

March 8, 2013

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

Dear Chairman Nichols

CR&R Incorporated submits these comments on the Draft Concept Paper for the Cap-and-Trade Auction Proceeds Investment Plan. We urge the ARB to invest cap and trade proceeds in bioenergy development, and especially in anaerobic digestion (AD) projects that convert municipal organic waste to biomethane for transportation use. AD provides California with a new and significant source of biofuels-fuels that have a zero carbon footprint.

CR&R operates a 700 plus heavy duty truck and equipment fleet that transports waste and recyclable materials generated from more than 46 cities that we serve under long-term contracts. About 500 of these vehicles are diesel and 200 are alternative fuel powered.

CR&R is investing \$20 million in an AD facility in Perris, Riverside County that will convert 83,000 tons of municipal green and food waste to about 1,000,000 diesel equivalent gallons of biomethane-enough renewable fuel to power approximately 70 front and side loaders and street sweepers. The California Energy Commission has made a grant of \$4.8 million to CR&R for the project. The balance of funding is being privately financed off of CR&R's balance sheet.

The CR&R project will go into construction this August and it will be operational by mid 2014. This will be the first of a number of AD projects that CR&R plans to build.

CR&R believes that the development of AD projects such as CR&R's will result in a large new source of untapped renewable fuel found in the approximately 9 million tons of organic waste currently being land filled.