

DOCKETED

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Email Conversation to be docketed to 19-ALT-01

From: Eric McAfee <eric.mcafee@aemetis.com>

Date: April 13, 2020 at 12:20:32 PM PDT

To: "Barker, Kevin@Energy" <Kevin.Barker@energy.ca.gov>

Cc: "Butler, John@Energy" <john.butler@energy.ca.gov>, "Martin-Gallardo, Jennifer@Energy" <Jennifer.Martin-Gallardo@energy.ca.gov>, Ethan Hanohano <ethan@buildmomentum.io>, "shawn@buildmomentum.io" <shawn@buildmomentum.io>, peter ward <peterfward@att.net>, "Cordero, Christina@Energy" <Christina.Cordero@energy.ca.gov>, Lenny Mendonca <lenny.mendonca@gobiz.ca.gov>, Chris Dombrowski <chris.dombrowski@gobiz.ca.gov>, Trelynd Bradley <Trelynd.Bradley@gobiz.ca.gov>

Subject: Re: COMMISSION_SUP-LIST: Message from Chair Hochschild - April 2020

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Kevin,

Thank you for the detailed reply to our requests. I appreciate the time and thought invested in your response.

There are four ethyl alcohol plants in California that represent a combined \$600 million of private capital investment and have the capacity to produce 220 million gallons of renewable fuels per year. Two of the four plants are now shut down and the third plant is operating at significantly reduced volume, while the Aemetis plant has reduced fuel ethanol shipments by 80%.

The California Ethanol Producer Incentive Program (CEPIP) was designed to create financial support for biofuels production without any cost to taxpayers or to the CEC grant program. All of the funds under CEPIP were used to start up and/or operate biofuels plants during the recovery from the 2008 financial crisis. And all of the funding was repaid to the CEC by the four ethanol plants in the CEPIP program, including Aemetis.

We are requesting that the CEC take an active role in supporting renewable fuels during the Covid 19 crisis by instituting a "CEPIP-20" program to re-establish biofuels production in California.

Doing nothing and watching the renewable fuels industry be destroyed in California is always the easiest route. We are asking the CEC to take the harder path, employing

innovation and leadership to create a CEPIP-20 or other program that is adopted in a timely manner to meet the urgent needs of industry.

We can all stand by and do nothing. That is the easy route.

But some of us have chosen to take risks and be a part of the solution to the combined Covid 19 and oil price crash crisis. We invite the CEC to reach beyond the slow, labored and "resource-limited" financing processes that may be deeply entrenched in bureaucratic culture to provide some type of meaningful action - without delay.

It has now been about a month since the Covid 19 shutdown. We hope to see some level of financing support forthcoming from the CEC for our operation of a \$150 million business that operates what is now probably the production plant providing the largest number of LCFS credits in the State of California.

Thanks.

Eric McAfee
Chairman/CEO
Aemetis, Inc.
Cupertino, CA
(408) 390-3275 cell/text
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On Apr 13, 2020, at 8:27 AM, Barker, Kevin@Energy <Kevin.Barker@energy.ca.gov> wrote:

Mr. McAfee,

Thank you very much for reaching out to the Energy Commission's Grant Ombudsman, Jennifer Martin-Gallardo. She has forwarded me your requests and I would like to address them.

In the Fuels and Transportation Division, we firmly stand behind the statement of Chair Hochschild as forwarded below. We are looking at each and every situation to see how we can be accommodating due to the immediate crisis caused by the pandemic, while at the same time continuing to be strong stewards of the state's money.

I address each request below:

1. Allow us to use the \$21.6 million of awarded and pending CEC grants by waiving the “matching funds are spent first” requirement. Each of these projects reduce natural gas use and reduce carbon intensity of fuels while directly creating high-paying construction jobs.

First, it is important to clarify our requirements for match. We do not require that matching funds are spent first, but rather that match funds shall be spent concurrently or in advance of Energy Commission funds. Therefore, spending match funds in advance is an option and not a requirement, but at a minimum we require match funds spent concurrently. The purpose for match funding is ensure that over the life of the grant, both the CEC and a Recipient have a financial interest in the completion of a project.

The Low Carbon Fuel Production Program was a competitive solicitation which companies bid on projects with the requirement that match would be spent concurrently or in advance. Therefore, all projects in this program are being treated similarly.

Therefore, at this time, I am not willing to waive the terms to spend fund concurrently. However, during the COVID-19 crisis, if there are particular circumstances you encounter, I encourage you to work with the Commission Agreement Manager on what can be done on a case by case basis to help with the current situation.

2. Approve funding of the remaining \$10.2 million of California Ethanol Producer Incentive Program (CEPIP) that was not funded to Aemetis under the 2010 signed agreement with Aemetis.

My understanding is that the Chair's office responded on this request to revisit the CEPIP program, so I won't weigh in on that. However, I would like to provide a little context on the Clean Transportation Program. The program is funded through a small fee on vehicle and boat registrations and then the legislature provides authorization for us to spend the money. The CEC is required to create and follow an annual Investment Plan to spend those funds, which must be encumbered and spent by a certain time period. Therefore, there is no funding currently available for a program like the CEPIP. New money would have to be allocated through an Investment Plan and a competitive process established to award new ethanol production projects.

I wish you all the best in this challenging period,

Kevin Barker
Deputy Director
Fuels and Transportation Division
California Energy Commission

From: Eric McAfee <eric.mcafee@aemetis.com>

Sent: Monday, April 6, 2020 10:07 PM

To: Martin-Gallardo, Jennifer@Energy <Jennifer.Martin-Gallardo@energy.ca.gov>

Cc: Ethan Hanohano <ethan@buildmomentum.io>; Shawn Garvey <shawn@buildmomentum.io>; Peter

Ward <peterfward@att.net>

Subject: Fwd: COMMISSION_SUP-LIST: Message from Chair Hochschild - April 2020

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Jennifer,

Please thank David for his positive and supportive comments below.

As a direct result of the Covid 19 pandemic, 100 million gallons of low carbon renewable fuel production in California is now shut down, representing a loss of jobs, as well as a loss of about 50% of the high octane and high oxygen biofuel produced in the state.

Has the CEC found its way toward any support for the largest industry producing Low Carbon Fuels Standards credits in the history of California?

Aemetis requests of the CEC are:

1. Allow us to use the \$21.6 million of awarded and pending CEC grants by waiving the “matching funds are spent first” requirement. Each of these projects reduce natural gas use and reduce carbon intensity of fuels while directly creating high-paying construction jobs.
2. Approve funding of the remaining \$10.2 million of California Ethanol Producer Incentive Program (CEPIP) that was not funded to Aemetis under the 2010 signed agreement with Aemetis.

Thanks.

Eric McAfee
Chairman/CEO
Aemetis, Inc.
From iPhone X

Begin forwarded message: