Los Angeles County
Metropolitan Transportation
Authority
One Gateway Plaza
3rd Floor Board Room
Los Angeles, CA

File #: 2026-0437, **File Type:** Contract **Agenda Number:**

OPERATIONS, SAFETY, AND CUSTOMER EXPERIENCE COMMITTEE
JULY 16, 2026

SUBJECT: CONTRACT MODIFICATIONS FOR EXISTING RENEWABLE NATURAL GAS (RNG) CONTRACTS

ACTION: APPROVE RECOMMENDATION

RECOMMENDATION

AUTHORIZE the Chief Executive Officer to:

A. EXECUTE Modification No. 9 to Contract No. OP73960000 with Clean Energy Renewable Fuels, LLC to extend the contract performance end date by eleven months from July 31, 2026, to June 30, 2027;

B. EXECUTE Modification No. 9 to Contract No. OP59812000A with Clean Energy Renewable Fuels to extend the contract performance end date by eleven months from July 31, 2026, to June 30, 2027;

C. EXECUTE Modification No. 6 to Contract No. OP59812000B with Shell Energy North America (US) to increase the contract value by $3,615,292 from a Not-To-Exceed (NTE) amount of $15,112,295 to a NTE amount of $18,727,587 and extend the contract performance end date by eleven months from July 31, 2026, to June 30, 2027; and

D. EXECUTE Modification No. 5 to Contract No. OP59812000C with Trillium USA Company, LLC. to increase the contract value by $2,877,636 from a NTE amount of $19,492,426 to NTE amount of $22,370,062 and extend the contract performance end date by eleven months from July 31, 2026, to June 30, 2027.

ISSUE

Metro uses Renewable Natural Gas (RNG) fuel to power the engines on the majority of the current bus fleet. RNG fuel is currently being procured under multiple existing contracts OP7396000 with Clean Energy, OP59812000A with Clean Energy, OP59812000B with Shell Energy, and OP59812000C with Trillium USA, which continue to support Metro's operational and environmental objectives.

RNG remains a critical transition fuel during Metro's phased deployment to a fully Zero-Emission Bus (ZEB) fleet. As charging infrastructure is constructed and additional electric buses are placed into service, RNG use continues to ensure uninterrupted transit operations while supporting Metro's greenhouse gas reduction and criteria pollutant reduction goals.

A recommendation to award a new RNG contract was rejected by the Board in May 2026. Due to this, modification to the existing contracts to extend the period of performance and add contract authority is required to maintain operational continuity, preserve service reliability, and provide flexibility while Metro completes ongoing fleet electrification and develops a future RNG procurement strategy aligned with evolving operational demand projections.

BACKGROUND

Metro's energy choices have far-reaching implications for climate, air quality, community health, and the stability of the transportation network. Metro has established long-term commitments to energy efficiency, renewable energy adoption, greenhouse gas reductions, climate adaptation, and systemwide energy resilience through the Board-approved Climate Action and Adaptation Plan, Energy Master Plan, Moving Beyond Sustainability framework, and related strategic initiatives.

Metro continues implementation of the Zero-Emission Bus Program through the procurement of electric buses and construction of charging infrastructure across the system. During this transition period, Metro's existing Compressed Natural Gas (CNG) bus fleet continues to require Renewable Natural Gas fuel to maintain safe, reliable, and uninterrupted transit service.

Renewable natural gas is produced through the capture and beneficial reuse of methane emissions from landfills, wastewater treatment facilities, livestock operations, and other organic waste sources. Compared to conventional fossil natural gas, RNG provides substantial greenhouse gas reduction benefits and supports Metro's broader climate leadership objectives.

A new procurement was completed in May 2026, but the Board chose not to award the contract. As a result, the current contracts will need to be extended to allow for a new procurement to be initiated.

DISCUSSION

Metro's transition to a fully Zero-Emission Bus fleet remains underway, with charging infrastructure deployment and electric bus procurement continuing across the system. During this transition period, RNG continues to serve as a critical bridge fuel that supports operational continuity, fleet reliability, and greenhouse gas reduction goals while ZEB infrastructure and fleet conversion efforts advance. RNG is currently provided through four separate contracts.

The proposed contract extensions will allow Metro to continue operating the existing CNG fleet using RNG while additional electric buses are phased into service and supporting charging infrastructure becomes fully operational.

The extension of the current RNG contracts also provides continuity of operations while maintaining flexibility to adapt to evolving fuel markets, ZEB deployment schedules, utility infrastructure readiness, and long-term energy planning objectives identified in the Energy Master Plan and Moving Beyond Sustainability framework.

Only a period of performance extension in the two Clean Energy Fuels, LLC Contracts (No. OP73960000 and No. OP59812000A) is requested as there are enough contract values left in each of the respective contracts to buy RNG fuel within the extension period. The requested contract value increases for Shell (Contract No. OP59812000B) and Trillium (Contract No. OP59812000C) are to ensure that there is enough contract value to purchase RNG during the extended period of performance.

Staff intends to initiate and complete a new competitive RNG procurement during the extension period.

DETERMINATION OF SAFETY IMPACT

The proposed contract extensions will ensure that all operating divisions continue to have an adequate supply of renewable natural gas necessary to maintain safe, clean, and reliable transportation service for Metro customers.

A reliable RNG supply supports uninterrupted bus operations and reduces the risk of service disruptions affecting customers who depend on Metro for essential transportation access. Operational continuity remains a key component of system safety and reliability.

Additionally, the continued use of RNG supports environmental and public health benefits through the capture and beneficial reuse of methane emissions that would otherwise be released into the atmosphere.

FINANCIAL IMPACT

The total RNG commodity cost to extend these contracts is approximately $14 million for one year, The FY27 CNG fuel budget is approximately $17.5 million and is based on the FY26 budgeted CNG amount.

In the future, these costs will be included in future operating budgets in various bus division cost centers under Operations Maintenance fuel accounts. Cost center managers and the Chief Operations Officer will be responsible for budgeting future RNG costs.

Under the California Air Resources Board (CARB) LCFS and Environmental Protection Agency (EPA) Renewable Identification Number (RIN) programs, Metro continues generating environmental credits through RNG utilization and electrified transit operations. Revenue generated through these programs supports Metro sustainability and resiliency initiatives consistent with Metro’s adopted strategic plans.

The proposed contract extension authority provides Metro with operational and financial flexibility while avoiding potential disruptions associated with insufficient fuel supply during the ongoing ZEB transition period.

Impact to Budget

The current sources of funds for this action are Federal 5307, Proposition A, Proposition C, Measure R, Measure M, and Transportation Development Act funds. This funding is eligible for bus and rail operations.

EQUITY PLATFORM

This action advances Metro's Equity Platform by ensuring uninterrupted transit service for communities that disproportionately rely on public transportation, including low-income riders, communities of color, seniors, youth, people with disabilities, and essential workers.

The procurement and utilization of RNG fuel further support equity and environmental justice objectives across the following dimensions:

- Production Facility Locations: The production facilities that capture and process RNG (such as landfills, wastewater treatment plants, and out-of-state livestock operations) are distinct from Metro's service areas and are not located within or adjacent to Los Angeles County Equity Focus Communities (EFCs). Consequently, the localized emissions, processing pollutants, and odors associated with RNG production do not negatively impact Metro's core equity communities.

- Carbon Intensity Lifecycle Benefits: To maximize environmental benefits, Metro staff prioritize sourcing RNG with the lowest feasible Carbon Intensity (CI) values. By focusing on ultra-low or negative-CI biomethane sources (such as dairy manure capture), the procurement offset significantly reduces global lifecycle greenhouse gases compared to standard fossil fuels.

- Transitionary Balance: While RNG is a combustion fuel that generates localized tailpipe emissions, it provides an immediate environmental benefit by producing significantly fewer criteria pollutants and greenhouse gases than traditional fossil fuels. Continuation of the RNG fuel supply serves as a critical, reliable bridge that maintains robust bus operations across the region while Metro aggressively constructs the charging and fueling infrastructure required for a fully operational ZEB fleet.

Metro remains committed to the equitable deployment of newer zero-emission bus technologies and infrastructure improvements, prioritizing early transition milestones in historically overburdened and environmental justice impacted communities throughout the system.

At the time of solicitation, the Diversity & Economic Opportunity Department did not establish a Disadvantaged Business Enterprise (DBE) goal for this solicitation due to the lack of subcontracting opportunities. It is expected that Clean Energy, Shell Energy, and Trillium USA will continue to perform the services of these contracts with its own workforce.

VEHICLE MILES TRAVELED OUTCOME

VMT and VMT per capita in Los Angeles County are lower than national averages, the lowest in the SCAG region, and on the lower end of VMT per capita statewide, with these declining VMT trends due in part to Metro's significant investment in rail and bus transit.* Metro's Board-adopted VMT reduction targets align with California's statewide climate goals, including achieving carbon neutrality by 2045. To ensure continued progress, all Board items are assessed for their potential impact on VMT.

As part of these ongoing efforts, this item is expected to contribute to further reductions in VMT. This item supports Metro's broader strategy to reduce vehicle miles traveled through maintenance activities that will benefit sustainable transit operations that encourage continued transit ridership and reduce dependence on single-occupancy vehicle travel. Continued RNG utilization during the ZEB transition period supports Metro's greenhouse gas reduction goals while maintaining operational reliability necessary to sustain transit ridership levels and further encourage transit ridership, ridesharing, and active transportation. Metro's Board-adopted VMT reduction targets were designed to build on the success of existing investments, and this item aligns with those objectives.

*Based on population estimates from the United States Census and VMT estimates from Caltrans' Highway Performance Monitoring System (HPMS) data between 2001-2019.

IMPLEMENTATION OF STRATEGIC PLAN GOALS

The proposed RNG contract extensions support Strategic Goal 2 by ensuring continued delivery of safe, reliable, and high-quality transit service for Metro customers.

The action also supports Strategic Goal 5 by advancing Metro's environmental sustainability leadership, greenhouse gas reduction goals, renewable energy objectives, and long-term Zero-Emission Bus transition strategy.

ALTERNATIVES CONSIDERED

The alternative considered was allowing the existing RNG contracts to expire and prior to completion of the Zero-Emission Bus transition infrastructure currently underway. This alternative is not recommended because it could create operational fuel supply risks, negatively impact service reliability, reduce environmental benefits, and expose Metro to increased operational and environmental compliance costs.

Another alternative considered was immediate procurement of fossil natural gas. This alternative is not recommended because it would reduce greenhouse gas benefits, eliminate associated environmental credit revenues, and be inconsistent with Metro's adopted sustainability and climate commitments. Under this scenario, the action would yield a net cost of approximately $20.8M in six months and $41.6M in a year. This is because not only would Metro be paying more just to procure fossil CNG from Southern California Gas Company, but it would also be generating deficits under LCFS program, cutting into the revenues Metro generates from that program each year.

NEXT STEPS

Upon Board approval, staff will execute the contract modifications extending the existing RNG contracts and continue procurement of RNG necessary to support Metro bus operations during the Zero-Emission Bus transition period.

During the extension period, staff will initiate a new competitive RNG procurement process informed by updated fleet electrification schedules, operational fuel demand projections, market conditions, carbon intensity considerations, and long-term energy planning objectives. Staff anticipates releasing the new RNG procurement in late Summer 2026, with an anticipated award in Spring 2027.

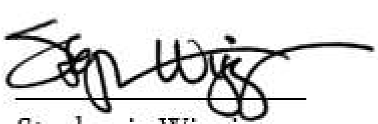
Staff will also continue monitoring RNG market conditions, environmental credit performance, carbon intensity trends, and Zero-Emission Bus deployment progress to ensure continued alignment with Metro's operational, sustainability, and climate leadership objectives.

ATTACHMENTS

Attachment A - Procurement Summary OP7396000 Clean Energy
Attachment B - Contract Modification/Change Order Log OP7396000 Clean Energy
Attachment C - DEOD Summary OP7396000 Clean Energy
Attachment D - Procurement Summary OP59812000A Clean Energy
Attachment E - Contract Modification/Change Order Log OP59812000A Clean Energy
Attachment F - DEOD Summary OP59812000A Clean Energy
Attachment G - Procurement Summary OP59812000B Shell Energy
Attachment H - Contract Modification/Change Order Log OP59812000B Shell Energy
Attachment I - DEOD Summary OP59812000B Shell Energy
Attachment J - Procurement Summary OP59812000C Trillium USA
Attachment K - Contract Modification Change Order Log OP59812000C Trillium USA
Attachment L - DEOD Summary OP59812000C Trillium USA

Prepared by: Cris B. Liban, Deputy Chief Sustainability Officer, (213) 922-2471
Uduak-Joe Ntuk, Senior. Director, Environmental Compliance/Sustainability, (213) 523-9351
Debra Avila, Deputy Chief Vendor/Contract Management Officer (213) 418-3051

Reviewed by: Tim Lindholm, Chief Program Management Officer, (213) 922-7297



Stephanie Wiggins
Chief Executive Officer

ATTACHMENT A

PROCUREMENT SUMMARY
RENEWABLE NATURAL GAS (RNG) CONTRACTS / OP7396000

1.	**Contract Number**: OP7396000			
2.	**Contractor**: Clean Energy Renewable Fuels			
3.	**Mod. Work Description**: Extend the Period of Performance by 11 months			
4.	**Contract Work Description**: Biomethane provider			
5.	**The following data is current as of**: 6/23/26			
6.	**Contract Completion Status**		**Financial Status**	
	Contract Awarded:	8/1/17	**Contract Award Amount:**	$1,240,520
	Notice to Proceed (NTP):	8/1/17	**Total of Modifications Approved:**	$75,012,150
	Original Complete Date:	7/31/24	**Pending Modifications (Including this action):**	$0
	Current Est. Complete Date:	6/30/27	**Current Contract Value (with this action):**	$76,252,670
7.	**Contract Administrator**: Lorretta Norris		**Telephone Number**: 213-922-2632	
8.	**Project Manager**: Emmanuel Liban		**Telephone Number**: 213-922-2471	

A. Procurement Background

This Board Action is to approve Contract Modification No. 9 issued to extend the period of performance of the existing contract by 11 months through June 30, 2027.

This Contract Modification will be processed in accordance with Metro's Acquisition Policy and the contract type is Indefinite Delivery Indefinite Quantity (IDIQ).

The original contract was approved by the Board on May 25, 2017, to Clean Energy Renewable Fuels in the Not-To-Exceed (NTE) amount of $1,240,520 for the initial base period.

Eight (8) contract modifications have been issued to date. Refer to Attachment B – Contract Modification/Change Order Log.

B. <u>Cost/Price Analysis</u>

This modification is a no-cost period of performance extension to extend the contract term by an additional 11 months. No additional contract authority is being added to the contract.

ATTACHMENT B

CONTRACT MODIFICATION/CHANGE ORDER LOG
RENEWABLE NATURAL GAS (RNG) CONTRACTS/OP7396000

Mod. no.	Description	Status (approved or pending)	Date	$ Amount
1	Revised Exhibit G, Transaction Confirmation form	Approved	8/2/17	$0.00
2	Revised Exhibit G, Transaction Confirmation form	Approved	8/7/17	$0.00
3	Exercise four-year option term	Approved	8/1/18	$54,808,110
4	Revised Exhibit G, Transaction Confirmation form	Approved	3/19/20	$0.00
5	Extend period of performance through 7/31/24	Approved	6/13/22	$0.00
6	Increase contract value and extension of period of performance through 12/31/25	Approved	3/21/24	$20,204,040
7	Extend period of performance through May 31, 2026	Approved	11/19/25	$0.00
8	Extend period of performance through July 31, 2026	Approved	5/1/26	$0.00
9	**Extend period of performance through June 30, 2027**	**Pending**	**TBD**	**$0.00**
	Modification Total:			**$75,012,150**
	Original Contract:		8/1/17	**$1,240,520**
	Total:			**$76,252,670**

DEOD SUMMARY

RENEWABLE NATURAL GAS (RNG) CONTRACTS / OP7396000

A. Small Business Participation

At the time of solicitation, the Diversity & Economic Opportunity Department did not establish a Disadvantaged Business Enterprise (DBE) goal for this solicitation due to the due to the lack of subcontracting opportunities. It is expected that Clean Energy Renewable Fuels, LLC will continue to perform the services of this contract with its own workforce.

B. Living Wage and Service Contract Worker Retention Policy Applicability

The Living Wage and Service Contract Worker Retention Policy is not applicable to this modification.

C. Prevailing Wage Applicability

Prevailing wage is not applicable to this modification.

D. Project Labor Agreement/Construction Careers Policy

Project Labor Agreement/Construction Careers Policy is not applicable to this Contract. PLA/CCP is applicable only to construction contracts that have a construction related value in excess of $2.5 million.

E. Manufacturing Careers Policy

The Manufacturing Careers Policy (MCP) does not apply to this contract. The MCP is required on Metro's Rolling Stock RFPs, with an Independent Cost Estimate of at least $50 million.

ATTACHMENT D

PROCUREMENT SUMMARY
RENEWABLE NATURAL GAS (RNG) CONTRACTS / OP59812000A

1.	**Contract Number**: OP59812000A			
2.	**Contractor**: Clean Energy Renewable Fuels			
3.	**Mod. Work Description**: Extend the period of performance by eleven (11) months			
4.	**Contract Work Description**: Renewable Natural Gas provider			
5.	**The following data is current as of**: 6/23/26			
6.	**Contract Completion Status**		**Financial Status**	
	Contract Awarded:	1/1/21	**Contract Award Amount:**	$25,231,467
	Notice to Proceed (NTP):	1/1/21	**Total of Modifications Approved:**	$40,418,434
	Original Complete Date:	12/31/25	**Pending Modifications (Including this action):**	$0
	Current Est. Complete Date:	6/30/27	**Current Contract Value (with this action):**	$65,649,901
7.	**Contract Administrator**: Lorretta Norris		**Telephone Number**: 213-922-2632	
8.	**Project Manager**: Emmanuel Liban		**Telephone Number**: 213-922-2471	

A. Procurement Background

This Board Action is to approve Contract Modification No. 9 issued to extend the period of performance of the existing contract by 11 months through June 30, 2027.

This Contract Modification will be processed in accordance with Metro's Acquisition Policy and the contract type is Indefinite Delivery Indefinite Quantity (IDIQ).

The original contract was approved by the Board on October 15, 2020, to Clean Energy Renewable Fuels in the Not-To-Exceed (NTE) amount of $25,231,467 for the initial base period.

Eight (8) contract modifications have been issued to date. Refer to Attachment E – Contract Modification/Change Order Log.

B. Cost/Price Analysis

This modification is a no-cost period of performance extension to extend the contract term by an additional 11 months. No additional contract authority is being added to the contract.

ATTACHMENT E

CONTRACT MODIFICATION/CHANGE ORDER LOG
RENEWABLE NATURAL GAS/OP59812000A

Mod. no.	Description	Status (approved or pending)	Date	$ Amount
1	Revised Exhibit C, Transaction Confirmation form	Approved	2/19/21	$0.00
2	Contractor's name correction	Approved	7/11/22	$0.00
3	Increase contract value	Approved	5/1/23	$18,394,819
4	Increase contract value	Approved	3/21/24	$22,023,615
5	Revised RIN Yield and Transaction Confirmation per EPA Biogas Regulatory Reform	Approved	11/21/26	$0.00
6	Revised RIN per EPA Renewable Fuel Standard	Approved	1/21/26	$0.00
7	Extend period of performance through May 31, 2026	Approved	1/21/26	$0.00
8	Extend period of performance through July 31, 2026	Approved	5/1/26	$0.00
9	**Extend period of performance through June 30, 2027**	**Pending**	**TBD**	**$0.00**
	Modification Total:			**$40,418,434**
	Original Contract:		1/1/21	**$25,231,467**
	Total:			**$65,649,901**

DEOD SUMMARY

RENEWABLE NATURAL GAS/OP59812000A

A. Small Business Participation

At the time of solicitation, the Diversity & Economic Opportunity Department did not establish a Disadvantaged Business Enterprise (DBE) goal for this solicitation due to the due to the lack of subcontracting opportunities. It is expected that Clean Energy Renewable Fuels, LLC will continue to perform the services of this contract with its own workforce.

B. Living Wage and Service Contract Worker Retention Policy Applicability

The Living Wage and Service Contract Worker Retention Policy is not applicable to this modification.

C. Prevailing Wage Applicability

Prevailing wage is not applicable to this modification.

D. Project Labor Agreement/Construction Careers Policy

Project Labor Agreement/Construction Careers Policy is not applicable to this Contract. PLA/CCP is applicable only to construction contracts that have a construction related value in excess of $2.5 million.

E. Manufacturing Careers Policy

The Manufacturing Careers Policy (MCP) does not apply to this contract. The MCP is required on Metro's Rolling Stock RFPs, with an Independent Cost Estimate of at least $50 million.

ATTACHMENT G

PROCUREMENT SUMMARY
RENEWABLE NATURAL GAS/OP59812000B

1.	**Contract Number**: OP59812000B			
2.	**Contractor**: Shell Energy North America (US)			
3.	**Mod. Work Description**: Increase contract authority and extend period of performance by eleven (11) months			
4.	**Contract Work Description**: Renewable Natural Gas provider			
5.	**The following data is current as of**: 6/23/26			
6.	**Contract Completion Status**		**Financial Status**	
	Contract Awarded:	1/1/21	**Contract Award Amount:**	$6,504,988
	Notice to Proceed (NTP):	1/1/21	**Total of Modifications Approved:**	$8,607,307
	Original Complete Date:	12/31/25	**Pending Modifications (Including this action):**	$3,615,292
	Current Est. Complete Date:	6/30/27	**Current Contract Value (with this action):**	$18,727,587
7.	**Contract Administrator**: Lorretta Norris		**Telephone Number**: 213-922-2632	
8.	**Project Manager**: Emmanuel Liban		**Telephone Number**: 213-922-2471	

A. Procurement Background

This Board Action is to approve Contract Modification No. 6 issued to increase the total Not-To-Exceed (NTE) contract amount by $3,615,291.58 to $18,727,586.58 and extend the period of performance of the contract by 11 months through June 30, 2027.

This Contract Modification will be processed in accordance with Metro's Acquisition Policy and the contract type is Indefinite Delivery Indefinite Quantity (IDIQ).

The original contract was approved by the Board on October 15, 2020, to Shell Energy North America in the Not-To-Exceed (NTE) amount of $6,504,988 for the initial base period.

Five (5) contract modifications have been issued to date. Refer to Attachment H – Contract Modification/Change Order Log.

B. <u>Cost/Price Analysis</u>

The recommended price has been determined to be fair and reasonable based on the Independent Cost Estimate (ICE) and established pricing. The price of the contract was established in October 2020 as part of the competitive contract award and remains unchanged. Increasing the contract value will provide continuity of the service and is in the best interest of Metro.

Proposal Amount	Metro ICE	Negotiated Amount
$3,615,292	$3,615,292	$3,615,292

ATTACHMENT H

CONTRACT MODIFICATION/CHANGE ORDER LOG
RENEWABLE NATURAL GAS/OP59812000B

Mod. no.	Description	Status (approved or pending)	Date	$ Amount
1	Revised Exhibit C, Transaction Confirmation form	Approved	2/10/21	$0.00
2	Increase contract value	Approved	5/1/23	$4,383,132
3	Increase contract value	Approved	3/21/24	$4,224,175
4	Extend period of performance through May 31, 2026	Approved	12/11/25	$0.00
5	Extend period of performance through July 31, 2026	Approved	4/27/26	$0.00
6	**Increase contract amount and extend period of performance through June 30, 2027**	**Pending**	**TBD**	**$3,615,292**
	Modification Total:			**$12,222,599**
	Original Contract:		1/1/21	**$6,504,988**
	Total:			**$18,727,587**

DEOD SUMMARY

RENEWABLE NATURAL GAS/OP59812000B

A. Small Business Participation

At the time of solicitation, the Diversity & Economic Opportunity Department did not establish a Disadvantaged Business Enterprise (DBE) goal for this solicitation due to the due to the lack of subcontracting opportunities. It is expected that Shell Energy North America (US) will continue to perform the services of this contract with its own workforce.

B. Living Wage and Service Contract Worker Retention Policy Applicability

The Living Wage and Service Contract Worker Retention Policy is not applicable to this modification.

C. **Prevailing Wage Applicability**

Prevailing wage is not applicable to this modification.

C. Project Labor Agreement/Construction Careers Policy

Project Labor Agreement/Construction Careers Policy is not applicable to this Contract. PLA/CCP is applicable only to construction contracts that have a construction related value in excess of $2.5 million.

D. Manufacturing Careers Policy

The Manufacturing Careers Policy (MCP) does not apply to this contract. The MCP is required on Metro's Rolling Stock RFPs, with an Independent Cost Estimate of at least $50 million.

ATTACHMENT J

PROCUREMENT SUMMARY
RENEWABLE NATURAL GAS/OP59812000C

1.	**Contract Number**: OP59812000C			
2.	**Contractor**: Trillium USA Company			
3.	**Mod. Work Description**: Increase contract authority and extend period of performance by eleven (11) months			
4.	**Contract Work Description**: Renewable Natural Gas provider			
5.	**The following data is current as of**: 6/23/26			
6.	**Contract Completion Status**		**Financial Status**	
	Contract Awarded:	1/1/21	**Contract Award Amount:**	$7,884,833
	Notice to Proceed (NTP):	1/1/21	**Total of Modifications Approved:**	$11,607,593
	Original Complete Date:	12/31/25	**Pending Modifications (Including this action):**	$2,877,636
	Current Est. Complete Date:	6/30/27	**Current Contract Value (with this action):**	$22,370,062
7.	**Contract Administrator**: Lorretta Norris		**Telephone Number**: 213-922-2632	
8.	**Project Manager**: Emmanuel Liban		**Telephone Number**: 213-922-2471	

A. Procurement Background

This Board Action is to approve Contract Modification No. 5 issued to increase the total Not-To-Exceed (NTE) contract amount by $2,877,636 to $22,370,062 and extend the period of performance of the contract by 11 months through June 30, 2027.

This Contract Modification will be processed in accordance with Metro's Acquisition Policy and the contract type is Indefinite Delivery Indefinite Quantity (IDIQ).

The original contract was approved by the Board on October 15, 2020, to Shell Energy North America in the Not-To-Exceed (NTE) amount of $7,884,833 for the initial base period.

Four (4) contract modifications have been issued to date. Refer to Attachment K – Contract Modification/Change Order Log.

B. Cost/Price Analysis

The recommended price has been determined to be fair and reasonable based on the Independent Cost Estimate (ICE) and established pricing. The price of the contract was established in October 2020 as part of the competitive contract award and remains unchanged. Increasing the contract value will provide continuity of the service and is in the best interest of Metro.

Proposal Amount	Metro ICE	Negotiated Amount
$2,877,636	$2,877,636	$2,877,636

ATTACHMENT K

CONTRACT MODIFICATION/CHANGE ORDER LOG
RENEWABLE NATURAL GAS/OP59812000C

Mod. no.	Description	Status (approved or pending)	Date	$ Amount
1	Increase contract value	Approved	5/1/23	$4,494,644
2	Increase contract value	Approved	3/21/24	$7,112,949
3	Extend period of performance through May 31, 2026	Approved	12/11/25	$0.00
4	Extend period of performance through July 31, 2026	Approved	4/27/26	$0.00
5	**Increase contract amount and extend period of performance through June 30, 2027**	**Pending**	**TBD**	**$2,877,636**
	Modification Total:			**$14,485,228**
	Original Contract:		1/1/21	**$7,884,833**
	Total:			**$22,370,062**

DEOD SUMMARY

RENEWABLE NATURAL GAS/OP59812000C

A. Small Business Participation

At the time of solicitation, the Diversity & Economic Opportunity Department did not establish a Disadvantaged Business Enterprise (DBE) goal for this solicitation due to the due to the lack of subcontracting opportunities. It is expected that Trillium USA Company, LLC will continue to perform the services of this contract with its own workforce.

B. Living Wage and Service Contract Worker Retention Policy Applicability

The Living Wage and Service Contract Worker Retention Policy is not applicable to this modification.

C. Prevailing Wage Applicability

Prevailing wage is not applicable to this modification.

D. Project Labor Agreement/Construction Careers Policy

Project Labor Agreement/Construction Careers Policy is not applicable to this Contract. PLA/CCP is applicable only to construction contracts that have a construction related value in excess of $2.5 million.

E. Manufacturing Careers Policy

The Manufacturing Careers Policy (MCP) does not apply to this contract. The MCP is required on Metro's Rolling Stock RFPs, with an Independent Cost Estimate of at least $50 million.

CONTRACT MODIFICATIONS FOR EXISTING RENEWABLE NATURAL GAS (RNG) CONTRACTS

Contract No. OP73960000 with *Clean Energy Renewable Fuels, LLC*

Contract No. OP59812000A with *Clean Energy Renewable Fuels*

Contract No. OP59812000B with *Shell Energy North America (US)*

Contract No. OP59812000C with Trillium USA Company, LLC

Operations, Safety, and Customer Experience Committee

July 16, 2026

Metro

RECOMMENDATION

AUTHORIZE the Chief Executive Officer to:

A. EXECUTE Modification No. 9 to Contract No. OP73960000 with *Clean Energy Renewable Fuels, LLC* to extend the contract performance end date by eleven months from July 31, 2026, to June 30, 2027;

B. EXECUTE Modification No. 9 to Contract No. OP59812000A with *Clean Energy Renewable Fuels* to extend the contract performance end date by eleven months from July 31, 2026, to June 30, 2027;

C. EXECUTE Modification No. 6 to Contract No. OP59812000B with *Shell Energy North America (US)* to increase the contract value by $3,615,292 from a Not-To-Exceed (NTE) amount of $15,112,295 to a NTE amount of $18,727,587 and extend the contract performance end date by eleven months from July 31, 2026, to June 30, 2027; and

D. EXECUTE Modification No. 5 to Contract No. OP59812000C with *Trillium USA Company, LLC* to increase the contract value by $2,877,636 from a NTE amount of $19,492,426 to NTE amount of $22,370,062 and extend the contract performance end date by eleven months from July 31, 2026, to June 30, 2027.

ISSUE AND BACKGROUND

- Metro uses Renewable Natural Gas (RNG) fuel under multiple existing contracts OP7396000 with Clean Energy, OP59812000A with Clean Energy, OP59812000B with Shell Energy, and OP59812000C with Trillium USA, which continue to support Metro's operational and environmental objectives.
- RNG remains a critical transition fuel during Metro's phased deployment to a fully Zero-Emission Bus (ZEB) fleet.
- A new procurement was completed in May 2026 but not awarded.
- Modifications to the existing contracts to extend the period of performance and add contract authority. Current Contracts expire July 31, 2026.
- This report: (1) requests authority to extend the existing contracts until a new RNG contract is awarded, (2) provides a new timeline for a new procurement, and (3) outlines the cost for extending the existing contracts.

DISCUSSION

- Only *period of performance extension* in the two Clean Energy Fuels, LLC Contracts (No. OP73960000 and No. OP59812000A) as there are enough contract values left in each of the contracts to buy RNG fuel within the extension period.
- *Period of Performance extensions and contract value increases* for Shell (Contract No. OP59812000B) and Trillium (Contract No. OP59812000C) are to ensure that there is enough contract value to purchase RNG during the extended period of performance.
- Staff anticipates releasing the new RNG procurement in late Summer 2026, with an anticipated award in Spring 2027.
- The total RNG commodity cost to extend these contracts is approximately $14 million for one year, The FY27 CNG fuel budget is approximately $17.5 million and is based on the FY26 budgeted CNG amount.

DISCUSSION

- Net cost of alternative procurement of fossil natural gas
  - Approximately $20.8M in six months and $41.6M in a year.

- Reasons
  - Metro would be paying more just to procure fossil CNG from Southern California Gas Company
  - Generates deficits under LCFS program, cutting into the revenues Metro generates from that program each year.

DEOD COMMITMENT

- At the time of solicitation, the Diversity & Economic Opportunity Department did not establish a Disadvantaged Business Enterprise (DBE) goal for this solicitation due to the lack of subcontracting opportunities.

- It is expected that Clean Energy, Shell Energy, and Trillium USA will continue to perform the services of these contracts with its own workforce.

NEXT STEPS

- Upon Board approval, staff will execute the contract modifications extending the existing RNG contracts.

- Develop new procurement of RNG to be released in late Summer 2026, with an anticipated award in Spring 2027.

- Staff will continue monitoring RNG market conditions, environmental credit performance, carbon intensity trends, and Zero-Emission Bus deployment progress to ensure continued alignment with Metro’s operational, sustainability, and climate leadership objectives.

Support Slides

Opportunity Cost and Additional Costs

Scenario 1: Contract Award (based on Shell Energy, NA's (SENA) Best and Final Offer)

	12 Months	6 Months
SCG Transmission Cost[1]	**-$16,449,681**	**-$8,224,840**
RNG Cost[2]	**-$15,421,038**	**-$7,710,519**
Total Cost	**-$31,870,719**	**-$15,935,360**
RINs Revenue (Est.)[3]	**$27,572,202**	**$13,786,101**
LCFS Credit Revenue (Est.)[4]	**$14,530,961**	**$7,265,481**
LCFS Deficit Costs[5]	**-$2,345**	**$1,173**
Net Cost/Revenue	**$10,230,099**	**$5,115,049**

[1] This figure accounts for the transmission costs for all divisions that would be supplied for RNG (Division 1, 2, 3, 5, 7, 8, 9, 13, 15, 18) but also accounts for all costs tied to CNG supply at Division 10 and CMF. These are based on actual figures from Calendar Year (CY) 2025.

[2] This figure accounts for the estimated cost of RNG based on the average per-therm cost of RNG under the SoCal Citygate index in CY2025, based on the actual therms delivered in CY2025.

[3] This figure is derived from the estimated RINs share SENA would provide, estimated at the latest selling price of $2.43 per RIN.

[4] This figure is derived from the estimated LCFS credit share SENA would provide, estimated at the latest market price of $67.00 per LCFS credit.

[5] This figure is derived from actual deficits generated at Division 10 and CMF in CY 2025 and is estimated at a price of $67.00 per LCFS credit (that would be needed to offset the deficits created by using Fossil Compressed Natural Gas.

Opportunity Costs and Additional Costs

<u>Scenario 2: Non-Award + Existing Contracts Extension</u>**. Below is a table of the financial outcomes of not awarding Contract #OP132076 and instead opting to extend the existing RNG contracts (May 2026 Board motion).**

	12 Months	6 Months
SCG Transmission Cost[1]	-$16,449,681	-$8,224,840
RNG Cost[2]	-$13,896,294	-$6,948,147
Total Cost	-$30,345,975	-$15,172,987
RINs Revenue (Actual)[3]	$8,885,383	$4,442,691
LCFS Credit Revenue (Est.)[4]	$5,913,822	$2,956,911
LCFS Deficit Costs[5]	$2,345	$1,173
Net Cost/Revenue	-$15,549,115	-$7,774,558

1 This figure accounts for the transmission costs for all divisions that would be supplied for RNG (Division 1, 2, 3, 5, 7, 8, 9, 13, 15, 18) but also accounts for all costs tied to CNG supply at Division 10 and CMF. These are based on actual figures from Calendar Year (CY) 2025.

2 This figure accounts for the actual spend on RNG in CY 2025.

3 This figure is derived from the actual revenues earned from RINs for CY 2025.

4 This figure is derived from the estimated revenues from LCFS credits generated under Metro's existing RNG contracts, estimated at a price of $67.00 per LCFS credit.

5 This figure is derived from actual deficits generated at Division 10 and CMF in CY 2025 and is estimated at a price of $67.00 per LCFS credit (that would be needed to offset the deficits created by using Fossil Compressed Natural Gas.