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ARFVTP: 3103 Regulation Response Form

1. What are the possible impacts for your project with the credit discount provision and the timeframe for when you expect to generate credits.

The grant funds Colony Energy is seeking represent about 20% of the estimated project total costs. The project could produce over 400,000 mmbtu of bio-methane annually for to be utilized as CNG in the transportation market.

It’s estimated the RIN and LCFS credits generated by the project would have a market value of $7.00/mmbtu.

So a 20% discount would equate to $1.40/mmbtu x 400,000 mmbtu = $560,000 annual discount.

Over the 3 year term of the agreement with the CEC, the project would suffer a loss of revenue = $1,680,000.

2. We would also like to provide you the opportunity to provide a statement for our record.

These type of projects are very capital intensive and difficult to finance. Grant funds help to make the project a more viable investment and the discount provision works against the very purpose of the grant.

Giving up that amount of revenue, particularly during the start up and early operational years would most likely deter investment.

It also seems unfairly balanced that the recipient of the credit discounts did not have to provide matching funds and meet other terms and conditions of the grant agreement.