contracted and delivered RNG volumes upon your request, and they have agreed to provide the necessary information.

Period of DATE – DATE – Subsequent Contract

Immediately following the end of our current contract in DATE, we expect to commence a new contract that will cover a similar level (or more) of RNG and which will cover our RNG commitment through the remainder of the 3-year period required (DATE). We will provide an update on the terms of the contract once the contract is finalized.

As a contingency measure for unexpected shortfalls or gaps in RNG delivery, for all periods above, if our fuel provider is unable to supply the complete amount of RNG required to operate all NUMBER vehicles for three years, we will make up the remaining amount through additional deliveries to be used within our fleet as soon as possible, and the total volume of RNG will be fully delivered by the end of year three.

Should COMPANY purchase additional Low NOx vehicles covered under the 100% RNG requirement, we will provide an updated memo that outlines our compliance with the requirement.

Signed,

Name
Address
City, CA, Zip Code
Phone

1 This “two-phase agreement” could be used in a case where the customer has an existing RNG agreement in place that will serve part of the RF commitment, but the customer will need an additional contract to meet requirements for the full 3 years

Appendix: Estimated Fuel Required:

A. Vehicle type	B. Expected annual RNG fuel per vehicle (DGE)	C. Quantity of vehicles/ vouchers	D. Expected annual RNG fuel use subtotal (DGE) (column B x C)	E. Expected annual RNG fuel use over three years (DGE) (column D x 3)
Xpeditor E3	10,000	2	20,000	60,000
Autocar 4x2	12,000	3	36,000	108,000
Total RNG to be supplied and used over 3 years (DGE)				168,000

