

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT



STAFF REPORT

MEETING DATE: 9/14/2022

Staff Report No. 22-465

TO: AC Transit Board of Directors

FROM: Michael A. Hursh, General Manager

SUBJECT: Permission to Solicit Liquid Nitrogen and Liquid Hydrogen Fuel

ACTION ITEM

AGENDA PLANNING REQUEST: ☐

RECOMMENDED ACTION(S):

Consider authorizing the solicitation of proposals to purchase liquid nitrogen and liquid hydrogen fuel to support the continued implementation of the Zero Emission Bus (ZEB) Transition Plan.

STRATEGIC IMPORTANCE:

Goal - Environmental Improvement

Initiative - Zero Emission Programs

Authorizing this solicitation will support the continued implementation of the ZEB Transition Plan by providing fuel to operate the District's fleet of Fuel Cell Electric Buses (FCEB).

BUDGETARY/FISCAL IMPACT:

The fuel cost to operate the District's revenue service buses is provided annually in the District's operation budget. This competitive procurement will ensure that AC Transit is contracted at the best possible price for both liquid hydrogen and liquid nitrogen.

BACKGROUND/RATIONALE:

On June 1, 2020, AC Transit entered into a supply agreement for liquid hydrogen and liquid nitrogen to support the District's ZEB Transition Plan. Liquid hydrogen is converted into gaseous form and used as fuel in the District's FCEB, while liquid nitrogen is used to intermittently purge and clean the hydrogen process equipment. This agreement continues for three (3) years with two (2) successive one-year options to extend. The initial three-year term will expire on May 31, 2023.

The hydrogen supply market is beginning to evolve into a more competitive environment than existed in 2020. While the market is far from mature, with more fuel suppliers available today, staff realized it would be in the District's best interest to issue a new RFI and/or RFP to ensure that current competitive market conditions are applied to our hydrogen fuel purchases. Issues related to both cost and the availability of renewable hydrogen need to be determined.

ADVANTAGES/DISADVANTAGES:

The advantages of authorizing this solicitation is that it will allow staff to continue moving forward with the implementation of the Board approved ZEB Transition Plan in a fiscally responsible manner. Issuing this solicitation will give staff insight into the current market conditions to ensure the adequate availability of hydrogen fuel while complying with the State renewable fuel requirements. Staff are unable to identify any disadvantages to the issuance of this solicitation.

ALTERNATIVES ANALYSIS:

The only alternative to issuing this solicitation would be to execute the options for extension of the current supply contract. Staff does not recommend this option as it would represent a missed opportunity to understand how the hydrogen market is evolving and how to leverage that understanding to ensure adequate supply, renewable content, and fair and reasonable pricing of our hydrogen supply.

PRIOR RELEVANT BOARD ACTION/POLICIES:

SR 22-158c Adoption of the FY 2022-23 Operating and Capital Budget

SR 22-319 AC Transit ZEB Transition Plan

BP 465 Procurement Policy

ATTACHMENTS:

None

Prepared by:

Joe Callaway, Director of Capital Projects

Approved/Reviewed by:

Cecil Blandon, Director of Maintenance

Fred Walls, Director of Procurement and Materials

Salvador Llamas, Chief Operating Officer

Ramakrishna Pochiraju, Executive Director of Planning & Engineering

Chris Andrichak, Chief Financial Officer

Jill A. Sprague, General Counsel