

C O R P O R A T I O N

November 13, 2015

The Honorable Mary Nichols, Chair

California Air Resources Board

1001 I Street

Sacramento, CA 95814

(Comment submitted electronically, Reference: investplan2-ws)

RE: Cap-and-Trade Auction Proceeds, Second Investment Plan

Dear Chair Nichols,

We appreciate the opportunity to provide comments regarding the Air Resources Board’s (“ARB”), Cap-and-Trade Auction Proceeds Second Investment Plan (the “Second Investment Plan”).

Genifuel Corporation designs and manufactures equipment to perform Hydrothermal Processing (HTP) of wet organic matter, especially wet wastes. Available wastes include wastewater sludge, food processing waste, animal waste, agricultural waste, wood waste, and organic chemical waste, among others. Studies have demonstrated that conversion of these materials into biocrude oil and renewable natural gas could supply 25% or more of transportation fuels currently derived from fossil sources. In this way HTP solves three problems at once—producing low-carbon fuels, cleanly disposing of wet wastes, and providing clean sterile water as a byproduct.

I would like to emphasize our company’s support for California’s innovative and robust low carbon fuel policies including the Low Carbon Fuel Standard (LCFS), Cap-and-Trade, Greenhouse Gas Reduction Fund (“GGRF”), and the California Climate Investments. I am pleased to confirm that this policy framework is a powerful catalyst driving low carbon fuel production and demand locally, nationally, and globally. The California Climate Investments are motivating the world’s most innovative low carbon fuels companies to consider investing and siting in California.

Strategic Portfolio of GHG Reducing Programs

We support ARB’s overall strategy to invest GGRF revenues on a diversified basis to achieve the maximum feasible GHG reductions as cost-effectively as possible. We are supportive of the references in ARB’s Second Investment Plan to the establishment of incentives for the in-state production of low carbon intensity fuels. Currently, over 80% of the low carbon fuels used in California are being imported from other states and foreign countries. As the nation’s clean economy leader, California deserves to receive the economic development and job benefits of its own state policies.

ARB’s decision to invest GGRF funds to expand in-State low carbon fuels production is fiscally and environmentally prudent because:

* The transportation sector is the largest source of GHG emissions currently and is also the largest source of planned GHG reductions that are to be achieved primarily through Cap-and-Trade, and the LCFS.
* Liquid and gaseous low carbon fuels have delivered 89% of the GHG reductions in the LCFS to date and will continue to deliver the overwhelming majority for the next five years.
* Liquid and gaseous low carbon fuels can be stored, blended and distributed via the existing petroleum distribution network and utilized in existing gasoline, diesel, and natural gas powered vehicles.
* These fuels and vehicles are the only technologies that can be immediately deployed to deliver substantial GHG and other emission reductions to California’s rural and urban disadvantaged communities.
* California’s Climate Commitment of cutting petroleum use in half by 2030 will be facilitated by doubling the use of low carbon fuels including biofuels and renewable natural gas.

Summary of Recommended Program Structure

We support the specific policy structure known as the California Climate Incentive Fuel Program (CCIFP) developed by the Low Carbon Fuels Coalition with broad industry involvement.

Conclusion

We appreciate the ARB’s inclusion of low carbon fuels production by Hydrothermal Processing within the scope of its Second Investment Plan. Thank you for your consideration of this comment.

Sincerely,



James R Oyler

President, Genifuel Corporation

Cc: Graham Noyes, Low Carbon Fuels Coalition