

From: David Roberti [mailto:davidaroberti@gmail.com]
Sent: Saturday, June 22, 2013 11:50 AM
To: Greg Shipley
Cc: Climate Change CalRecycle
Subject: Re: CalRecycle Presentation - Waste Restructure

Greg,
Your analysis of CalRecycle's current programs and efforts is succinct and to the point. Best Regards.
David Roberti

On Tue, Jun 18, 2013 at 3:33 PM, Greg Shipley
<gregshipley@bioenergydesign.com> wrote:

Several comments regarding the CalRecycle efforts to organize the waste industry; they are:

- This effort to examine Conversion Technologies has been going on for over a decade ... with no resolution:
 - This new version contradicts the GHG findings from the CIWMB studies in 1995
 - Eliminates any consideration of or by the private sector; focusing, instead, on a “central planning” – top down edict
 - The technologies chosen by the State do not make money. The risk versus reward ratio scares private companies away
 - Why does the State provide “diversion credits” for recycled fiber materials going to China to burn for electricity ... and California gets the particulate matter 5 days later; yet, there is no consideration of diversion credits for any products produced from CT’s! More inconsistencies that discourages private sector investment in California.
 - There is no confidence in the financial markets to finance any plants in California (see #1 above); also
 - Cap and Trade is a disaster in the making

- Over regulations by all departments in the California government ... often with opposing views, different definitions of technologies and conflicting policies. Which “master” does a company serve?
- The financial industry does not trust the California government, period. A view shared by most CT developers ... which is why a majority of California-based companies are moving operations to other states or off-shore.

➤ If the 3-barrel system of garbage collection had been given the same scrutiny as CTs ... with GHG emissions, permitting, water remediation, et al ... we would not have such a system in existence right now. Yet ... California wants zero emissions from gasification? There is no consistency evident from the State.

➤ Positive Issues:

- Consider providing relief from Cap & Trade regulations. Current consideration is for a 2-3 year moratorium. It should be considered permanent in nature. Stability is required ... not vacillation. Cap and Trade is a negative incentive for business investment ... it’s just more taxation in the highest taxed state in the Union. Add in the highest cost for labor, benefits, costs and energy ... it makes California non-competitive in the overall marketplace.
- Streamlining the permitting process ... like those afforded to the oil and gas industry. A one-stop permitting agency would be a huge step forward. A project that our company looked at, in the Central Valley, required 52 major permits with 104 public hearings. Should a company even want to go through that exercise and, theoretically, received the permits ... the chances of being sued by an “environmental” group is 100% certain. Our budget ended up being a \$3-15 million (*too wide a gap for budgeting*) and 24-36 month proposition ... before another 2-3 years for any lawsuit thereafter.
 - Consideration might be given, by the State, to provide financial investors/lenders a guarantee as a non-monetary/cash reducing method of encouraging development of biorefineries in California
 - Protection ... indemnification of biorefineries, through the one-stop regulatory process from lawsuits to stop the building of the facility
- At least some consideration is given to Biomass and Thermal Conversion technologies ... that’s a minor miracle, in my estimation.

- An attempt to coordinate between the various agencies to get on the same page is very helpful ... if it actually happens.

Our company had a pilot plant and R&D facility in California ... we have closed that facility and moved it out of state. We have built a commercial validation plant for our pyrolysis process in Oregon, instead of California. We gave up on developing that biorefinery in the Central Valley, using agricultural waste, that would have been a closed-loop plant, processing 4,000 tpd producing ethanol, biodiesel, power, biochemicals, biochar and other beneficial products, plus would have employed over 100 high paying jobs in an area that had 30% unemployment with a \$200 million plant (and all of the construction jobs that would have produced) ... along with pumping up the economic multiplier effect within that agricultural community. The corresponding tax base associated with such an operation ... all gone.

Good luck with this whole process. If the State manages to create fewer barriers to entering the California market and provides a more inviting atmosphere to do business ... let me know.

Sincerely,

Greg Shipley

CEO

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