



BioEnergy Producers Association
Clean Technology for Renewable Energy

James L. Stewart
Chairman of the Board

David Roberti, Senator (Ret.)
President

Kay Martin
Vice President

May 30, 2012

Honorable Governor Jerry Brown
c/o State Capitol, Suite 1173
Sacramento, California 95814

**Subject: CalRecycle Rescission of Legal Opinion
Regarding Plasco Energy Eligibility for Renewable
Portfolio Standards**

Dear Governor Brown:

On Wednesday, May 23, 2012, the Director of CalRecycle issued a letter rescinding the agency's November 23, 2010, legal opinion that the Plasco/Salinas Valley gasification project is a qualifying renewable energy project in the State of California.

This letter had the effect of destroying the economic viability of this project, and the trust that private companies and local governmental agencies should be able to place in the actions of state government. In a moral sense, that trust is the number one consideration.

This rescission came after Plasco Energy Group, a Canadian company, and the Salinas Valley Solid Waste Authority, had, in good faith, made a significant financial commitment over 18 months to comply with CEQA and other permitting requirements in costly detrimental reliance upon what they understood to be a formal opinion by the State of California.

Plasco further had felt encouraged, because you personally had made a telephone call to the company, expressing interest in the technology.

In notifying Plasco of its decision, CalRecycle said that it did not want to "hurt" the company or the Salinas Valley Solid Waste Authority, which has devoted seven years to its vision of a permanent non-landfill based waste management system.

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CalRecycle's Director asked Plasco to continue its work on the Salinas project and to "trust" the state to take the legislative steps necessary to enable the company to move forward.

How can the state ask Plasco and the Salinas Valley Solid Waste Authority to continue to make substantial capital expenditures on this project when there is no assurance that the controlling legislators in your party who have blocked this industry's progress in California for seven years will now enact the changes necessary to enable companies like Plasco to operate in the state with confidence?

Indeed, just the opposite appears to be the case. It is strange that this new rescission letter arrived one week before the confirmation of the new Director of CalRecycle, and the decision came abruptly and without any prior consultation with stakeholders.

For seven years, ideological rigidity in the legislature has thwarted every attempted revision of statute that takes into consideration new methods of dealing with California's energy crisis via the productive use of the 30 million tons of post-recycled municipal solid waste that California places in landfills each year. In so doing, the legislature has posited as irrelevant such issues as energy independence, national security, a better environment and job creation.

As a result of the uncertainties that state government has perpetuated, California's biobased technology companies have already moved out of California or sited in other states thermal renewable energy projects amounting to approximately \$1 billion in capital investment.

Is it any wonder that Chief Executive.net recently ranked California as the worst state in the nation with which to do business for the eighth consecutive year?

We sincerely doubt that Plasco will sustain its presence in California unless your administration takes immediate action to reverse this ill-advised decision, or it is able to show Plasco a clear path forward that it can rely upon.

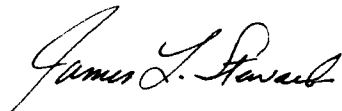
This decision is resounding among those communities that are seeking alternatives to landfilling in the state, and throughout the emerging multi-billion dollar alternative energy, advanced biofuels and biobased chemicals industries.

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Once again, state government has turned its back on some of the most promising new industries of the 21st Century. Unless action is taken promptly to resolve this issue, it is certain to shut the door on any remaining confidence this industry may have with regard to doing business in this state.

Respectfully,

BioEnergy Producers Association

A handwritten signature in cursive script, appearing to read "James L. Stewart".

James L. Stewart, Chairman

cc: Hon. John Laird, Secretary, Resources Agency
Julia Levin, Deputy Secretary for Climate Change, Resources Agency
Cliff Rechtschaffen, Office of Governor Jerry Brown
Ken Alex, Office of Governor Jerry Brown
Gareth Elliott, Legislative Affairs Secretary, Office of Governor Jerry Brown
Caroll Mortensen, Director, CalRecycle