

COMPRESSED NATURAL GAS VEHICLE FUELING STATION AND CNG SALES AGREEMENT

35480

This Compressed Natural Gas Vehicle Fueling Station and CNG Sales Agreement (the "Agreement") is made and entered as of February 13 2020 pursuant to a minute order adopted by the City Council of the City of Long Beach at its meeting on November 5, 2019 by and between the City of Long Beach, a municipal corporation ("City"), and Clean Energy, a California corporation ("CE", and together with the City, the "Parties").

In consideration of the mutual promises, covenants, and agreements herein contained, the Parties agree as follows:

ARTICLE 1
SCOPE OF AGREEMENT AND DEFINITIONS

1.1 Intent. This Agreement expresses the terms and conditions pursuant to which the City authorizes CE to build, operate, maintain and operate a compressed natural gas ("CNG") motor vehicle fueling station on property owned by the City. The Station will be used by the City and outside third parties.

1.2 Definitions. As used in this Agreement, the following terms and expressions shall have the indicated meanings:

"Agreement" means this document and any and all appendices and schedules hereto.

"CE" means Clean Energy, a California corporation, acting by and through its employees, officers and authorized agents.

"City" means the City of Long Beach, a municipal corporation, acting by and through its employees, officers and authorized agents.

"CNG" means pipeline quality natural gas, compressed for vehicle use.

"CNG Vehicle(s)" means motor vehicles powered by internal combustion engines using CNG as a primary fuel.

"Final Completion" means the stage in the progress of Station construction where the Station equipment has been commissioned, start-up testing has been completed, and the Station is ready to commence fueling CNG Vehicles.

"Gasoline Gallon Equivalent" or "GGE" means (i) 5.66 pounds of CNG or such other number or units of measure as may now or in the future be prescribed by the federal government of the United States when CNG is being dispensed from a fast fill dispenser, and (ii) 124,340 BTUs/gallon or such other number or units of measure as may now or in the future be prescribed by the federal government of the United States when CNG is being dispensed from a time fill dispenser.

"Restroom" means the one (1) restroom on the Premises.

"Party" or "Parties" means CE and the City, in their respective capacities as parties to this Agreement.

"Premises" means that portion of the real property owned by the City and described in Appendix A upon where the Station will be operated.

"Substantial Completion" means the stage in the progress of construction of the Station where the Station is ready for commissioning.

"Service Calls" means scheduled and unscheduled maintenance performed by CE and its authorized agents for the Station.

"Station" means the facility for fueling CNG Vehicles, constructed, operated and maintained by CE as further described in Appendices A and B.

"Term" shall have the meaning given it in Section 5.1.

ARTICLE 2 CE's RESPONSIBILITIES

2.1 Station. CE shall design, construct, operate and maintain the Station on the Premises, and shall be responsible for obtaining all permits relating to the design, construction, operation and maintenance of the Station. The Station shall be located on the Premises as shown in Appendix A. The Parties acknowledge and agree that pursuant to the Natural Gas Vehicle Fueling Station Agreement (Number 29631), dated June 8, 2006, by and between the Parties (the "Prior Agreement") CE was operating and maintaining a CNG station on the Premises (the "Prior Station") and pursuant to this Agreement commencing on the Final Completion Date (as defined below), CE shall commence the removal and demolition of such Prior Station (the "Prior Station Work"). Further, the Parties acknowledge and agree that on the Final Completion Date, the Prior Agreement shall automatically terminate and be superseded by this Agreement.

2.1.1 Intentionally Omitted.

2.1.2 Completion.

(a) *Substantial Completion.*

(1) When CE considers the Station to be Substantially Complete, CE shall prepare and submit a written notice to City which indicates that, in CE's opinion, the Station is Substantially Complete (the "Substantial Completion Notice") and CE shall commence the performance of commissioning and start-up of the Station. The day CE transmits the Substantial Completion Notice to City shall be deemed the "Date of Substantial Completion" or "Substantial Completion Date".

(b) *Final Completion.*

When the Station is deemed to have reached Final Completion by CE, CE shall provide a written notice to City (the "Final Completion Notice"). The day CE transmits the Final Completion Notice to City shall be deemed the "Date of Final Completion" or "Final Completion Date".

2.2 CNG Service. CE shall procure natural gas and provide the Station with CNG to fuel City's vehicles and will bill the City at the rate described in this Agreement. For the avoidance of doubt, CE shall be the account holder on the natural gas meter at the Premises for the Station for the

duration of this Agreement. However, the Parties acknowledge and agree that the City desires to have RNG (as defined in Appendix C) dispensed from the Station during the term and to accomplish this purpose the Parties agree to the terms and conditions contained in Appendix C, which is attached hereto and incorporated by reference herein.

2.3 Maintenance. CE shall maintain the Station in accordance with the following requirements:

2.3.1 Routine Maintenance. CE shall provide scheduled, routine maintenance service for Station for the Term of this Agreement and shall repair or replace any defective Station parts or equipment at its expense. Any maintenance or repairs necessitated by abuse or neglect by the City's personnel, shall be performed by CE at the City's expense. Further, CE will provide maintenance services for the Restroom at its expense but such services shall only include cleaning and the replacement of paper products and soap (as applicable); CE shall not be responsible for any necessary Restroom repairs or replacements, such as, but not limited to, toilet, sink, or door repairs or replacements.

2.3.2 Scheduling. CE and the City shall mutually agree on reasonable times for routine maintenance to the Station when the maintenance will require the Station to be non-operational for a period of more than four (4) hours.

2.3.3 Service Calls. CE shall be available to provide emergency repair service on a 24-hour, 7-day per week basis, and provide an emergency contact telephone number to the City. In the event of an emergency at the Station, CE shall respond as soon as reasonably possible following notification by the City. In the event of other operational difficulties that could impair the City's ability to fuel and operate its vehicles, CE shall make reasonable efforts to respond within one (1) hour following notification from the City and CE shall make any necessary repairs using commercially reasonable efforts.

2.4 Training. CE shall offer training programs, on a reasonable basis, to educate the City's personnel as to procedures for the safe and efficient use of the Station, including, without limitation, procedures relating to safe vehicle fueling, troubleshooting and appropriate emergency procedures.

2.5 Compliance with Law. In performing its obligations under this Agreement, CE shall comply in all material respects with all applicable federal, state and local laws, regulations, ordinances and rulings, including (but not limited to) those pertaining to health, safety, employment and environmental matters.

2.6 CE's Costs. Except as specified in Agreement, or as may be separately agreed to by the City and CE, CE shall not charge the City for costs incurred in providing the services specified above.

2.7 Subsurface Due Diligence. The Parties acknowledge and agree that: (a) City will provide any surveys and/or other documentation in its possession to CE which indicates the placement of all subsurface utility lines, wires, cables and/or piping on the Premises (collectively, the "Subsurface Documents"); and (b) if required by applicable law or regulation, prior to digging on the Premises, CE, or its contractor, shall contact the appropriate Subsurface Agency so it can locate and mark underground utilities on surrounding public property, if any. "Subsurface Agency" means the applicable local or state agency, if any, which has responsibility for locating and marking underground

utilities on surrounding public property. In the event, during the design and/or construction of the Station and/or during the performance of the Prior Station Work, CE incurs any costs and/or expenses based on its reliance on the Subsurface Documents, CE will provide City with written notice of such additional costs and/or expenses and City will reimburse CE for such costs and/or expenses within thirty (30) days of the day CE transmits the written notice(s) to City. Further, City agrees to indemnify and hold CE and its employees, directors, officers and contractors ("CE Parties") harmless and free from any and all claims, actions, suits, liabilities, damages, fines, penalties, costs and/or expenses which arise based on CE's, its employees and/or contractors reliance on the Subsurface Documents; provided, however, that City shall not be required to indemnify or hold CE or the CE Parties harmless to the extent of CE's and/or the CE Parties' negligence. As used in this paragraph, subsurface structures include, without limitation, subsurface utility lines, wires, cables, conduit cables, and/or piping. CE agrees to work with City during planning and actual subsurface work at the Premises (including without limitation scheduling work so that a City employee(s) may be present during the performance of any excavation), in an effort to allow City to best manage potential liability hereunder.

ARTICLE 3 THE CITY'S RESPONSIBILITIES

3.1 Maintenance of Premises. The City shall maintain the Premises and the real property in the immediate vicinity of the Station in a clean, safe, and commercially reasonable condition suitable for CNG Vehicle fueling use.

3.2 Protection of CE Property. The City shall use commercially reasonable efforts in storing and protecting CE's property and the Station, including spare parts for the Station and the Station itself; provided, however, that the City shall have no obligation to insure the same or to indemnify CE for loss or damage thereof, except as expressly provided in the Agreement.

3.3 Refueling Vehicles. The City employees and members of the public shall fuel their own CNG Vehicles.

3.4 Compliance with Law. In performing its obligations under this Agreement, the City shall comply in all material respects with all applicable federal, state and local laws, regulations, ordinances and rulings, including (but not limited to) those pertaining to health, safety, employment and environmental matters.

3.5 Payment of CE Billings. The City shall pay all bills submitted by CE per the terms of this Agreement within forty-five (45) days following receipt of invoice by the City. For purposes of this section, receipt shall be defined as three (3) calendar days after the invoice is mailed by CE. Any payments not made when due shall accrue interest on the unpaid amount at a rate of 10% per annum, calculated from the date payment is due to and including the date payment is received by CE. **IF PERMITTED BY LAW, CE SHALL PASS THROUGH TO CITY ANY SURCHARGES INCURRED BY CE RELATED TO CITY'S PAYMENT OF ITS INVOICES THROUGH USE OF A CREDIT CARD.**

3.6 The City's Costs. Except as specified in this Agreement, or as may be separately agreed to in writing by the City and CE, the City shall not charge CE for the materials or labor utilized in providing the services described in this Article 3. The City shall be responsible for the payment of all real property taxes related to the Premises and CE shall be responsible for paying all personal property taxes for the Station.

3.7 Premises Conditions. If, at any time during the term of this Agreement, it is determined that underground hazards, soil contaminants or soil conditions exist (including, without limitation, migratory pollution or other migratory conditions) that either (a) require removal, replacement, and disposal of soils or materials, (b) require remediation, or (c) require unanticipated soil or foundation preparation work, CE shall not be financially and/or legally responsible for such underground hazards, soil contaminants, and/or soil conditions and any required remediation, removal, replacement preparation work, and/or disposal (unless such hazard, contaminant or condition was brought to the Premises by CE). This Section shall survive termination of this Agreement.

3.8 Utilities. CE shall be responsible for payment of all utility service charges for utility service consumed at the Station during the Term.

ARTICLE 4 LICENSE TO USE PREMISES

4.1 Permitted Use. To enable CE to fulfill its obligations set forth herein, the City hereby agrees to provide to CE reasonable and sufficient ingress to, and egress from, the Premises so that CE can design, construct, operate and maintain the Station as contemplated hereby in accordance with the terms and conditions of this Agreement. The City also agrees to provide reasonable and sufficient ingress to, and egress from, the Station to third party users so that they may fuel their vehicles at the Station. The City shall not, and shall not permit others to, levy any rent, charge, lien or encumbrance against CE for the use of the Premises or the Station.

4.2 Clear Title. The City is, and shall remain during the term of this Agreement, the owner or lessee of the Premises, and shall not allow liens or encumbrances affecting the Station or CE's performance hereunder. CE shall be the owner of the Station, and its parts and equipment. CE shall have the right to grant a lien or encumbrance against its right, title and interest in the Station or its equipment; provided, however, that CE shall not permit any liens or encumbrances of any kind to be placed on the Premises and shall promptly discharge any and all mechanic's, laborer's or materialman's liens, encumbrances or charges caused by CE against the Premises at its sole expense.

4.3 Sale, Abandonment or Removal. Unless otherwise agreed to by the Parties in writing, upon termination or expiration of this Agreement, CE shall, at City's direction, either (i) remove the Station at CE's sole expense including any and all merchandise, equipment, furnishings, fixtures, machinery and tools relating to the Station, from the Premises, excluding the removal of any underground piping which may be left in place by CE; or (ii) sell the Station to the City on mutually agreeable terms. Thereafter, CE shall have no further rights or obligations under this Agreement with respect to the Station or the Premises. Notwithstanding the above, in the event of termination by reason of breach by CE or termination without cause by CE, the City may, in its sole discretion, elect to purchase the Station and shall pay CE the lesser of the depreciated book value (based on a straight-line basis over 10 years) of the Station or fair market value of the Station as determined by an independent appraiser, mutually agreeable to both Parties. CE's rights and obligations under this Section shall only be applicable to the equipment provided and owned by CE at the Station.

ARTICLE 5 TERM AND TERMINATION

5.1 Term. The initial term of this Agreement shall continue until the ten (10) year anniversary of the Date of Final Completion (the "Term"). This Agreement shall automatically

renew under the same terms and conditions for consecutive one (1) year terms unless CE or the City gives notice of cancellation to the other party at least three (3) months prior to such termination or renewal, as the case maybe.

5.2 Termination. In the event of a material breach of this Agreement by either party, the non-breaching Party shall have the option to terminate this Agreement if the breach is not cured by the breaching party within thirty (30) days after receiving notice from the non-breaching Party. Notwithstanding the above, however, where it is not reasonably possible to fully effect a cure within the thirty (30) day period set forth above, the party in breach shall not be deemed to be in default of the Agreement and subject to termination where it commences implementation of the cure within a fifteen (15) day period of receiving notice and thereafter proceeds diligently to completion to cure the breach; provided, in no event shall such cure period exceed ninety (90) days. For purposes of this Section, non-payment of amounts due under this Agreement shall be a material breach of this Agreement.

ARTICLE 6 THIRD PARTIES' USE OF PUBLIC DISPENSER

6.1 Royalty. Commencing on the Final Completion Date, CE shall pay City a royalty payment in the amount described in Appendix D, which is attached hereto and incorporated by reference, per Gasoline Gallon Equivalent of CNG sold to third party users at the Station. Royalty payments shall be made by CE within forty-five (45) days following the end of each quarter during each Royalty Year. "Royalty Year" shall mean each 12 month period beginning on the Final Completion Date.

ARTICLE 7 PURCHASE OF FUEL

7.1 Pricing of CNG. CE shall provide the City with CNG at a price per GGE (such price to be paid by the City to CE) equal to the sum of:

- (a) the Delivered Cost of Gas, plus
- (b) \$0.89 per GGE (the "CNG Margin Price"), plus
- (c) any local, state, federal, and/or utility taxes, fees and/or assessments applicable to the sale of CNG.

As used herein, "the Delivered Cost of Gas" shall refer to an amount, per GGE, which is determined based on (a) the applicable month's natural gas invoice CE receives from the City, and (b) the City's proportionate use of the Station during such month.

Any local, state, federal, and/or utility taxes, fees and/or assessments, if applicable, will be collected by CE from the City and remitted back to the appropriate agency.

Beginning January 1, 2020 and on each January 1st thereafter, the "CNG Margin Price" per GGE shall be adjusted by the change in the CPI for Los Angeles-Long Beach-Anaheim, CA, all urban consumers, not seasonally adjusted 1982-84 for the year prior to the year being adjusted.

ARTICLE 8
EXCISE, SALES AND USE
TAXES

CE is currently required to, or may be required in the future to, collect and remit certain federal, state, and local taxes, including fuel use taxes, fees and assessments on CNG sold at the Station, subject to certain exemptions. City shall be responsible for all such applicable excise, sales, and use taxes, and all applicable fees and assessments related to its purchases of CNG under this Agreement. If City qualifies for an exemption from one or all of these taxes, City shall furnish to CE appropriate certification authorizing non-payment of the applicable tax or taxes. If City fails to maintain its exemption status, or for any other reason City's exemption becomes invalid without notifying CE thereof, City shall indemnify CE for all taxes, penalties, and interest on any nonpayments and underpayments of taxes.

ARTICLE 9
PUBLICITY

9.1 Mutual Approval. The City and CE shall each secure the prior written consent of the other before using the other Party's name in any publication or advertisement, which consent shall not be unreasonably withheld.

ARTICLE 10
INDEMNIFICATION

10.1 The City. Except to the extent that liabilities arise from CE or its employees, agents, contractors or subcontractors' negligence or misconduct, the City agrees to indemnify, defend and protect CE and its agents and employees from and against and hold CE and its agents and employees harmless and free from any and all liability, loss, cost, expense or obligation, including without limitation reasonable attorneys' fees, court costs and other expenses, including without limitation, those of appeal, on account of or arising out of, injury to or death of any person or persons or damage to or loss of use of property, from whatever cause, occurring during the term of this Agreement related in any way to the construction, use, operation or maintenance of the Station by the City or its employees, agents or contractors or material breach of this Agreement by the City.

10.2 CE. Except to the extent that liabilities arise from the City or its employees, agents, contractors or subcontractors negligence or misconduct, CE agrees to indemnify, defend and protect the City and its agents and employees from and against and hold the City and its agents and employees harmless and free from any and all liability, loss, cost, expense or obligation, including without limitation reasonable attorneys' fees, court costs and other expenses, including without limitation, those of appeal, on account of or arising out of, injury to or death of any person or persons or damage to or loss of use of property, from whatever cause, occurring during the term of this Agreement related in any way to the construction, use, operation or maintenance of the Station by CE or its employees, agents or contractors or material breach of this Agreement by CE.

ARTICLE 11
INSURANCE

The City and CE shall each procure at their respective expense, and maintain in full force and effect during the Term, with insurance carriers rated at least A- VII or better with A.M. Best or like rating

agencies, the following primary insurance in at least the minimum amounts specified, with the other respective Party named in the Commercial General Liability and Excess or Umbrella Liability policies as an additional insured.

(a) Comprehensive Commercial General Liability Insurance, including blanket contractual liability applicable to personal injury and property damage, to a combined single limit of not less than \$1,000,000 per occurrence and \$2,000,000 aggregate.

(b) Comprehensive Commercial Automobile Liability Insurance, including owned, non-owned and hired automobiles covering bodily injury and property damage, to a combined single limit of \$1,000,000.

(c) Excess or Umbrella Liability providing coverage (following form) with limits of a minimum of \$5,000,000 in excess of the limits afforded by the insurance policies included in this paragraph.

(d) Workers Compensation and Employers Liability

1. Workers compensation in compliance with applicable state and federal laws.
- n. Employers liability with a limit of not less than \$1,000,000.

The requirements for carrying the foregoing insurance shall not derogate from the provisions of indemnification as set forth in this Agreement. The City shall have the option to self-insure its obligations contained in this Article 11. If the City does so elect to self-insure its obligations, it shall notify CE in writing of its election along with its acknowledgement of the amounts and coverages it is self-insuring.

The City shall send certificates of insurance evidencing such coverage within thirty (30) days after the date of this Agreement to:

Clean Energy
4675 MacArthur Court, Suite 800
Newport Beach, CA 92660
Attn: Barbara Johnson

CE shall send certificates of insurance evidencing such coverage within thirty (30) days after the date of this Agreement to:

Long Beach Energy Resources
2400 East Spring Street
Long Beach, CA90806-2285
Attn: Director
Fax: (562) 570-2008

ARTICLE 12 NOTICES

12.1 Representatives. Each Party hereby designates the following as its

representatives for purposes of the administration of this Agreement. Such designations may be changed from time to time pursuant to Section 12.3:

CE: Steve McCarthy
Robert Vreeland
Telephone: (949) 437-1000

City: Bob Dowell
Telephone: (562) 570-2001

12.2 Notices. Except for the City's requests for Service Calls, which may be made by telephone, any notice provided for in this Agreement, or any notice, which either Party may desire to give to the other, shall be in writing and shall only be deemed to be duly delivered upon receipt. Such notice shall in each instance be sent by certified mail, return receipt requested, to the address of the Party indicated below, as such may be changed pursuant to Section 12.3:

CE: Clean Energy
4675 MacArthur Court, Suite 800
Newport Beach, CA 92660
Attn: Robert Vreeland
With a copy to: SVP, Corporate Transactions and CLO

City: Long Beach Energy Resources
2400 East Spring Street
Long Beach, CA 90806-2285
Attn: Director
Fax: (562) 570-2008

12.3 Changes. Either Party may change its representative or address for notice by sending notice of such change to the other Party at the address specified in Section 12.2 (as the same may be changed from time to time).

ARTICLE 13 MISCELLANEOUS

13.1 Assignment. Neither Party shall have the right to assign its rights or obligations hereunder without obtaining the prior written consent of the other (which consent shall not be unreasonably withheld), and any attempted assignment without such prior written consent shall be void. Permitted assigns and successors in interest shall have the benefit of, and shall be bound by, all terms and conditions of this Agreement. Notwithstanding anything contained herein to the contrary, either Party may assign this Agreement to such Party's parent corporation, affiliate, or a wholly-owned subsidiary of the Party without the consent of the other.

13.2 Complete Understanding, Written Modifications. This Agreement (i) shall be governed and construed in accordance with the laws of the State of California, (ii) expresses the entire agreement of the Parties with respect to the subject matter hereof, and (iii) supersedes all prior

understandings, arrangements, representations and agreements between the Parties regarding such subject matter, except for the Prior Agreement which will remain in effect until the Final Completion Date. No term or condition hereof shall be amended, modified or waived except through an instrument in writing, executed by the Party or Parties to be bound thereby, nor, in any event, through course of performance, course of dealing or usage of trade.

13.3 Headings. The headings in this Agreement are for convenience and reference only and shall not affect the interpretation of this Agreement.

13.4 No Joint Venture. CE shall perform its duties herein as an independent contractor. Nothing contained herein shall be considered to create the relationship of employer and employee, partnership, joint venture or other association between the Parties, except as principal and independent contractor.

13.5 Waiver. No waiver by either Party of any one or more defaults by the other in the performance of any provisions of this Agreement shall operate or be construed as a waiver of any other default or defaults, whether of a like or different character. No waiver or modification of this Agreement shall occur as the result of any course of performance or usage of trade.

13.6 Force Majeure. In the event that CE is prevented from performing its obligations under this Agreement by circumstances beyond its control, including, without limitation, fires, floods, earthquakes, storms, wind or other natural calamities or acts of God, explosions, war, acts of terrorism, sabotage, public disorders, strikes or other labor disputes or actions by governmental authorities, interruption or inability to produce CNG caused by equipment failure or loss of utility service at any CE facility or the interruption or cessation of delivery of CNG to CE by any supplier of CNG to CE (any of which is hereinafter referred to as a "Force Majeure"), then CE shall be excused from its obligations under this Agreement during the period of a Force Majeure ("Force Majeure Period"). If CE claims Force Majeure, CE shall notify the City in writing promptly after it learns of the existence of a Force Majeure and shall similarly notify the City promptly after the Force Majeure has terminated. To the extent within its control, CE shall use commercially reasonable efforts to correct whatever event or circumstances may have caused the Force Majeure.

13.7 Non-Exclusivity. This Agreement shall not limit the City's ability to purchase CNG from other suppliers and shall not limit the City's ability to contract with other operators for the maintenance and operation of additional third party CNG stations.

13.8 Counterparts. This Agreement may be executed in any number of counterparts, each of which, when so executed and delivered, shall be deemed an original, and all of which taken together shall constitute one and the same agreement. Signatures to this Agreement transmitted by facsimile, email, portable document format (or .pdf) or by any other electronic means intended to preserve the original graphic and pictorial appearance of this Agreement shall have the same effect as the physical delivery of the paper document bearing original signature.

[Signature Page to Follow]

IN WITNESS WHEREOF, the Parties have caused this Agreement to be signed by their duly authorized representatives, effective as of the date first set forth above.

CLEAN ENERGY

CITY OF LONG BEACH

By: Robert M. Vreeland

Robert M. Vreeland, CFO
[Printed Name and Title]

By: Rebecca G. Garner

Rebecca G. Garner
[Printed Name and Title]

Acting Asst. City Manager
2/13/20
EXECUTED PURSUANT
TO SECTION 301 OF
THE CITY CHARTER

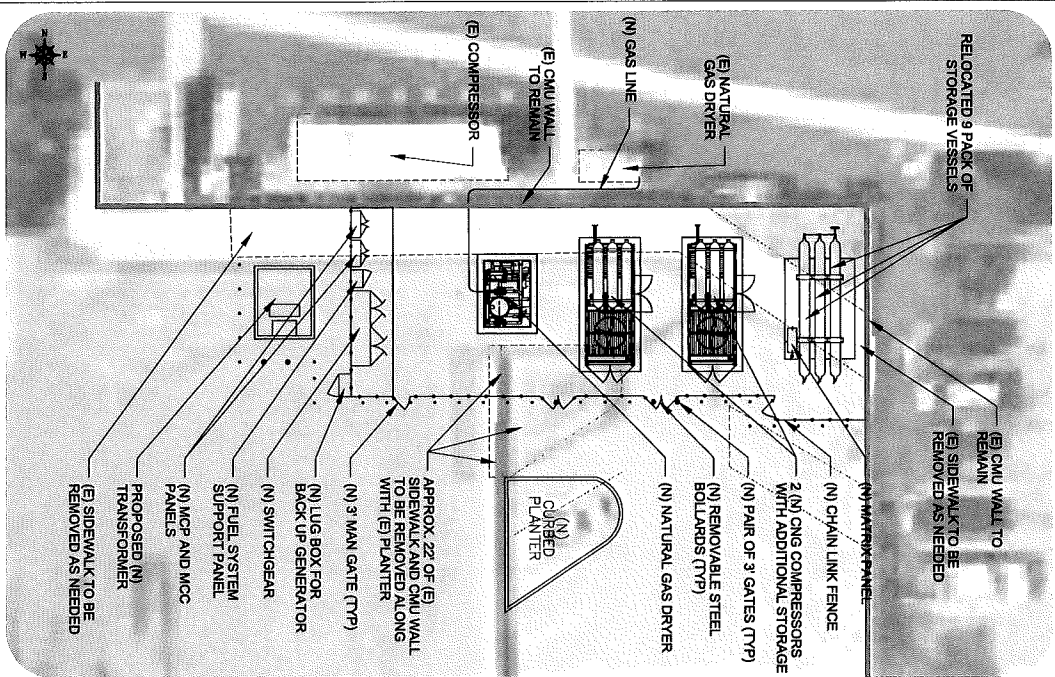
APPROVED AS TO FORM

1.27, 2020
CHARLES PARKIN, City Attorney

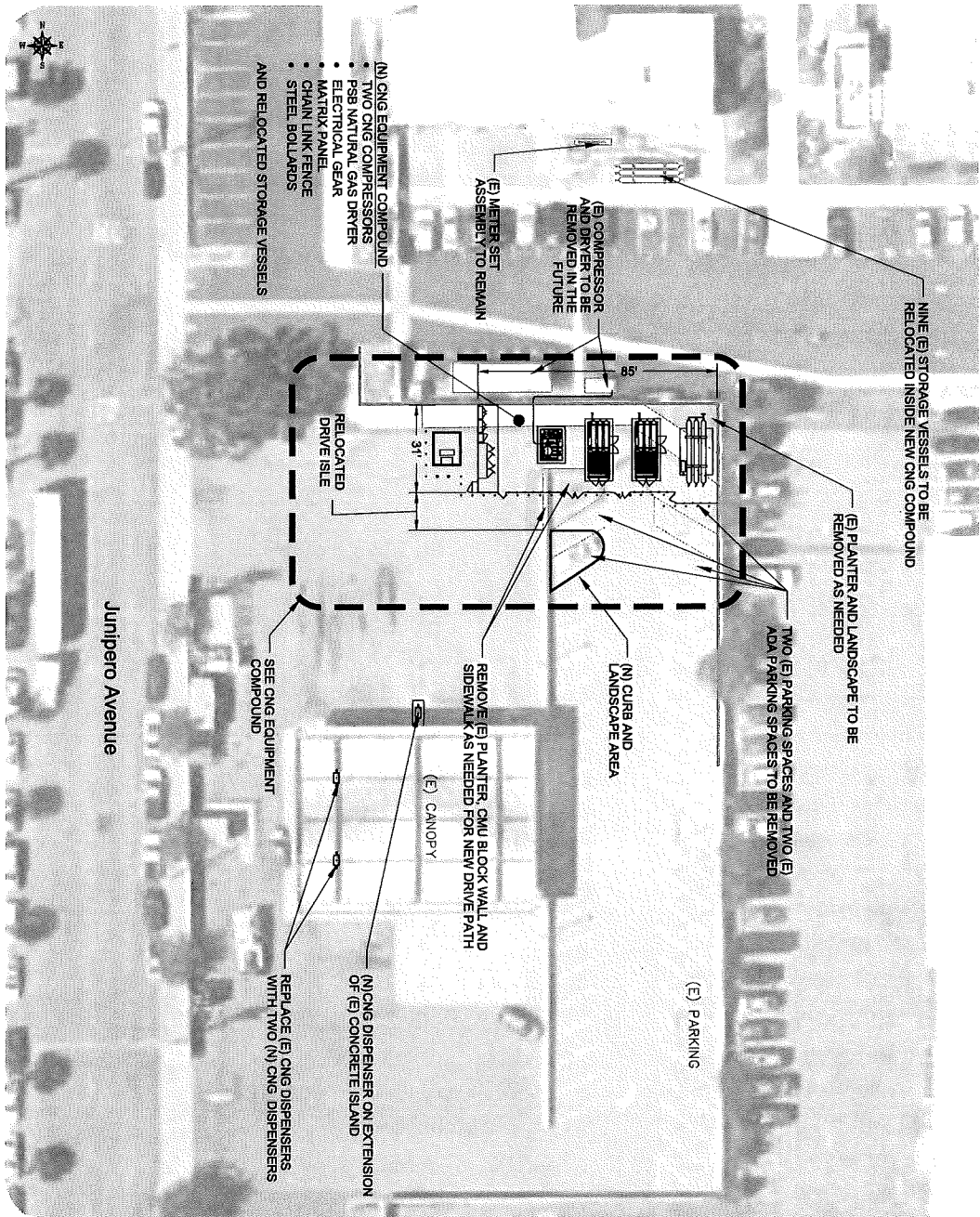
By [Signature]
RICHARD ANTHONY
DEPUTY CITY ATTORNEY

Appendix A
The Premises and Station Location

The Station depicted and described herein is proposed and is shown for conceptual purposes only in locations which are approximate and may be modified by CE.



CNG EQUIPMENT COMPOUND (1" = 20')



OVERALL SITE PLAN (1" = 40')

COMPRESSED NATURAL GAS FUELING FACILITY
 CONCEPTUAL LAYOUT FOR LONG BEACH GAS AND OIL

2400 E SPRING ST., LONG BEACH, CA 90806
 SCALE: AS NOTED



4675 MACARTHUR COURT, SUITE 800, LONG BEACH, CA 90806
 TEL: (562) 437-1000 | FAX: (562) 724-1387 | WWW.CLEANENERGYFUELS.COM
 W:\Sales (S)\Long Beach Oil and Gas - 2400 E Spring St.\Long Beach, CA - 2400 E Spring St. - CP-10.dwg

CUSTOMER APPROVAL:	
BUSINESS DEVELOPMENT APPROVAL:	
DESIGNER: HV TRAN	DATE: 07/09/2018
CP-10	

Appendix B
Station Equipment

- CE will install two (2) 400 horsepower GE compressors capable of producing a combined 14 GGEs per minute or 840 GGEs per hour. Each compressor is equipped with three (3) high pressure storage vessels.
- CE will install six (6) additional high pressure ASME storage vessels.
- CE will install a single PSB tower regenerative dryer with digital dewpoint meter, sensor and alarm.
- CE will install three (3) Kraus two (2) hose dispensers with card readers capable of reading multiple fueling cards.

Appendix C

RNG Supply

1. Third Party RNG Supply

- a. The Parties acknowledge and agree that the City entered into an RNG supply agreement with GHI Energy, LLC, a Texas limited liability company (“**GHI**”, or together with any successor supplier, “**Third Party Supplier**”) for GHI to supply RNG to the City’s natural gas supply pool, and City reserves the right to extend and/or replace such supply agreement with GHI or an alternate RNG supplier. Commencing on the Date of Substantial Completion and expiring on the last day of the delivery period of RNG for the any third-party contract for supply of RNG between a Third Party Supplier and the City (the “**Last Third Party Supplier Day**”), the City shall allocate an amount of RNG to the Meter each month so that all CNG dispensed from the Station each month is RNG (the “**Minimum**”). The Parties acknowledge and agree that CE is the account holder on the Meter, and CE purchases the RNG at the Meter for supply to the Station, and therefore, Third Party Supplier supplies RNG to the City prior to the Meter and the City allocates the Minimum to sell to CE at the Meter. On a monthly basis during the Third Party Supplier Term, CE shall provide the City with a copy of the natural gas bills related to the Meter when such bill relates to natural gas provided to the Meter during the Third Party Supplier Term.
- b. The City agrees to notify CE, in writing, at least sixty (60) days prior to the Last Third Party Supplier Day.
- c. Pursuant to the California Code of Regulations for the Low Carbon Fuel Standard, CE will not retain the Low Carbon Fuel Standard regulated party status set forth in Title 17, California Code of Regulations in §§ 95480-95490 as a regulated party under California Air Resources Board as set forth in Title 17, California Code of Regulations § 95480.3 with respect to all RNG dispensed from the Station from the Date of Substantial Completion until the Last Third Party Supplier Day (the “**Third Party Supplier Term**”).
- d. The City shall be responsible for ensuring that either it, Third Party Supplier or a contractor generates all RINs and LCFS Credits that can be generated by the RNG dispensed from the Station during the Third Party Supplier Term.

The City shall pay CE on a monthly basis, two percent (2%) of the Third Party Supplier RINs Resale Price for each RIN generated by RNG dispensed from the Station during the Third Party Supplier Term (the “**City RIN Payment**” or the “**City CE Payment**”). City shall be entitled to one hundred percent (100%) of the LCFS Credits during any Third Party Supplier Term.

- e. Notwithstanding the foregoing, in the event either Third Party Supplier or the City does not supply the Minimum during a month during the Third Party Supplier Term (a “**Missed Month**”), in addition to the City CE Payment due to CE for RINs generated from RNG dispensed from the Station during such Missed Month, City shall pay CE the following amount (the “**RNG Differential Payment**”):

RNG Differential Payment =

[(amount of RINs which would have been generated in the event the RNG Minimum had been supplied to the Station during the Missed Month) – (the amount of RINs actually generated by the RNG dispensed from the Station during the Missed Month)] X [two percent (2%) of the Third Party Supplier RINs Resale Price]

2. CE RNG Supply

- a. For each month beginning on the Last Third Party Supplier Day and continuing for the remainder of the Term (the “**CE RNG Supply Term**”), CE shall provide an amount of RNG to the Station so that all CNG dispensed from the Station each month is RNG, subject to subsection 2(i) below. Further, in the

event there is a lapse in time between the end of an RNG delivery period with a Third Party Supplier and the commencement of a delivery period of a new Third Party Supplier of RNG, the City shall provide CE with sixty (60) days prior written notice of such impending lapse and the estimated length of the lapse and CE may, upon written notice to the City, elect to supply RNG to the Station for the length of the lapse. The time period during which RNG is provided to the Station by CE based on such lapse shall be included within the definition of "CE RNG Supply Term" and, therefore, the terms applicable during the CE RNG Supply Term below shall be applicable during such lapse when RNG is provided by CE.

- b. For the CE RNG Supply Term, pursuant to the California Code of Regulations for the Low Carbon Fuel Standard, CE will retain the Low Carbon Fuel Standard (LCFS) regulated party status set forth in Title 17, California Code of Regulations in §§ 95480-95490 as a regulated party under California Air Resources Board as set forth in Title 17, California Code of Regulations § 95480.3 with respect to all Biogas dispensed from the Station during the CE RNG Supply Term.
- c. CE shall pay the City eight percent (8%) of the CE LCFS Credits Resale Price for all Incremental LCFS Credits generated from Biogas CNG Vehicle fuel dispensed at the Station during the CE RNG Supply Term. CE shall make such payment within thirty (30) days of the date of CE's receipt of payment for such sold LCFS Credits. The City acknowledges that CE and/or its affiliates will act as a principal with respect to their own LCFS Credits and/or as an agent with respect to LCFS Credits generated and/or sold hereunder and the City hereby waives any claim against CE and/or its affiliates based on any conflict of interest or alleged conflict of interest of CE and/or its affiliates with respect to the manner, price or terms of the sale of any of the LCFS Credits generated and/or sold hereunder. CE and/or its affiliates and control persons shall owe no fiduciary obligation to the City with respect to the LCFS Credits generated and sold. CE and its affiliate's sole obligation with respect to the sale of LCFS Credits generated and/or sold in this transaction shall be to use commercially reasonable efforts to sell such credits alongside other LCFS Credits that CE and/or its affiliates may market or sell based on the calendar quarter in which such credits are generated.
- d. CE shall pay the City four percent (4%) of the CE RINs Resale Price for all RINs generated from Biogas CNG Vehicle fuel dispensed from the Station during the CE RNG Supply Term. CE shall make such payment within thirty (30) days of the date of CE's receipt of payment for such sold RINs. The City acknowledges that CE and/or its affiliates will act as a principal with respect to their own RINs and/or as an agent with respect to RINs generated and/or sold hereunder and the City hereby waives any claim against CE and/or its affiliates based on any conflict of interest or alleged conflict of interest of CE and/or its affiliates with respect to the manner, price or terms of the sale of any of the RINs generated and/or sold hereunder. CE and/or its affiliates and control persons shall owe no fiduciary obligation to the City with respect to the RINs generated and sold. CE and its affiliate's sole obligation with respect to the sale of RINs generated and/or sold in this transaction shall be to use commercially reasonable efforts to sell such credits alongside other RINs that CE and/or its affiliates may market or sell based on the calendar month in which such credits are generated.
- e. Each Party will provide the other party such cooperation, additional documentation, certifications or other information as may be reasonably necessary to carry out the purposes of this Appendix (including pursuant to any audit by a governmental authority) and in order for title to the conveyed Green Attributes to vest in the CE in connection with the purchase and sale of the Biogas during the CE RNG Supply Term.
- f. The City is not entitled to any payment for LCFS Credits, RINs or other environmental attributes or credits that may be attributed to or generated from natural gas sold from the Station during the CE RNG Supply Term other than as stated in in Sections 2(c) and (d) above.
- g. In addition to all other remedies available under this Agreement, if any natural gas sold by CE and purchased by the City during the CE RNG Supply Term is originally deemed to be Biogas becomes classified as Disqualified Biogas and such disqualification did not occur based on an act or omission of CE, CE will be entitled to a refund of any payment made to the City under Sections 2(c) or (d) above

which is related to such natural gas. This obligation shall survive the termination or expiration of this Agreement.

- h. In addition to all other remedies under this Agreement, if any natural gas sold by CE and purchased by the City hereunder during the CE RNG Supply Term is originally deemed to be Biogas but is not processed into a CNG Vehicle fuel, CE will be entitled to a refund of any payment made to the City under Sections 2(c) or (d) above for the volume of Biogas that was not processed into a CNG Vehicle fuel. This obligation shall survive the termination or expiration of this Agreement.
 - i. In the event that: (a) the EPA RFS and/or LCFS are materially modified, repealed, stayed, enjoined, or end prior to the last day of the Term but during the CE RNG Supply Term; or (b) a regulatory change (1) makes the sale of the Biogas and conversion thereto into vehicle fuel and the coincident generation of RINs and/or LCFS Credits illegal or impossible, or (2) hinders CE's performance of its obligations under this RNG Supply Appendix during the CE RNG Supply Term; (each event shall be referred to as a "**Regulatory Hinderance**"), then CE and the City shall work together to renegotiate the affected terms of this RNG Supply Appendix. If CE and City do not agree on an amendment to this RNG Supply Appendix C within sixty (60) days from the date CE or the City initiated renegotiation, then CE may elect to cease or decrease supply of RNG to the Station during the remainder of the Term.
3. Additional Terms and Conditions
- a. The City hereby represents and warrants that all CNG it purchases from the Station shall be used as CNG Vehicle fuel. As applicable, the City will provide reasonable assistance to CE with respect to the generation of RINs and LCFS Credits, including, without limitation, by signing periodic attestations regarding the use of the Biogas as a CNG Vehicle fuel.
 - b. Intentionally Omitted.
 - c. Effective January 2015, transportation fuel suppliers in California are subject to the Cap and Trade regulations under AB 32. AB 32 requires fuel suppliers to purchase compliance instruments if the total amount of greenhouse gas emissions from fuel they supply in California exceeds 25,000 MTCO_{2e} per year. CE will pass through any applicable AB 32 compliance costs for non-exempt natural gas purchased hereunder to the City.
 - d. CE shall have the right, upon reasonable notice and at reasonable times, to examine and audit and to obtain copies of the relevant portion of the books and records of the City to the extent reasonably necessary to verify the accuracy of any statement, charge, payment, or computation made.
 - e. The Parties acknowledge and agree that CE has the responsibility of remitting Federal fuel and state fuel taxes for CNG dispensed from the Station. For all CNG dispensed from the Station, CE will be considered the Alternative Fueler, as defined in Proposed Treasury Regulation 48.6426-1.
4. Definitions. As used herein, the following terms shall have the following definitions:
- a. "**Advanced Biofuel**" means a renewable fuel as set forth in the EPA RFS program (40 C.F.R. § 80.1401 (2012)), other than ethanol derived from corn starch, and which must achieve a Lifecycle Greenhouse Gas Emission displacement of fifty percent (50%) compared to the baseline Lifecycle Greenhouse Gas Emissions.
 - b. "**Alternative Fuel**" means any transportation fuel that is not California reformulated gasoline or a diesel fuel, including but not limited to, those fuels specified in the California Low Carbon Fuel Standard (Cal. Code Regs. tit. 17, § 95480.1(a)(12) (2010)).
 - c. "**Biogas**" or "**RNG**" means pipeline quality natural gas derived from the decomposition of organic matter that meets the EPA RFS eligibility requirements as either an Advanced Biofuel or Cellulosic Biofuel.
 - d. "**CARB**" means the California Air Resources Board or its successor agency and policies established under the California Low Carbon Fuel Standard Regulation, (Cal. Code Regs. tit. 17, §§ 95480 – 90 (2010).), (collectively, the "**LCFS**") applying to any transportation fuel that is sold, supplied, or offered

- for sale in California.
- e. **“Cellulosic Biofuel”** means a renewable fuel derived from any cellulose, hemi-cellulose or lignin that has lifecycle greenhouse gas emissions that are at least sixty percent (60%) less than the Baseline Lifecycle Greenhouse Gas emissions (as set forth in the EPA RFS program (40 C.F.R. § 80.1401 (2012))).
 - f. **“CE LCFS Credits Resale Price”** shall be calculated by reference to the volume weighted average price of all LCFS Credits of the same annual and quarterly vintage realized by CE within the same calendar quarter.
 - g. **“CE RIN Resale Price”** shall be calculated by reference to the volume weighted average price of all RINs which is realized by CE or its affiliate, as applicable, that were generated within the same calendar month as the RINs generated from the Biogas sold by CE hereunder.
 - h. **“Conventional Gas”** means natural gas other than Biogas.
 - i. **“Disqualified Biogas”** means natural gas that was initially determined by the Parties upon delivery to be Biogas but subsequently becomes disqualified as Biogas by not satisfying the requirements of the EPA Renewable Fuels Standard or the CARB LCFS.
 - j. **“EPA”** means the United States Environmental Protection Agency.
 - k. **“EPA Renewable Fuels Standard”** or **“EPA RFS”** means the renewable energy program and policies established by the Environmental Protection Agency and published on March 26, 2010 (at 75 Fed. Reg. 14670) and which became effective on July 1, 2010.
 - l. **“Third Party Supplier RIN Resale Price”** means the monthly average of the published daily OPIS price of Cellulosic Biofuel (D3) RIN’s during the applicable month of RNG flow.
 - m. **“Green Attributes”** means any and all attributes, including Lifecycle Greenhouse Gas Emissions, associated with the production, sale and use of Biogas as an Advanced Biofuel, Cellulosic Biofuel, low carbon fuel or Alternative Fuel as necessary to generate or claim applicable CARB LCFS Credits and EPA RINs.
 - n. **“Greenhouse Gas”** means carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O), hydrofluorocarbons, perfluorocarbons, sulphur hexafluoride, or any other substance or combination of substances that may become regulated or designated as Greenhouse Gases under any federal, state or local law or regulation, or any emission reduction registry, trading system, or reporting or reduction program for Greenhouse Gas emission reductions that is established, certified, maintained, or recognized by any international, governmental (including U.N., federal, state, or local agencies), or non-governmental agency from time to time, in each case measured in increments of one metric tonne of carbon dioxide equivalent.
 - o. **“Incremental LCFS Credits”** means the LCFS Credits generated from Biogas minus the LCFS Credits that would have been generated if the same amount of Biogas had been Conventional Gas.
 - p. **“Lifecycle Greenhouse Gas Emissions”** means the aggregate quantity of Greenhouse Gas emissions (including direct emissions and significant indirect emissions from land use changes), as determined by the EPA RFS or CARB, related to the full fuel lifecycle, including all stages of fuel and feedstock production and distribution, from feedstock generation or extraction through the distribution and delivery and use of the finished fuel to the ultimate consumer, where the mass values for all greenhouse gases are adjusted to account for their relative global warming potential.
 - q. **“Low Carbon Fuel Standard Credits”** or **“LCFS Credits”** shall mean credits generated and traded under the California Air Resources Board Low Carbon Fuel Standard, with each credit equal to one metric tonne of Carbon Dioxide reductions as compared to the baseline CO₂ emissions under the Low Carbon Fuel Standard.
 - r. **“Meter”** means the natural gas meter for the Station on the Premises for which CE is the account holder.
 - s. **“Renewable Identification Number”** or **“RIN”** is a number generated to represent a volume of renewable fuel as set forth in Regulation of Fuels and Fuel Additives: Changes to Renewable Fuel Standard Program, 75 Fed. Reg. 16484 (March 26, 2010) (codified at 40 C.F.R. § 80.1425 (2011); 40 C.F.R. § 80.1426 (2012)).

Appendix D
Royalty

CE will pay the City the royalty amount per GGE shown below based on the volume (in GGEs) of CNG dispensed from the Station to third party CNG vehicles during the applicable quarter. The applicable royalty amount per GGE will be paid for each third party user purchase of CNG from the Station during the applicable quarter.

Tiered Royalty Structure	
GGE's dispensed to third party users per Quarter	Royalty Payment per GGE
0 - 150,000	\$0.20
150,001 - 200,000	\$0.25
200,001 - 250,000	\$0.30
250,001 and above	\$0.40