



South Coast Air Quality Management District

21865 Copley Drive, Diamond Bar, CA 91765-4178
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TECHNOLOGY COMMITTEE MEETING

Committee Members

Council Member Joe Buscaino, Chair
Supervisor Lisa Bartlett
Board Member Gideon Kracov
Council Member Judith Mitchell
Council Member Carlos Rodriguez

May 15, 2020 ♦ 12:00 p.m.

Pursuant to Governor Newsom's Executive Orders N-25-20 (March 12, 2020) and N-29-20 (March 17, 2020), the South Coast AQMD Technology Committee meeting will only be conducted via video conferencing and by telephone. Please follow the instructions below to join the meeting remotely.

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AGENDA

Members of the public may address this body concerning any agenda item before or during consideration of that item (Gov't. Code Section 54854.3(a)). If you wish to speak, raise your hand on Zoom or press Star 9 if participating by telephone. All agendas for regular meetings are posted at South Coast AQMD Headquarters, 21865 Copley Drive, Diamond Bar, California, at least 72 hours in advance of the regular meeting. Speakers may be limited to three (3) minutes each.

CALL TO ORDER

ACTION ITEMS – Items 1-3:

1. Recognize Revenue and Reimburse General Fund for Administrative Costs for Enhanced Fleet Modernization Program

Tom Lee
Program Supervisor

(Motion Requested)

Since 2015, the South Coast AQMD has been implementing an Enhanced Fleet Modernization Program (EFMP), branded as Replace Your Ride. For FY 2018-19, CARB has allocated an additional \$14 million in Low Carbon Transportation funds to the South Coast AQMD for the continued implementation of the EFMP Plus-Up Program and to update the alternative mobility options for consistency with SB 400 and assist with development of CARB's One-Stop-Shop Pilot Project. For FY 2019-20, CARB has also allocated \$1.4 million in AB 118 funds to the South Coast AQMD for the continued implementation of the EFMP Base Program. These actions are to: 1) recognize \$15.4 million from CARB for the EFMP Plus-Up and Base Programs; 2) approve vouchers or other alternative mobility options, including those consistent with SB 400, until all available funds are exhausted and support development of CARB's One-Stop-Shop Pilot Project; and 3) reimburse the General Fund for administrative costs necessary to implement the EFMP.

2. Execute Contract for Commercial Experience Demonstration of Heavy-Duty Electric Trucks

Phil Barroca
Program Supervisor

(Motion Requested)

In July 2018, the Board approved more than \$13 million in funding with \$2.5 million in cost-share from U.S. EPA and the San Pedro Bay Ports for Daimler Trucks North America LLC (DTNA) to develop and demonstrate 20 heavy-duty electric trucks and fast charge infrastructure with two fleets in the South Coast region. In July 2019, the Board recognized \$4.177 million in U.S. EPA Targeted Airshed Grant funds and approved a \$4.01 million contract with DTNA for a second project to build and deploy 35 commercial-ready heavy-duty battery electric trucks and fast charge infrastructure for delivery fleets in the South Coast region. Currently, DTNA proposes to develop a Commercial Experience project to demonstrate heavy-duty battery electric trucks with 12-18 fleets to accelerate customer orders for commercial product. This action is to execute a contract with DTNA to demonstrate up to 8 heavy-duty battery electric trucks and transportable fast-charging infrastructure in an amount not to exceed \$1,000,000 from the Clean Fuels Program Fund (31).

3. Amend Contract for Kore Infrastructure Project

Phil Barroca

(Motion Requested)

In January 2020, the Board approved a contract amendment for Kore Infrastructure LLC (Kore) for a Renewable Natural Gas Commercial Field Test project, including construction of a pyrolysis system on SoCalGas property in Los Angeles. The project is to test various biomass feedstocks for commercial production of renewable natural gas. This action is to amend the contract with Kore to extend the deadline to complete construction, commissioning and testing efforts to December 31, 2020.

OTHER MATTERS:

4. Other Business

Any member of the Committee, or its staff, on his or her own initiative or in response to questions posed by the public, may ask a question for clarification, may make a brief announcement or report on his or her own activities, provide a reference to staff regarding factual information, request staff to report back at a subsequent meeting concerning any matter, or may take action to direct staff to place a matter of business on a future agenda. (Gov't. Code Section 54954.2)

5. Public Comment Period

At the end of the regular meeting agenda, an opportunity is provided for the public to speak on any subject within the Committee's authority that is not on the agenda. Speakers may be limited to three (3) minutes each.

6. Next Meeting Date

Friday, June 19, 2020 at 12:00 pm

ADJOURNMENT

Document Availability

All documents (i) constituting non-exempt public records, (ii) relating to an item on an agenda for a regular meeting, and (iii) having been distributed to at least a majority of the Committee after the agenda is posted, are available by contacting Alejandra Vega at (909) 396-2264, or send the request to avega@aqmd.gov.

Americans with Disabilities Act and Language Accessibility

Disability and language-related accommodations can be requested to allow participation in the Technology Committee meeting. The agenda will be made available, upon request, in appropriate alternative formats to assist persons with a disability (Gov't Code Section 54954.2(a)). In addition, other documents may be requested in alternative formats and languages. Any disability or language-related accommodation must be requested as soon as practicable. Requests will be accommodated unless providing the accommodation would result in a fundamental alteration or undue burden to South Coast AQMD. Please contact Alejandra Vega at 909.396.2264 from 7:30 a.m. to 6:00 p.m., Tuesday through Friday, or send the request to avega@aqmd.gov.

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As an attendee, you will have the opportunity to virtually raise your hand and provide public comment.

Before joining the call, please silence your other communication devices such as your cell or desk phone. This will prevent any feedback or interruptions during the meeting.

Please note: During the meeting, all participants will be placed on Mute by the host. You will not be able to mute or unmute your lines manually.

After each agenda item, the Chairman will announce public comment.

A countdown timer will be displayed on the screen for each public comment.

If interpretation is needed, more time will be allotted.

Once you raise your hand to provide public comment, your name will be added to the speaker list. Your name will be called when it is your turn to comment. The host will then unmute your line.

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- If you would like to make a public comment, please click on the **“Raise Hand”** button on the bottom of the screen.
- This will signal to the host that you would like to provide a public comment and you will be added to the list.

Directions for Video Zoom on a SMARTPHONE:

- If you would like to make a public comment, please click on the **“Raise Hand”** button on the bottom of your screen.
- This will signal to the host that you would like to provide a public comment and you will be added to the list.

Directions for TELEPHONE line only:

- If you would like to make public comment, please **dial *9** on your keypad to signal that you would like to comment.

Technology Committee Agenda #1

BOARD MEETING DATE: June 5, 2020

AGENDA NO.

PROPOSAL: Recognize Revenue and Reimburse General Fund for Administrative Costs for Enhanced Fleet Modernization Program

SYNOPSIS: Since 2015, the South Coast AQMD has been implementing an Enhanced Fleet Modernization Program (EFMP), branded as Replace Your Ride. For FY 2018-19, CARB has allocated an additional \$14 million in Low Carbon Transportation funds to the South Coast AQMD for the continued implementation of the EFMP Plus-Up Program and to update the alternative mobility options for consistency with SB 400 and assist with development of CARB's One-Stop-Shop Pilot Project. For FY 2019-20, CARB has also allocated \$1.4 million in AB 118 funds to the South Coast AQMD for the continued implementation of the EFMP Base Program. These actions are to: 1) recognize \$15.4 million from CARB for the EFMP Plus-Up and Base Programs; 2) approve vouchers or other alternative mobility options, including those consistent with SB 400, until all available funds are exhausted and support development of CARB's One-Stop-Shop Pilot Project; and 3) reimburse the General Fund for administrative costs necessary to implement the EFMP.

COMMITTEE: Technology, May 15, 2020; Recommended for Approval

RECOMMENDED ACTIONS:

1. Recognize, upon receipt, \$15.4 million from CARB (including \$14 million from Grant #G18-PLUS-01 Amendment 1 and \$1.4 million from Grant #G19-EFMP-01) into the HEROS II Special Revenue Fund (56) for the EFMP;
2. Authorize the Executive Officer to approve vouchers or other alternative mobility options, including those consistent with SB 400, for the continued implementation of the EFMP Plus-Up and Base incentives until all funds are exhausted and support development of CARB's One-Stop-Shop Pilot Project; and

3. Reimburse the General Fund up to \$1.54 million (or up to 10% of both grant awards) from the HEROS II Special Revenue Fund (56) as authorized by the grant agreements for administrative costs necessary to implement the EFMP.

Wayne Nasti
Executive Officer

MMM:NB:VW:TL

Background

Since 2015, the South Coast AQMD has been implementing an Enhanced Fleet Modernization Program (EFMP), branded as Replace Your Ride, which is authorized by the AB 118 California Alternative and Renewable Fuel, Vehicle Technology, Clean Air, and Carbon Reduction Act of 2007 (Health and Safety Code Sections 44124-44127). The South Coast AQMD's Replace Your Ride Program is a vehicle retire and replacement program, which provides incentives to lower income motorists to scrap and replace their older, high-emitting vehicles with newer, cleaner models or other clean transportation options. The EFMP Plus-Up, which has been primarily funded through the Low Carbon Transportation Greenhouse Gas Emission Reduction Fund (GGRF), provides additional funds beyond the EFMP Base Program for qualified vehicle owners that reside in disadvantaged communities.

Since its inception, the South Coast AQMD has provided \$50.5 million in EFMP funding for the replacement of over 6,400 older passenger vehicles with newer fuel-efficient conventional vehicles, hybrid electric vehicles, plug-in hybrid electric vehicles and zero emission vehicles. Approximately 93 percent of the vouchers have been issued to participants residing in disadvantaged communities, and 88 percent of the participants have been in the lowest poverty level. The EFMP is achieving its goal of replacing the oldest and dirtiest light-duty passenger vehicles on the road--the average scrapped vehicle is 20 years old with 180,000 miles.

In June 2019, the Board recognized revenue to assist with development of CARB's One-Stop-Shop Pilot Project, which is a new project to increase awareness of low-income residents by expanding education and outreach on the state's clean transportation and mobility options. One of the key tasks of this project is to develop and maintain a single application for low-income consumers to apply and qualify for CARB's Low Carbon Transportation Equity projects, which includes the South Coast AQMD's Replace Your Ride Program.

In September 2019, Senate Bill 400 (Umberg) was chaptered, expanding the state's incentive for turning in old, polluting cars to include e-bikes and bikesharing as mobility options.

In November 2019, the Board recognized \$12 million in revenue from CARB for the FY 2018-19 EFMP. Based on the success and demand of South Coast AQMD's Replace Your Ride Program, CARB has allocated the South Coast AQMD an additional \$14 million in FY 2018-19 Low Carbon Transportation funds for the continued implementation of the EFMP Plus-Up Program.

For FY 2019-20, CARB has allocated \$1.4 million in AB 118 funds to South Coast AQMD for the continued implementation of the EFMP Base Program. The additional funding will enable the continuation of the EFMP Base Program while offering eligible participants alternatives in replacement vehicle technologies.

Proposal

This action is to recognize \$15.4 million from CARB into the HEROS II Special Revenue Fund (56) for the continued implementation of the South Coast AQMD's Replace Your Ride Program. This revenue includes award providing an additional \$14 million for the FY 2018-19 EFMP Plus-Up Program and \$1.4 million for the FY 2019-20 EFMP Base Program. This action is to also authorize the Executive Officer to approve vouchers or other alternative mobility options, including e-bikes and bikesharing per SB 400 and support development of CARB's One-Stop-Shop Pilot Project, as allowed by these grants, until all funds are fully exhausted.

This action is to also reimburse the General Fund up to \$1.54 million (or up to 10% of both grant amounts) from the HEROS II Special Revenue Fund (56) for administrative and outreach costs necessary to implement the program.

Benefits to South Coast AQMD

Replace Your Ride will continue to provide incentives to qualifying lower income vehicle owners, including those residing in disadvantaged communities, and provide emissions reduction benefits to these communities and throughout the region.

Implementing SB 400 will provide participants with additional clean transportation options in lieu of a replacement vehicle. South Coast AQMD's support in developing CARB's One-Stop-Shop is expected to increase awareness of the Replace Your Ride Program and inform potential applicants of other state incentives that may be available to them.

Resource Impacts

The revenue, comprised of \$14 million in additional FY 2018-19 EFMP Plus-Up funds (Grant #G18-PLUS-01 Amendment 1) and \$1.4 million in EFMP Base funds (Grant #G19-EFMP-01), will be recognized into the HEROS II Special Revenue Fund (56). Reimbursement of the General Fund for administrative costs will not exceed \$1.54 million (or up to 10% of both grant amounts).

Agenda Item #1

Tom Lee

Recognize Revenue and Reimburse
General Fund for Administrative Costs
for Enhanced Fleet Modernization Program

Background

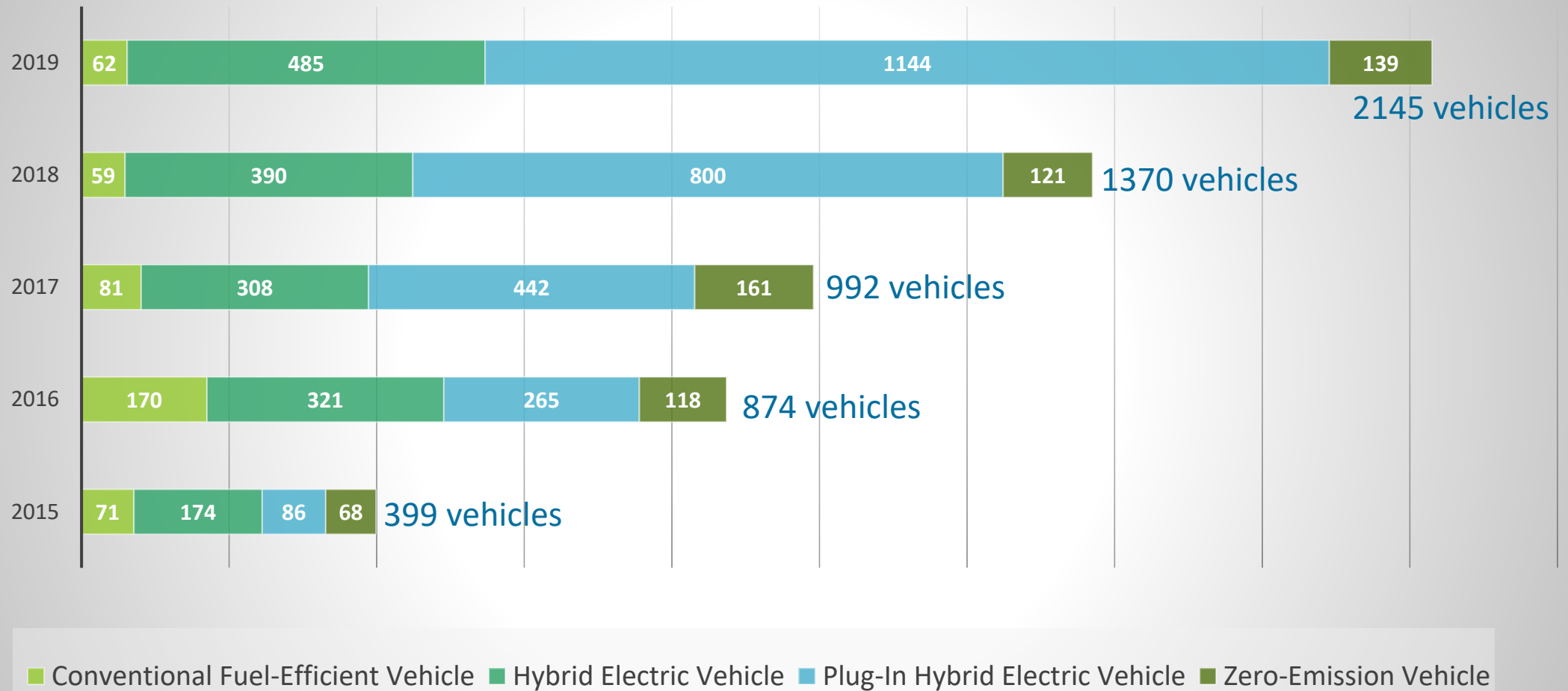


Initiated in 2015, the Enhanced Fleet Modernization Program (EFMP), branded as “Replace Your Ride”, has achieved

- Over 6,400 vouchers for \$50.5M
- 64% are PHEV and zero emission vehicles; remainder are hybrids and high MPG gasoline vehicles
- Average scrapped vehicles – 180,000 miles, 20 years old
- 88% participants lowest poverty level – highest incentive
- 93% of participants in a disadvantaged community



Replacement Vehicle Technologies



Proposal

- Recognize revenue from CARB
 - Additional FY 2018-19 EFMP Plus-Up Program (\$14M)
 - FY 2019-20 EFMP Base Program (\$1.4M)
- Authorize Executive Officer to
 - Approve vouchers/other alternative mobility options
 - Implement SB 400 (e-bikes/bikesharing) for alternative mobility
 - Assist in development of One-Stop-Shop
- Reimburse General Fund for administrative costs to implement the EFMP Plus-Up and Base Programs (up to 10% of the grant awards)



Recommended Actions

- Recognize \$15.4M from CARB into the HEROS II Special Revenue Fund (56) for the EFMP Plus-Up and Base Programs
- Authorize the Executive Officer to
 - Approve vouchers or other alternative mobility options
 - Expand alternative mobility options consistent with SB 400
 - Support the development of One-Stop-Shop
- Reimburse the General Fund up to \$1.54M from Fund 56 for administrative costs allowed by both grant

Technology Committee Agenda #2

BOARD MEETING DATE: June 5, 2020

AGENDA NO.

PROPOSAL: Execute Contract for Commercial Experience Demonstration of Heavy-Duty Electric Trucks

SYNOPSIS: In July 2018, the Board approved more than \$13 million in funding with \$2.5 million in cost-share from U.S. EPA and the San Pedro Bay Ports for Daimler Trucks North America LLC (DTNA) to develop and demonstrate 20 heavy-duty electric trucks and fast charge infrastructure with two fleets in the South Coast region. In July 2019, the Board recognized \$4.177 million in U.S. EPA Targeted Airshed Grant funds and approved a \$4.01 million contract with DTNA for a second project to build and deploy 35 commercial-ready heavy-duty battery electric trucks and fast charge infrastructure for delivery fleets in the South Coast region. Currently, DTNA proposes to develop a Commercial Experience project to demonstrate heavy-duty battery electric trucks with 12-18 fleets to accelerate customer orders for commercial product. This action is to execute a contract with DTNA to demonstrate up to 8 heavy-duty battery electric trucks and transportable fast-charging infrastructure in an amount not to exceed \$1,000,000 from the Clean Fuels Program Fund (31).

COMMITTEE: Technology, May 15, 2020; Recommended for Approval

RECOMMENDED ACTION:

Authorize the Chairman to execute a contract with DTNA to develop and demonstrate up to 8 heavy-duty battery electric trucks and transportable fast-charging infrastructure in an amount not to exceed \$1,000,000 from the Clean Fuels Program Fund (31).

Wayne Nastri
Executive Officer

Background

Daimler Trucks North America LLC (DTNA), the world's leader in heavy-duty truck sales, and the South Coast AQMD are working collaboratively on two heavy-duty battery electric truck projects to develop, demonstrate and deploy Class 6 and Class 8 vehicles in the South Coast Air Basin. In July 2018, the Board approved more than \$13 million in funding with \$2.5 million in cost-share from U.S. EPA and the San Pedro Bay Ports for DTNA to develop and demonstrate 20 heavy-duty battery electric trucks and fast-charge infrastructure with two fleet operators in the South Coast Air Basin. This project, which is expected to continue throughout 2021, has resulted in the commissioning of fifteen Class 8 eCascadia models, five Class 6 eM2 trucks and more than 2.5 MW in total DC fast-charging infrastructure. The two demonstration partners under this project have collectively accrued over 100,000 miles on these vehicles.

In July 2019, the Board recognized \$4,177,083 in U.S. EPA Targeted Airshed Grant funds for DTNA to build and deploy 35 commercial-ready Class 6 and Class 8 battery electric trucks and fast-charge infrastructure for demonstration and long-term deployment by fleets in the South Coast region. This project includes anticipated cost-share of \$5 million from CARB's Hybrid and Zero-Emission Truck and Bus Voucher Incentive Project (HVIP) and \$240,000 from SCE's Charge Ready Transport funds. The vehicles to be developed and deployed by DTNA in this project represent DTNA's first commercial-ready heavy-duty battery electric vehicles, including refrigerated food transportation applications, and will continue to receive DTNA support following the demonstration efforts. The first of these commercial-ready vehicles is anticipated for deployment toward the end 2021. Fleet operators participating in this project are expected to continue operating these vehicles beyond the project term.

Proposal

DTNA currently proposes to develop a Commercial Experience (CX) project to build six Class 8 eCascadia and two Class 6 eM2 electric trucks and demonstrate them with 12-18 fleets as a part of DTNA's CX Fleet. The Bay Area AQMD is also participating in this project under a separate contract with DTNA, which will support the demonstration of these battery electric trucks in the Bay Area.

These 8 battery electric trucks will be delivered to a select group of fleets participating in this project under separate contracts with DTNA, which will support the demonstration of these 12-18 DTNA customers, representing some of the largest trucking companies in North America, for short-term, real-world demonstrations lasting between 2 to 9 months per demonstration. The CX Fleet project is intended to accelerate scaled volume orders of commercially viable zero emission trucks within the next two to three years. Several of the largest fleet operators in North America will be able to experience first-hand, the technical, operational and economic viability of zero emission trucks in their own daily operations.

Charging of the CX Fleet trucks will be accomplished using an innovative, skid-mounted, transportable DC fast-charging system with a minimum charging capacity of 62.5 kW. DTNA is working to secure up to \$500,000 from SCE and PG&E to assist in the cofunding of the innovative transportable heavy-duty DC chargers. DTNA expects that this transportable fast-charging approach will assist in the execution of the CX Fleet project concept and will showcase a new, pioneering way to facilitate early adoption of medium- and heavy-duty electric fleet vehicles.

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. The request for a sole source award for this project is made under provision B.2.d.(1): Projects involving cost-sharing by multiple sponsors. This development and demonstration project will be cost-shared by Bay Area AQMD and DTNA. Additional cost-sharing is actively being sought, including cofunding from SCE and PG&E.

Benefits to South Coast AQMD

South Coast AQMD's Clean Fuels Program supports development and demonstration of zero emission electric transportation powered by batteries for goods movement technologies. The South Coast AQMD also supports a number of activities directed toward the commercialization of electric vehicles and associated infrastructure. This proposed project is included in the *Technology Advancement Office Clean Fuels Program 2020 Plan Update* under "Develop and Demonstrate Medium- and Heavy-Duty On-Road and Off-Road Battery Electric and Hybrid Technologies" and "Develop and Demonstrate Electric Charging Infrastructure."

Resource Impacts

The total cost for the Daimler CX Project is approximately \$6.8 million. South Coast AQMD's contract with DTNA will not exceed \$1 million from the Clean Fuels Program Fund (31). Bay Area AQMD is expected to contribute \$322,500 through a direct contract with DTNA. The funding sources and partners for this project are identified in the following table:

Funding Source	Amount	Percent
DTNA	\$4,919,500	73
Bay Area AQMD	\$322,500	5
SCE and PG&E*	\$500,000	7
South Coast AQMD (<i>requested</i>)	\$1,000,000	15
Total	\$6,742,000	100

*Cofunding from SCE and PG&E are not yet confirmed; DTNA has committed to the full cofunding of \$5,419,500

Sufficient funds are available in the Clean Fuels Program Fund (31). The Clean Fuels Fund was established as a special revenue fund resulting from the state-mandated Clean 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.

Agenda Item #2

Phil Barroca

Execute Contract for Commercial Experience
Demonstration of Heavy-Duty Electric Trucks

Background

- In July 2018, the Board approved \$13M to cost-share the Daimler Zero Emission Trucks and EV Infrastructure project, with \$2.5M cost-share from the Ports and U.S. EPA
 - Five Class 6 eM2
 - Fifteen Class 8 eCascadia
 - 2.5 MW DC fast charging
 - Penske Truck Leasing & NFI Logistics
- Contract executed December 2018
- Vehicles deployed Q3/2019-Q1/2020



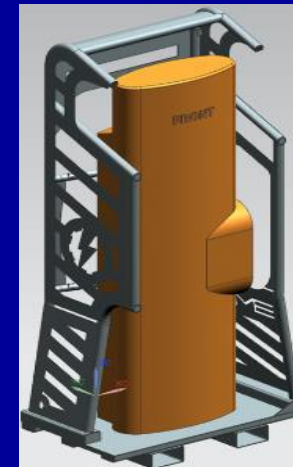
Background (cont'd)

- In July 2019, the Board recognized \$4.117M in U.S. EPA Airshed funds and approved a \$4.01M contract with Daimler Trucks North America (DTNA)
- DTNA to demonstrate 35 commercial-ready heavy-duty electric trucks with four major fleets
 - Fifteen Class 6 eM2
 - Twenty Class 8 eCascadia
 - US Foods, JB Hunt, Ryder & Schneider
 - Fast-charge infrastructure
- Contract pending execution of U.S. EPA revenue agreement
- Vehicle deployment Q4/2021–Q2/2022



Proposal

- Commercial Experience (CX) Project
- Accelerate scaled volume orders of commercial products by two to three years
- Vehicles
 - Two Class 6 eM2
 - Six Class 8 eCascadia
- 12–18 major fleets through 2021 in South Coast and Bay Area regions
- Transportable fast-charging infrastructure
 - Innovative portable system
 - May facilitate early adoption of electric vehicles



DTNA Projects in South Coast

Project / Cost-Share Partners / Board Action / Fleet Participation Levels	Demonstration Vehicles by Weight Class Deployment / Demonstration Period
Pre-commercial: U.S. EPA/POLA/POLB <ul style="list-style-type: none"> • July 2018 • Battery-electric truck (BET) development and demonstration • Two fleets 	Five Class 6 & Fifteen Class 8 August 2019 through Q2/2022
Pre-commercial-CX: BAAQMD/SCE/PG&E/HVIP <ul style="list-style-type: none"> • June 2020 • BET demonstration • 12-18 fleets 	Two Class 6 & Six Class 8 October 2020 through Q2/2022
Commercial-ready: U.S. EPA <ul style="list-style-type: none"> • July 2019 • Commercial-ready BET development and demonstration • Four fleets 	Fifteen Class 6 & Twenty Class 8 June 2021 through 2024

Proposed Project Costs

Funding Source	Funding Amount	Percent
DTNA	\$4,919,500	73
Bay Area AQMD	\$322,500	5
SCE/PG&E*	\$500,000	7
South Coast AQMD (<i>requested</i>)	\$1,000,000	15
TOTAL	\$6,742,000	100

*not yet confirmed

Recommended Action

Execute contract with DTNA for CX project to in an amount not to exceed \$1,000,000 from the Clean Fuels Program Fund (31)

Technology Committee Agenda #3

BOARD MEETING DATE: June 5, 2020

AGENDA NO.

PROPOSAL: Amend Contract for Kore Infrastructure Project

SYNOPSIS: In January 2020, the Board approved a contract amendment for Kore Infrastructure LLC (Kore) for a Renewable Natural Gas Commercial Field Test project, including construction of a pyrolysis system on SoCalGas property in Los Angeles. The project is to test various biomass feedstocks for commercial production of renewable natural gas. This action is to amend the contract with Kore to extend the deadline to complete construction, commissioning and testing efforts to December 31, 2020.

COMMITTEE: Technology, May 15, 2020; Recommended for Approval

RECOMMENDED ACTION:

Authorize the Chairman to amend the contract with Kore Infrastructure LLC to extend the deadline to complete construction, commissioning and testing efforts to December 31, 2020.

Wayne Nastri
Executive Officer

MMM:NB:JI:PMB

Background

In January 2020, the Board approved a contract amendment providing a six-month extension of a milestone for Kore Infrastructure LLC (Kore) for a Renewable Natural Gas Commercial Test project, which included construction of a pyrolysis system on SoCalGas property in Los Angeles. The six-month extension provided additional time for this project, which is to test various biomass feedstocks for commercial production of renewable natural gas, to complete construction, commissioning and testing efforts through June 30, 2020. Since that time, Kore had continued to make modest gains in completing the project until March when the COVID-19 pandemic impacted further

progress. Following is a summary of the impacts incurred to this project due to the COVID-19 pandemic.

Engineering and Manufacturing

Kore's engineers and engineering contractors continue to perform their work segregated in their homes. Subcontract engineers are also continuing to work through the pandemic performing structural calculations and automation and control system programming. Although most suppliers of construction materials are operating regular or reduced hours, supplies originating in China or India (i.e., steel pipe and structural steel) are limited. Many of the manufacturers in China are now resuming production, though material produced now is not expected to be available in the U.S. distribution system for at least four to six weeks. Kore believes manufacturers may be able to resume production soon and supply the components in May.

Safer-At-Home Orders

The orders issued by the City of Los Angeles, which applies to Kore's project site, allow contractors, manufacturers and distribution companies to operate only if they are designated essential as part of the Essential Infrastructure Supply Chain. Since Kore's project is not currently designated as Essential Infrastructure, construction will not be permitted to resume until the applicable orders are modified or expire. Kore's mechanical and electrical contractors are standing by to resume work as soon as allowed.

City Services

Some portions of the project require permits or inspection by City or County agencies. Kore is stating that some of these services have been suspended or curtailed due either to the pandemic restrictions or to prioritize municipal resources during this period of extra workload. Without such services, certain work cannot be completed, and the system cannot become operational. When the pandemic restrictions are mitigated, Kore will re-engage with the City to process the necessary permits and associated inspections.

Access to Capital Markets

Kore's access to critical funding in the capital markets has been impacted by the effects of the COVID-19 virus. Kore continues to work with several potential funding sources to secure the capital required to complete construction of the Olympic site.

Proposal

Due to the extent and uncertainty of when Kore will be allowed to resume work and be able to obtain the remaining parts and equipment necessary to complete this project, staff proposes amending Kore's contract to provide a six-month extension of the construction, commissioning and testing efforts to December 31, 2020. This date coincides with the current land-use agreements with SoCalGas. Kore will resubmit their request to extend South Coast AQMD permits that include an onsite portable electric

generator and flare and ensure compliance with other permitting authorities having jurisdiction, including the City of Los Angeles, to continue construction of the field test project at the Olympic site. Staff will continue to maintain communications with Kore staff, will resume site visits once the project can commence and will provide the Technology Committee with updates on incremental project progress based on site visits. This action is to amend the contract with Kore Infrastructure LLC to extend the deadline to complete construction, commissioning and testing efforts to December 31, 2020.

Benefits to South Coast AQMD

The South Coast Air Basin is classified as an extreme nonattainment area for ozone under the federal Clean Air Act. Wide-scale deployment of advanced technologies, including near-zero emission engines and fuel cells, is a critical step toward achieving the air quality standards which will have considerable public health benefits for our region. When combined with renewable fuels and its near-zero carbon footprint, these technologies are expected to provide a near-term, cost-effective option for addressing criteria pollutants and achieving GHG benefits. Ensuring greater supply of locally produced renewable fuels will address local, state and federal environmental regulations and goals. This proposed project is included in the *Technology Advancement Office Clean Fuels Program 2020 Plan Update* under the category of “Infrastructure and Deployment,” specifically as “Demonstrate Natural Gas Manufacturing and Distribution Technologies including Renewables.”

Resource Impacts

There is no fiscal impact associated with this no-cost time extension to an existing contract.

Agenda Item #3

Phil Barroca

Amend Contract for
Kore Infrastructure Project

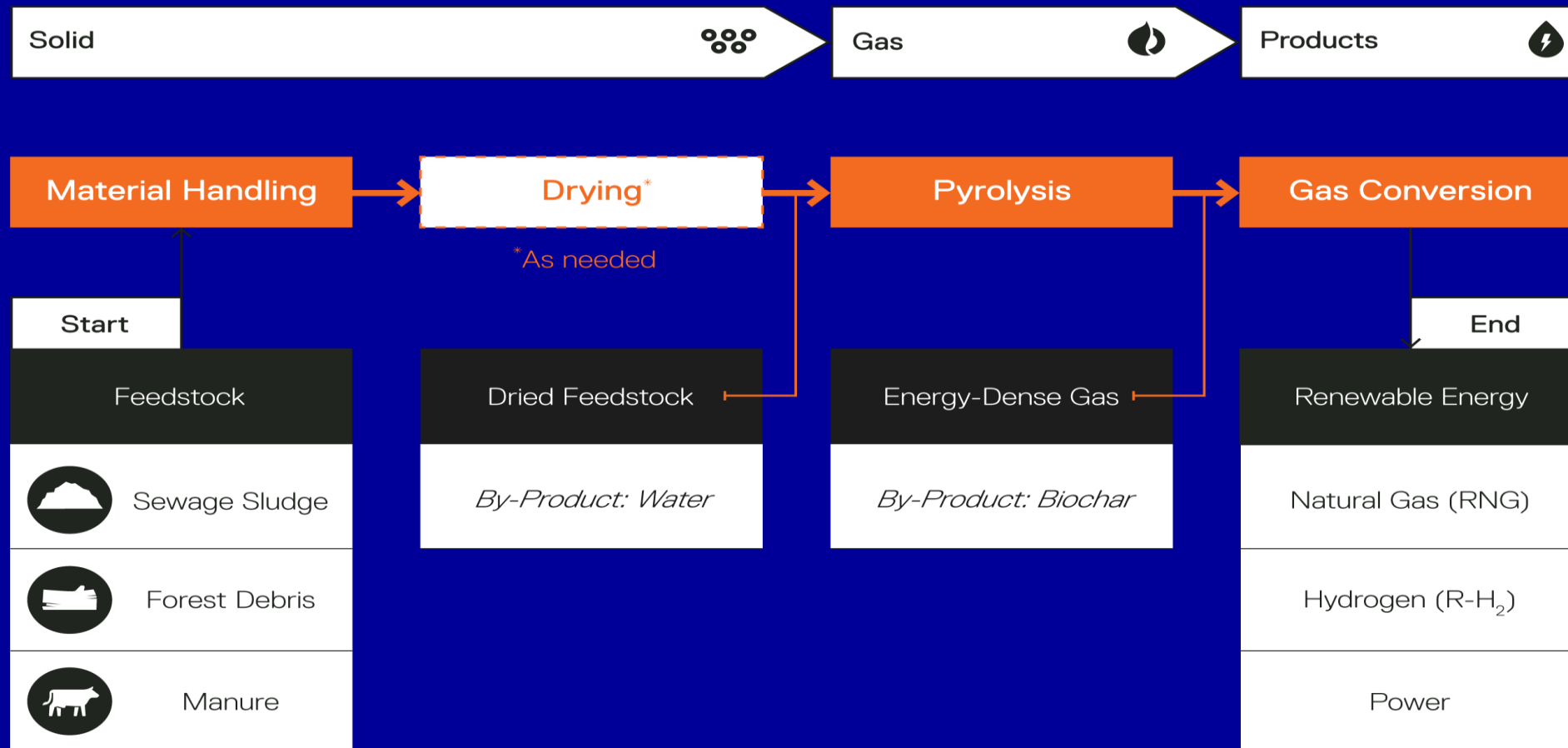
Background

In January 2020, the Board approved a six-month milestone extension for Kore Infrastructure LLC (Kore) to complete construction, commissioning and testing efforts by June 30, 2020



Pyrolysis Technology

Assess the viability of using pyrolysis technology to produce renewable natural gas from biomass



Progress

- Kore has continued to make modest gains in completing the project until March when the effects of the COVID-19 pandemic began
- Project curtailments from March 11, 2020 COVID-19 global pandemic:
 - Engineering
 - Procurement
 - Construction
 - City Services
 - Access to capital markets
- KORE anticipates resuming project efforts in May/June 2020

Work Description	Completion	Improvement
Civil and Concrete	100%	No Change
Procurement of Major Equipment	100%	Yes
Installation of Equipment	80%	No Change
Piping	85%	No Change
Utility Systems	65%	No Change
Electrical Distribution Panels	100%	No Change
Instrumentation Control Panels	90%	Yes
Electrical & Instrument Cabling	30%	No Change

Recommended Action

Amend contract with Kore Infrastructure LLC to provide a six-month, no-cost extension of the construction, commissioning and testing efforts to December 31, 2020