



August 13, 2015

Honorable Mary Nichols, Chair
California Air Resources Board
1001 "I" Street
Sacramento, CA 95812

Dear Chairwoman Nichols,

On behalf of its membership of businesses and business leaders who are working to make the global energy system more secure, clean and affordable, Advanced Energy Economy (AEE) offers the attached whitepaper as AEE's comments to the Air Resources Board's (ARB) Concept Paper for the Cap-and-Trade Auction Proceeds Second Investment Plan (Fiscal Years 2016-17 through 2018-19) (Concept Paper).

While AEE recognizes that the immediate focus of this whitepaper on opportunities to leverage remaining 2015-16 cap-and-trade auction revenues to expand greenhouse gas emission reductions is outside the longer-term focus of the Second Investment Plan, many of the recommendations identified – and particularly those related to financing mechanisms to support deployment of renewable energy, energy efficiency, and water efficiency projects – are directly related to the subjects addressed in the Concept Paper.

Indeed, AEE specifically applauds the strengthening of the language in Section III.F of the Concept Paper around Efficient Financing Mechanisms to Maximize Investment. While the First Investment Plan notably included the recommendation that “[f]unding should leverage private and other government investment to the maximum extent possible” as one of eight Investment Principles, the Concept Paper adds substantially greater specificity in articulating how moving from simple grants and rebate programs to loans, credit enhancements, and other innovative financing mechanisms could “significantly stretch [Greenhouse Gas Reduction Fund] monies further, strengthen the State’s investment portfolio, expand the types and number of projects that can be supported, and ultimately deliver greater climate benefits.” In addition, by providing specific examples of potential financing supports, including a State revolving loan fund, loan guarantee program, clean energy finance center at the California Infrastructure and Economic Development Bank, and the replicability in California of financing programs that have been developed in other states, the Concept Paper gives greater guidance to how such structures can be integrated into California’s existing landscape of energy finance programs. Importantly, the Concept Paper also envisions a more coordinated role between the various agencies charged with overseeing the various programs, including that “agencies with the relevant expertise retain program design and project selection responsibilities.”

AEE appreciates the opportunity to comment on the Concept Paper for the Second Cap-and-Trade Auction Proceeds Second Investment Plan. In particular, we applaud the inclusion of specific examples of opportunities to connect the investment plan objectives with private capital in order to stretch available public funds, expand the total amount of capital available, and maximize the impact of this program.

Sincerely,

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