

From: Tom Darlington [mailto:tdarlington@airimprovement.com]
Sent: Monday, June 08, 2015 6:35 PM
To: Chowdhury, Hafizur@ARB
Subject: Re: guidance

I will try. They are pretty anxious about this records request. They want to find a workable solution ASAP.

On 6/8/15 1:29 PM, Chowdhury, Hafizur@ARB wrote:

Tom:

Would you please hold this discussion as I mentioned you on our earlier phone conversation.
Let me find out more information for you. Okay.

Hafizur

From: Tom Darlington [mailto:tdarlington@airimprovement.com]
Sent: Monday, June 08, 2015 10:21 AM
To: Chowdhury, Hafizur@ARB
Subject: Fwd: RE: guidance

They are still having problems with this record request. See below. I will call you.

Tom

----- Forwarded Message -----

Subject: RE: guidance

Date: Mon, 8 Jun 2015 16:34:19 +0000

From: Bob Whiteman <bobwhiteman@poetep.com>

To: Heather Gullic <HeatherGullic@poetep.com>, Tom Darlington

<tdarlington@airimprovement.com>, Sahay, Shailesh <Shailesh.Sahay@POET.COM>

CC: Shon Van Hulzen <Shon.VanHulzen@POET.COM>

Yes Tom, this is much, much more than a utility invoice where you would have around 24 over a 2 year period. For our larger facilities, we could be talking about well over 10,000 records for grain receipts, and DDG/ethanol sales. Even in an enforcement scenario, I would say it would be very unusual to ask for scanned copies of all records if those records weren't suspected of being fraudulent through the earlier sample.

It would be a more manageable request if they were going to be happy with a download of data, but a request for scanned copies of all records will result in the plants needing to actually employ an addition person(s) to assemble that volume of information. We would be happy to participate in the call with CARB if that would help.

Thanks,
Bob

Bob Whiteman
CFO
Poet Ethanol Products
3939 N Webb Rd
Wichita, KS 67226
(316) 303-1382
(316) 267-1071 fax

From: Heather Gullic
Sent: Monday, June 08, 2015 11:11 AM
To: Tom Darlington; Sahay, Shailesh; Bob Whiteman
Cc: Shon Van Hulzen
Subject: RE: guidance

Hi Tom,

Thanks for checking into this. I don't agree with their audit argument. In most audits, samples are picked and details like invoices etc are provided just for the sample transactions. I have never seen anyone ask for 2 years of invoices for every transaction.

Could you follow up and find out what needs to be seen on the items – meaning what are we allowed to redact/black out? Providing this info would show - for example - farmers name and address, price, volume and origin. We would also be sharing all of this detail for DDG and ethanol (along with where the product is shipped). I am concerned about push back from the plants. They prefer for their business details to remain private.

Thanks,
Heather

From: Tom Darlington [<mailto:tdarlington@airimprovement.com>]
Sent: Monday, June 08, 2015 10:57 AM
To: Sahay, Shailesh; Heather Gullic; Bob Whiteman
Cc: Shon Van Hulzen
Subject: Re: guidance

I talked with ARB about the fact that it is a big job to scan all this information in and create these spreadsheets. But ARB does not see a way around scanning in all these invoices and creating the spreadsheets. They realize it is a lot of work, but they also note that every plant that sells into California will have to do this anyway in the future, in case ARB comes out and audits the plant. If there are are other questions about this, I would be glad to continue to contact ARB.

Tom

On 6/4/15 11:25 AM, Sahay, Shailesh wrote:

Thanks, Heather. I absolutely agree with your reaction, and asked Tom about this myself. I've copied the language from the proposed regs regarding what invoices need to be produced for a Tier 1 application below. It appears that, with the approval of CARB, we could produce a report by a third-party auditor documenting the sales in lieu of producing all the invoices. Of course, the third-party auditor might demand to see the invoices anyway.

Tom is calling CARB to see if he can get clarification on the invoice requirement. I've cc'd him here in case he has any other input at this point. I also am not yet comfortable with handing over this quantity of sales information to the agency.

2. Invoices and receipts for all forms of energy consumed in the fuel production process, all fuel sales, all feedstock

purchases, and all co-products sold. Invoices shall be submitted in electronic form. Each set of invoices shall be accompanied by a spreadsheet summarizing the invoices. Every invoice submitted shall appear as a record in the summary. Each record shall, at a minimum, specify in a separate column the period covered by the purchase, the quantity of energy purchased during that period, the invoice amount, and any special information that applies to that record (the special information column need not be populated for every record). For each form of energy consumed, the two-year total and average consumption shall be reported in the spreadsheet. These two-year totals and averages shall be used to calculate the per-million-Btu and per-megajoule energy consumption inputs used to calculate the life cycle CI of the fuel pathway.

a. *Period Covered.* The period covered shall be the most recent two-year period of relatively typical operation.

b. *Production Processes Covered.* The invoices submitted under this provision shall cover the energy consumed in all unit operations devoted to feedstock handling and pre-processing; fuel production; co-product handling and processing; waste handling, processing, and treatment; the handling, processing and use of chemicals, enzymes, and organisms; the generation of process energy, including the generation, handling and processing of combustion fuels; and all plant monitoring and control systems. If the fuel produced or any by-products or co-products receive additional processing after they leave site, such as additional distiller's grains drying or fuel distillation, invoices covering the energy consumed for those processes must also be submitted. If the fuel production facility is co-located with one or more unrelated facilities, and energy consumption invoices are not separately available for the fuel production process, the applicant shall obtain a third-party energy audit sufficient to establish the long-term, typical energy consumption patterns of the fuel production facility.

3. In lieu of receipts or invoices for fuel sales, feedstock purchases, or co-product sales, the applicant may seek Executive Officer approval to submit audit reports prepared by independent, third-party auditors that document fuel sales, feedstock purchases, or co-product sales.

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-----Original Message-----

From: Heather Gullic [<mailto:HeatherGullic@poetep.com>]
Sent: Wednesday, June 03, 2015 2:56 PM
To: Sahay, Shailesh; Whiteman, Bob
Cc: Van Hulzen, Shon
Subject: RE: guidance

Hi Shai,

I have a question. Reading pages 3 & 4, Tom says that for the renewal of pathways ALL invoices for feedstock purchases, ethanol sales, and DGS sales for a 2 year period must be submitted to CARB. Can we confirm this? The volume of this is crazy and redacting information on the invoices would be a huge undertaking. The rest makes sense, it will be a big job and we should start preparing items now if we want to be ready to submit July or shortly after.

Thanks,
Heather

-----Original Message-----

From: Sahay, Shailesh [<mailto:Shailesh.Sahay@POET.COM>]
Sent: Wednesday, June 03, 2015 1:10 PM
To: Heather Gullic; Bob Whiteman
Cc: Shon Van Hulzen
Subject: FW: guidance

Bob and Heather,

Our consultant Tom Darlington prepared the attached guidance for us on applying for pathway approval under the new California LCFS regs, assuming that the regs are finalized as proposed.

Please let me know if you have any questions.

-Shai

Shailesh Sahay
Regulatory Counsel

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-----Original Message-----

From: Tom Darlington [<mailto:tdarlington@airimprovement.com>]
Sent: Wednesday, June 03, 2015 9:51 AM
To: Sahay, Shailesh
Subject: guidance

Use this one instead. I turned the editing function off.

Tom

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Tom Darlington
Office: 616-335-8922
Cell: 248-921-5096

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