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Jim Duffy
Transportation Fuels Branch Chief
California Air Resources Board

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Via electronic submittal: LCFSworkshop@arb.ca.gov

Re: GlassPoint Solar Comments on July 31, 2019 Cost Containment Workshop #2 Proposals

GlassPoint Solar, Inc. (GlassPoint) supports the LCFS and its fundamental structure of incenting investment in low-carbon technologies through the use of market price signals. We appreciate the opportunity to submit these comments on the July 31, 2019 Cost Containment Workshop and potential amendment concepts to the Low Carbon Fuel Standard (LCFS).

GlassPoint is a California company that develops, manufactures and finances solar steam generators for industrial processes including thermal enhanced oil recovery and other industrial processes. Our renewable energy technology, born out of the policy mechanism of the LCFS, has been proven reliable, safe and economical in field operations in California and the Middle East.

CARB's historic recognition of the potential for solar steam to deliver meaningful emissions reductions in the production of liquid fuels, through both the Innovative Crude provisions and the recognition of low-carbon energy sources for biofuel refining has always been appreciated. We believe these policy provisions remain appropriate given the program's fundamental focus on fuel life cycle emissions. The market price signal has created projects that deliver California economic growth while reducing both criteria pollutants and GHG emissions. Such a market signal is important to private capital and investment decision makers who are necessary for larger projects to be built. It is the possible modification to this powerful market price signal that is the focus of these comments.

GlassPoint remains concerned about the implementation of a "hard price ceiling" concept that was reiterated at the workshop. A commentor suggested a declining price cap, which would be even more troublesome. GlassPoint would oppose any such attempt.

It was clear that CARB's concerns related to daily spot market trade prices and their impact on consumers. GlassPoint understands this concern, and though we do not believe a hard price cap is the solution, we would like to recommend the following addendum to your proposal. Projects like a GlassPoint Solar Steam unit require a large financing component based on the value of LCFS credits. Such contracts can run multiple years in duration with dedicated credit offtake agreements. Such long-term agreements should be exempted from this new trading limit requirement. We believe there are significant policy and practical benefits to such an exemption, including:

- ◇ Incentiveizing large capital projects



- ◇ Not hindering the producing steady streams of LCFS Credits
- ◇ Stabilizing of market conditions through additional credit generation and forward credit sales

Since such multi-year contracts would be a small fraction of the total LCFS market, thus limiting their impact on the consumer (CARB's stated concern), even if elevated pricing were to occur on contracted transactions. The potential for return is a key component investors, and such an exemption would be very helpful to capital-intensive projects, including CCS and solar-steam.

Therefore, GlassPoint would like to request that such an exemption be added to the Cost Containment Proposal. We suggest that any LCFS offtake agreement of multiple years in duration not be subject to the proposed LRT trading limit.

GlassPoint supports CARB's work to improve the program and ensure its long-term viability, but firmly believes consideration for capital projects is required to make this proposal acceptable.

Thank you for the opportunity to provide these comments, and we look forward to continued discussions.

Sincerely,

/s/

John O'Donnell
Vice President, Business Development