



May 16, 2011

Climate Action Reserve

Attn: Policy Team
523 W. Sixth St, Suite 428
Los Angeles, CA 90014

Re: Comments on Public Review Draft Version 4.0 of the Landfill Project Protocol, dated May 5, 2011

Dear Policy Team:

I appreciate the opportunity to review the draft of the proposed Landfill Project Protocol Version 4.0 (the "Draft") and the opportunity to provide comments for consideration by the Reserve prior to finalization of the Draft.

I would like to provide comments as to why I feel that the proposed two new components ("Size Threshold (LFGE Projects Only)" and "Renewable Energy Certificate / Green Power Exclusion (LFGE Projects Only)") of the Performance Standard Test are inappropriate, are contrary to the Reserve's goals for promoting early capture and destruction of greenhouse gases, and therefore should **NOT** be adopted.

Sustainable Energy Solutions LLC ("SES") currently has three projects registered with the Reserve:

1. CAR 476 – Eagle Point Landfill in Georgia
2. CAR 498 – Wolf Creek Landfill in Georgia
3. CAR 588 – Stones Throw Landfill in Alabama

All three projects are being developed on a two step approach: (1) install and operate a landfill gas collection system for voluntary capture and destruction purposes only, and (2) if demonstrated landfill gas flow rates and energy market economic conditions allow, then add a landfill gas to energy ("LFGE") component for beneficial use of the captured landfill gas as opposed to simple destruction.

Phase 1 landfill gas collection systems have been installed at all three projects and each project has completed at least one verification cycle under CAR. Installation of those landfill gas collection systems was made possible **ONLY** with the revenue generated from the issuance and sale of Climate Reserve Tons ("CRT"s). Further, those projects were made possible only by contracting the sale of the projected CRT's to be generated on a five year forward basis at pricing that existed in 2009 due to anticipation of a Federal Cap and Trade program that ultimately failed to be passed by Congress. At today's pricing for voluntary CRT's for projects

located outside of California (approximately one half of the 2009 pricing), it would not be possible to initiate any of those same projects from an economic standpoint.

SES has been evaluating the feasibility of installing Phase 2 LFGE components at each of its registered projects. Our evaluation matrix includes landfill gas to electricity, medium BTU, and High BTU options.

To date, we have been able to justify moving forward on only one project – CAR 498 at Wolf Creek – with an electrical generation facility, the economics of which are marginal at best due to energy pricing in the Southeastern United States. While electric utilities in Georgia and Alabama have no mandated Renewable Portfolio Standard (“RPS”) requirements, they desire to hedge their future by requiring that any LFGE power purchase agreements include bundled Green Energy (both brown electricity and REC’s), while paying minimal premiums over avoided cost for the voluntary REC’s. Had our economic analysis been further burdened with the incremental capital cost for installation of the landfill gas collection system **WITHOUT** the incremental revenue derived from the sale of CRT’s, SES would **NOT** have been able to move forward with this LFGE component of the project.

We continue to evaluate our other two CAR registered projects for potential LFGE projects as well, and in all cases come to the same conclusion: these projects would only be feasible if they are eligible to receive **BOTH** revenue from the sale of CRT’s and also from the sale of REC’s.

Thus, if the “Renewable Energy Certificate / Green Power Exclusion (LFGE Projects Only)” component of the Performance Standard Test were adopted and in effect today, SES’s three projects would not have been built, resulting in a combined 240,000 tonnes of CO₂e being released into the atmosphere in 2010 that were in fact captured and destroyed by our three projects.

Further, all three landfills exceed the proposed “Size Threshold (LFGE Projects Only)” component of the Performance Standard Test, so once again, if adopted and in effect today, these projects would not have been built for this reason as well.

I would urge the Reserve to look beyond the “one size fits all” statistical analysis that is the basis in Appendix “A” for proposing the two new components of the Performance Standard Test for several reasons:

1. Your conclusion that “all 166 non NSPS/EG landfills with flares were required by state and local regulations ...” and should be excluded is simply not correct. SES’s three projects are all examples to the contrary.
2. Energy rates and REC pricing is not uniform across the United States and varies greatly by region. A voluntary electrical generation project may be viable in California without incremental revenue from the sale of CRT’s, while it would not come close to passing an economic feasibility analysis throughout most of the Southeastern United States.
3. Landfill size does matter, particularly for LFGE projects. Restricting the eligibility for CRT generation at voluntary electrical generation projects to those that not only forego REC sales, but are also located at landfills in “wet” regions with less than 715,000 metric tons of waste in place (“WIP”) would essentially halt further development of such

projects, due to the size limitation (less than one megawatt) created by the WIP restriction.

I would appreciate your favorable consideration of SES's comments submitted above and would be happy to discuss any of the above with Reserve staff at any time.

Sincerely,

A handwritten signature in blue ink, appearing to read "B. Gibbes", with a stylized flourish at the end.

William R. Gibbes
President