GENERATECAPITAL

December 7., 2018

Mr. James McGarry
Energy Division
California Public Utilities Commission
505 Van Ness Avenue
San Francisco, CA 94102

Re: Comments on BioMAT Program Review and Staff Proposal

Dear Mr. McGarry,

Generate Capital are investors in biogas projects across the United States and are an owner in a dairy digester located in Galt, California. We strongly support the BioMAT program and commend the state for its leadership and harnessing the growth of the biogas sector. As project equity investors, the BioMAT program offers a revenue stream that is long term and contracted; a core tenant in project finance and the foundation for a strong and stable energy sector. Generate Capital has dedicated hundreds of millions of dollars to developing BioMAT projects in California and strongly support the State's efforts to improve the program.

We support the comments that have been delivered by the Bioenergy Association of California ("Association") on the BioMAT Program Review. We would also like to emphasize a few points addressed in the Association's comments.

1) Generate opposes the proposal for price decreases. A decrease would create additional uncertainty and risk for project investors and disincentivize investors from further committing capital to projects that are in early stages of development, and potentially the biogas market in general.
2) Generate opposes the proposal to transition to a renewable auction mechanism. We do not feel that this proposed change would solve the fundamental problems of high interconnection costs and long utility timelines. Additionally, revamping the policy will take time and detract investors from investing in projects in the near term because of the regulatory uncertainty.
3) Generate capital supports the Association's comments to add an inflation adder to the BioMAT price.
4) Generate supports a 30-day deadline to execute contracts after the program participant accepts the offered price and provides all information. Doing so would provide clarity on when an investor can expect to make progress on cash flows for a project, impacting the attractiveness of a BioMAT investment
5) Generate supports further coordination with other California agencies, more specifically with the CDFA in ensuring that their grant programs do not impede the adoption of BioMAT, CARB and the explicit inclusion of BioMAT electricity in the LCFS, and Calrecycle to promote permitting

timelines and organic waste diversion policies that are supportive of BioMAT project development.

6) Generate also strongly urges the Commission to explicitly authorize BioMAT participants to use the electricity generated by BioMAT projects for electric vehicle fueling in accordance with the Low Carbon Fuel Standard. Currently, renewable natural gas can apply for LCFS and RINs, resulting in the investment community favoring renewable natural gas over electricity. By explicitly authorizing BioMAT projects to also participate in the LCFS, the Commission would be creating a level playing field for both biogas derived electricity projects and renewable natural gas projects, and not favoring one over the other.

Thank you for the opportunity to comment and we would welcome any dialogue in the future on the points presented.

Sincerely,

Jigar Shah

-Jigar Shah
President
Generate Capital