



November 18, 2019

Clerk of the Board
California Air Resources Board
1001 I Street
Sacramento, California 95814

RE: Comments Relating to the Cost Containment Mechanism for LCFS

Dear Clerk of the Board,

Generate Capital, Inc (“Generate”) is an investor and owner of several projects that are currently participating in the LCFS program. Our firm is writing to express our support for the Cost Containment Mechanism in the Low Carbon Fuel Standard (“LCFS”) program that is currently being proposed.

On April 5, 2019 and July 31, 2019, California Air Resource Board (CARB) staff presented concepts relating to a maximum credit price (“Price Cap”) which limits all credit transactions between entities in the LCFS program to no more than the CCM maximum price (\$200 in 2016 dollars indexed to inflation). Generate supports this concept for several reasons.

- **Provides Stability:** The Price Cap will eliminate the possibility of short-term price spikes that might lead to higher than necessary costs for regulated parties and consumers. The proposed measure therefore will act to stabilize the LCFS program and protects the interests of regulated parties and consumers.
- **Incentivizes Increased Clean Fuel Production:** The Price Cap is set at a level that can reasonably be expected to attract new supply into the market to serve California's increasing targets for greenhouse gas reduction from transportation fuel.
- **Removes Uncertainty and Clarifies Market Expectations:** Given that the Price Cap is set at a level that is sufficient to make many projects financially viable, having a price ceiling will help in the creation of financial products and business models that can be replicated across multiple projects, thus accelerating the development of projects and supply of credits.

By way of background, Generate is a leading owner and operator of lower-middle market energy infrastructure that builds, owns, operates, and finances infrastructure assets involving the world's critical resources: energy, water, agriculture, and basic materials. From the company's founding in 2014, Generate has institutionalized emerging asset classes in infrastructure and pioneered project finance models for lower-middle market infrastructure assets. Generate now occupies a market leadership position in many areas of these sectors that are now seen as important growth segments for the coming years, including community solar, battery storage, building automation, electric vehicle fleets, and waste-to-value projects; all which could participate in the LCFS program.



We applaud California and the Air Resource Board for their leadership in creating a forward-thinking market mechanism that accelerates the decarbonization of transportation. We look forward to continuing to support the program through our investments in related sustainable infrastructure.

Sincerely,

A handwritten signature in black ink that reads 'Jigar Shah'.

Jigar Shah
President and Co-Founder
Generate Capital