

BOARD MEETING DATE: March 4, 2016

AGENDA NO. 3

PROPOSAL: Execute Contract to Cost-Share Alternative Fuel Station Expansion 

SYNOPSIS: Ontario CNG Station, Inc. (Ontario CNG) is a comprehensive public access fueling facility located at a busy intersection adjacent to the Ontario International Airport and I-10 corridor. It is a conventional, continuously manned fueling station with a car wash and convenience store that provides petroleum- and bio-based and CNG fuels and is developing on-site produced hydrogen fuel and electric vehicle charging. The significant CNG fueling demand at this location is currently supplied by a single compressor, placing a burden on its users which include school bus and long-haul goods movement vehicle operators. This action is to execute a contract with Ontario CNG in an amount not to exceed \$200,000 from the Clean Fuels Fund (31) to cost-share the expansion of the CNG station.

COMMITTEE: Technology, February 19, 2016; Recommended for Approval

RECOMMENDED ACTION:

Authorize the Chairman to execute a contract with Ontario CNG Station, Inc. to cost-share the expansion of their public access station in an amount not to exceed \$200,000 from the Clean Fuels Fund (31).

Barry R. Wallerstein, D.Env.
Executive Officer

MMM:HH:DKS:DRC:PMB

Background

Ontario CNG Station, Inc. (Ontario CNG) is a public access fueling facility located at a busy intersection adjacent to the Ontario International Airport and the I-10 freeway corridor. The station, a Circle K convenience store, and an express car wash are all situated on 53,000 square feet of property owned by Ontario CNG. The facility provides conventional petroleum fuel, biofuel, bio-diesel and CNG fuel and is currently

designing and planning for the installation of: an on-site electrolysis system to produce and dispense hydrogen, three electric vehicle fast charging ports, and 9,000 square feet of electric photovoltaic solar panels on the two canopies covering the vehicle fueling dispensers. The convenience store is manned 24/7 which provides CNG vehicle operators with an added sense of security which is not typical of retail CNG stations. The large area and multiple fueling island design of the station provides easy access to motorists, particularly long-haul tractor trailer rigs. The station is constructed with four fueling islands, two of which are dedicated CNG. One island is currently in service and employs two CNG dispensers each with two fueling hoses and nozzles rated at 3600 and 3000 psig. The station is currently dispensing 50,000 to 70,000 GGE per month of CNG using a single compressor and 57,000 scf of on-site storage. Ontario CNG was previously awarded \$150,000 in funding from the Mobile Source Air Pollution Reduction Review Committee (MSRC) to expand CNG fueling capacity.

Proposal

This action is to execute a contract with Ontario CNG to cost-share the expansion of CNG fueling capacity and capability at their alternative and conventional fueling station in Ontario, California, in an amount not to exceed \$200,000 from the Clean Fuels Fund (31). The proposed expansion will double the current CNG fueling capacity at this station resulting in faster and more efficient refueling for CNG vehicle operators and is expected to further the deployment of a growing number of natural gas vehicles and fleets, in particular heavy-duty CNG-powered vehicles.

The project will include the purchase and installation of a new compressor, two fast-fill dispensers each with two 3600 psig fuel hoses and nozzles, additional CNG storage, and a new electric transformer. The two new CNG dispensers and nozzles will be located on the second CNG fueling island to specifically accommodate long range tractor trailer heavy-duty vehicles which typically have 150 GGE of on-board storage. Two nozzles, one on each dispenser, will have a larger fuel dispensing diameter to allow faster fueling than conventional nozzles. The expected result of this station design and equipment selection is a faster and more efficient refueling experience for all CNG vehicle operators. On-site fuel storage is expected to increase from 245 to 355 GGE of useable fuel. This project will also require that Ontario CNG secure a minimum of 240,000 GGE of renewable natural gas (RNG) annually for three years and demonstrate a closed loop dispensary and storage technology.

Sole Source Justification

Section VIII.B.2 of the Procurement Policy and Procedure identifies four major provisions under which a sole source award may be justified. This request for sole source award is made under provision B.2.d.: Other circumstances exist which in the determination of the Executive Officer require such waiver in the best interest of the SCAQMD. Specifically, these circumstances are B.2.d.(1): Project involving cost-

sharing by multiple sponsors. Ontario CNG has secured cost-sharing from MSRC and is contributing its own significant financial and in-kind resources for the expansion of CNG fueling capabilities at this location.

Benefits to SCAQMD

The expanded use of CNG fuel, and particularly RNG, will displace petroleum-based fuels, reduce criteria pollutants and significantly reduce GHG emissions. Further expansion of CNG fueling capabilities at this station will support the expansion of CNG vehicles and improve vehicle refueling efficiencies by reducing vehicle refueling time. CNG-powered vehicles and next generation ultra-low NOx heavy-duty natural gas-powered vehicles are expected to produce significantly lower NOx emissions relative to conventional-fueled vehicles and help meet near-zero transportation emission objectives in this region. CNG-powered vehicles using RNG will displace the use of petroleum-powered vehicles and help displace fossil-based natural gas and the transmission-related impacts from out-of-state produced natural gas and its transportation and pipeline distribution. This proposed project is included in the *Technology Advancement Office Clean Fuels Program 2015 Plan Update* under the category of “Infrastructure and Deployment” as “Demonstrate Natural Gas Manufacturing and Distribution Technologies including Renewables.”

Resource Impacts

SCAQMD’s total cost-share for the project shall not exceed \$200,000 from the Clean Fuels Fund (31). Project cost shares are as follows:

Funding Sources	Funding Amount	Percent
Ontario CNG Station, Inc.	\$448,535	56%
MSRC	\$150,000	19%
SCAQMD (<i>requested</i>)	\$200,000	25%
Total	\$798,535	100%

Sufficient funds are available from the Clean Fuels Fund, established as a special revenue fund resulting from the state-mandated Cleans Fuels Program. The Clean Fuels Program, under Health and Safety Code Sections 40448.5 and 40512 and Vehicle Code Section 9250.11, establishes mechanisms to collect revenues from mobile sources to support projects to increase the utilization of clean fuels, including the development of the necessary advanced enabling technologies. Funds collected from motor vehicles are restricted, by statute, to be used for projects and program activities related to mobile sources that support the objectives of the Clean Fuels Program.