

April 24, 2013

Mary Nichols, Chairperson  
California Air Resources Board  
1001 I Street  
Sacramento, CA 95814

**RE: Comments on DRAFT Cap and Trade Auction Proceeds Investment Plan – Clean Energy Working Group**

Dear Chairperson Nichols,

On behalf of the clean energy businesses, industry groups, regional organizations, and investors listed below, we write to you to provide input on the draft cap and trade auction proceeds investment plan released April 16, 2013. We believe the plan's proposed investments will further the development and deployment of clean energy technologies in California which will result in significant short-and long-term greenhouse gas (GHG) reductions, job growth, and increased private investment in California.

Our coalition represents a statewide network of clean energy entities who have come together to form recommendations for how to invest cap and trade revenue in technologies that will help California achieve a sustainable energy future. We believe these funds should be used to invest in projects that further the goals of AB 32 and achieve a balanced and technology-neutral portfolio of programs and projects that include both near term, low-risk, cost-effective strategies and longer term, innovative, higher impact strategies. Investments should support California companies and in-state job development. Many of us supported AB 1532 and SB 535 last year which set key criteria for the expenditure of these funds.

We offer the following comments on the draft plan:

We are supportive of the investment framework and phased approach identified on pages 31-32. This three-part approach seems well-suited to spur the transformational market changes necessary to achieve not only the 2020 goals but also make significant strides toward the 2050 goals.

We agree that in the initial phase of the program, funds should be spent to enhance existing programs and strategies with GHG reduction benefits and we are supportive of funds being allocated to the existing programs and strategies identified in Section V and Appendix B. Specifically, these programs, all of which are referenced in Appendix B, include the AB 118 program, the AB 758 program, PACE, ABX1-14, SASH, MASH, weatherization and energy savings assistance programs, SGIP, and Carl Moyer program.

We also strongly support the framework outlined on pages B7- B8 for energy efficiency financing, weatherization, and clean renewable energy. As noted in our opening comments submitted on March 18, 2013, the cost of financing is a critical barrier to widespread adoption of clean energy technologies in California. We believe the framework outlined under the "energy efficiency financing" section is a good starting point but would urge flexibility in the types of projects and programs that receive funding.

For instance, it is important to provide the implementing agency (CAEATFA in this case) with the ability to use a variety of financial tools depending on project type. The list of useful tools includes: revolving loan funds, insurance products, loan guarantees, PACE programs, loans, interest rate reductions, and grants. Flexibility in the types of entities that qualify to receive funds through the financing program is also important and the list, at a minimum, should include the following: local governments, private businesses including project development entities, lending institutions, public agencies and universities,

non-profit organizations, and consumers. It is important for this program to be able to finance projects at any stage of the commercialization timeline, including but not limited to manufacturing, project deployment, and long-term clean power procurement. A flexible, technology-neutral, and highly leveraged financing program can play a major role in transitioning California's economy to a low-carbon future.

We appreciate the opportunity to provide comments on the draft investment plan and are prepared to discuss our comments anytime.

Sincerely,

Dan Adler, Managing Director  
California Clean Energy Fund (CalCEF)

Matt Golden, Principal  
Efficiency.org

Erin Grizard, Head of Regulatory and Governmental Affairs  
Bloom Energy

James Hall, Policy Director  
CALSTART

Jim Hawley, Senior Vice President & General Counsel  
TechNet

Nancy Pfund, Managing Partner  
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Bruce Ray, Director of Governmental and Regulatory Affairs  
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James Waring, Executive Chairman  
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Walker Wright, Director of Government Affairs  
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