



CITY OF BANNING STAFF REPORT

TO: CITY COUNCIL

FROM: Douglas Schulze, City Manager

PREPARED BY: Stephanie Sirls, Transit Manager
Art Vela, Director of Public Works

MEETING DATE: January 14, 2025

SUBJECT: Consideration of Approving Amendment No. 2 to the Renewable Natural Gas Supply Agreement with AmpRenew Offtake I, LLC

RECOMMENDATION:

Approve Amendment No. 2.

BACKGROUND:

The Low Carbon Fuel Standard (LCFS) is a key part of a comprehensive set of programs in California to cut Green House Gas emissions and other smog-forming and toxic air pollutants by improving vehicle technology, reducing fuel consumption, and increasing transportation mobility options. The LCFS is designed to decrease the carbon intensity (CI) of California's transportation fuel pool and provide an increasing range of low-carbon and renewable alternatives, which reduce petroleum dependency and achieve air quality benefits.

Fuels in the California transportation fuel pool that have a CI lower than the target established by the California Air Resource Board (CARB) generate LCFS credits. Those fuels in the transportation fuel pool with CIs higher than the target generate fuel deficits. A fuel producer with deficits must have enough credits through generation and acquisition to be in annual compliance with LCFS. Credit owners have the option of selling or trading their credits with other deficit holders.

Amp Americas II, LLC ("Amp") is the parent company of AmpRenew. Founded in 2011, Amp is an American-owned developer, owner, and operator of facilities that convert dairy waste into carbon negative Renewable Natural Gas (RNG). Amp registered the first several dairy RNG projects certified by the U.S. Environmental Protection Agency's Renewable Fuel Standard Program ("RFS") to generate D3 RINs and the first several dairy RNG projects certified by CARB's LCFS.

Amp currently manages one of the largest portfolios of dairy RNG projects in the U.S. and supplies RNG to heavy duty truck and bus fleets throughout California.

AmpRenew, a marketing entity of Amp, provides environmental attributes and gas marketing services for biogas operations across the country.

JUSTIFICATION:

The City of Banning ("City") owns and operates a compressed natural gas (CNG) fueling facility, which delivers RNG.

City Council authorized the City to enter into an agreement with AmpRenew on January 12, 2021. In its

current partnership with AmpRenew, both entities mutually benefit from RIN and LCFS credits generated by reducing California's GHG emissions. City Council authorized the City to enter into the related Amendment No. 1 to the RNG Supply Agreement with AmpRenew on November 12th , 2024 ("Amendment No. 1").

Amendment No. 1 increased the City's share of RIN and LCFS credits, which helps offset the City's current cost of purchasing natural gas and added language necessary to comply with the EPA's Renewable Fuel Standard (RFS) Biogas Regulatory Reform Rule ("BRRR") (40 CFR §80). If approved, Amendment No. 2 will clarify that compliance with BRRR is effective as of January 1, 2025, and adds gas-sale protocol language

FISCAL IMPACT:

Over the past three fiscal years the City received \$ 51,694 in RIN/LCFS credits related to the AmpRenew Agreement, which covered approximately 14% of the City's natural gas purchases for it's CNG fueling facility during that same period. Staff estimated that Amendment No. 1 could approximately double the City credits. Amendment No. 2 is necessary to ensure that staff's revenue estimates are possible.

ALTERNATIVES:

Do not approve the amendment to the Renewable Natural Gas Agreement with AmpRenew and provide alternative direction to staff.

BUDGETED?:

No

CONTRACT/AGREEMENT:

Yes

ATTACHMENTS:

1. [Amp-Banning 2nd Amendment to RNG Supply Agreement.docx](#)
2. [City of Banning RNG Supply Agreement vF \(Fully Executed\).pdf](#)
3. [2024 12 13 City of Banning - Amp 1st Amendment_executed.pdf](#)