November 13, 2015

The Honorable Mary Nichols, Chair
California Air Resources Board
1001 I Street
Sacramento, CA 95814

RE: Cap-and-Trade Auction Proceeds, Second Investment Plan (INVESTPLAN2-WS)

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").

Beta Renewables (BETA"), a joint venture between Biochemtex, the engineering division of the M&G group, Novozymes, and the investment firm Texas Pacific Group, is the world’s leader in making non-food cellulosic biomass practical and cost-competitive for the production of advanced biofuels and biochemical with two commercial scale (20 million gallons per year or more) with steady-state operations in Crescentino, Italy and Alagoas, Brazil.

BETA has invested over $200 million and years of effort to develop a game-changing second generation lingo-cellulosic ultralow Cl ethanol technology, PROESA™. PROESA™ provides a uniquely viable biomass pretreatment and hydrolysis process for transforming cellulosic feedstock into sugar for conversion into ethanol and bio-based chemicals.

At the outset, 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 within the scope of its Second Investment Plan. Thank you for your consideration of this comment.

Sincerely,

[Signature]

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