

**CALIFORNIA ALTERNATIVE ENERGY AND
ADVANCED TRANSPORTATION FINANCING AUTHORITY**

*Competitive Criteria Process for the 2022
Sales and Use Tax Exclusion Program Applications*

Tuesday, June 21, 2022

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SUMMARY

By the January 7, 2022, application deadline for the first Sales and Use Tax Exclusion (STE) Program application period for the 2022 calendar year, CAEATFA received 52 applications requesting over \$300 million in STE. Pursuant to the competitive process and pools of STE established in program regulations, CAEATFA staff (“Staff”) was prepared to bring 24 applications before the Board for consideration at this meeting, however, one applicant withdrew its application at the last minute. Therefore, Staff is bringing 23 applications before the Board for consideration at this meeting. If the Board approves all applications up for consideration, approximately \$4,167,183 in STE will remain in the general pool of STE, and applications on the wait list will be reviewed and presented to the Board for approval in the order in which they are ranked based on competitive criteria.

Below is further background on the relevant regulatory provisions and details on the process Staff took in determining the competitive criteria scores and rankings.

Tables 1–3 below provide a breakdown of the allocation of each pool of STE.

Table 1: \$20M Set-Aside for Projects Under \$2M		
Applicant Name	QP Amount	Estimated STE*
BHE Renewables, LLC and its subsidiaries Magma Power Company, BHER Minerals, LLC, and CE Generation, LLC	\$21,434,530.00	\$1,821,935
Mitra Future Technologies, Inc.	\$5,484,877.00	\$466,215
Heraeus Precious Metals North America LLC	\$15,900,000.00	\$1,351,500
Swift Solar, Inc.	\$8,490,000.00	\$721,650
Blue Mountain Electric Company	\$17,030,696.00	\$1,447,609
California Safe Soil, LLC	\$23,089,719.00	\$1,962,626
Aemetis Advanced Fuels Keyes, Inc.	\$22,703,169.00	\$1,929,769
Touchstone Pistachio Company, LLC	\$23,400,000.00	\$1,989,000
Quidel Corporation	\$23,150,000.00	\$1,967,750
Lam Research Corporation	\$23,500,000.00	\$1,997,500
Califia Farms, LLC	\$23,500,000.00	\$1,997,500
Terray Therapeutics, Inc.	\$16,417,363.00	\$1,395,476
Best Express Foods, Inc.	\$6,795,730.00	\$577,637

Table 1: \$20M Set-Aside for Projects Under \$2M (Continued)		
Applicant Name	QP Amount	Estimated STE*
Paradigm Packaging West, LLC	\$8,354,110.00	\$710,099
Award From Small-Project Set-Aside	\$4,398,033.65	\$373,833
Award from General Pool of STE	\$3,956,076.35	\$336,266
Total	\$235,294,117.65	\$20,000,000
Remaining from \$20M Small-Project Set-Aside	\$0	\$0

Table 2: General Pool of STE		
Applicant Name	QP Amount	Estimated STE*
Partial Award from 2021		
Enovix Corporation	\$13,159,686.16	\$1,118,573
Small-Project Split Award		
Paradigm Packaging West, LLC	\$3,956,076.35	\$336,266
General Pool 2022 Applications		
BHE Renewables, LLC and its subsidiaries Magma Power Company and CE Generation, LLC	\$96,212,528.82	\$8,178,065
Ampaire Inc.	\$29,889,143.00	\$2,540,577
Trojan Battery Company, LLC	\$36,566,109.00	\$3,108,119
Archer Aviation, Inc.	\$44,360,877.00	\$3,770,675
National Carbon Technologies California, LLC	\$117,647,058.82	\$10,000,000
Phillips 66 Company	\$117,647,058.82	\$10,000,000
CASS, Inc.	\$23,750,000.00	\$2,018,750
QuantumScape Corporation	\$114,844,599.00	\$9,761,791
Sugar Valley Energy, LLC	\$117,647,058.82	\$10,000,000
Total	\$698,564,433.28	\$59,377,977
Remaining in General Pool	\$49,025,686.56	\$4,167,183

Table 3: \$15M for Larger Projects		
Applicant Name	QP Amount	Estimated STE*
BHE Renewables, LLC and its subsidiaries Magma Power Company and CE Generation, LLC	\$92,209,761.18	\$7,837,830
National Carbon Technologies California, LLC	\$6,072,941.18	\$516,200
Phillips 66 Company	\$78,187,885.88	\$6,645,970
Total	\$176,470,588.24	\$15,000,000
Remaining in Larger Project Pool	\$0	\$0

* Estimated STE amounts may not total correctly due to rounding.

BACKGROUND AND REGULATIONS

Per-Applicant Cap, Pools of STE, and Order of Consideration

Statute currently limits CAEATFA to awarding \$100 million in STE each calendar year.¹ Program regulations require that applications are capped at \$10 million in STE per applicant, per calendar year;² that \$20 million in STE is available to award only to applications requesting \$2 million or less in STE through September each year (“Small Project Pool”);³ and that for applicants wishing to exceed the \$10 million per-applicant STE cap, \$15 million in STE is available to award in addition to the \$10 million STE cap in the first application period of the calendar year.⁴

The order in which applications are reviewed and considered by CAEATFA is based on a ranking of Competitive Criteria,⁵ except that applications being considered under the Small Project Pool must be heard before applications being considered for an award under the general pool of STE.⁶

If the amount requested in the last application considered in the Small Project Pool exceeds the STE available from the pool, CAEATFA shall award the remaining STE request using STE from the general pool of STE allocation, if any remains. Any applicant requesting \$2 million or less in STE that is not awarded from the Small Project Pool is considered for an award from the general pool of STE allocation.⁷ If the amount requested in the last application requesting STE from the \$15 million in STE set-aside for larger projects exceeds the STE available from the set-aside, the applicant shall only receive the amount remaining from the \$15 million in STE set-aside.⁸ If the amount requested in the last application considered exceeds the STE available in the calendar year, the Authority shall award the remaining STE request using STE from the following calendar year, up to \$2 million in STE. Any remaining applications are placed on the waiting list.⁹

Competitive Criteria

The applications with the greatest point score are reviewed and presented to the CAEATFA Board. In the event of a tie, the application representing the smaller STE award is considered first.¹⁰

Environmental Benefits (100 Points). Applicants with Recycled Resource Extraction Projects or Projects that produce an Advanced Transportation Technology or an Alternative Source product, component, or system (i.e., a Project that has environmental benefits that can be monetized and scored pursuant to the Program’s regulations)¹¹ receive 100 points.

Unemployment (Up to 50 Points). Applicants can receive up to 50 points based on how much greater the local unemployment rate is in comparison to the annual average statewide unemployed

¹ Public Resources Code Section 26011.8(h)

² California Code of Regulations Title 4, Division 13, Section 10032(a)(5)

³ California Code of Regulations Title 4, Division 13, Section 10032(a)(4)

⁴ California Code of Regulations Title 4, Division 13, Section 10032(a)(5)(B)

⁵ California Code of Regulations Title 4, Division 13, Section 10032(a)(7)

⁶ California Code of Regulations Title 4, Division 13, Section 10032(a)(4)

⁷ California Code of Regulations Title 4, Division 13, Section 10032(a)(4)

⁸ California Code of Regulations Title 4, Division 13, Section 10032(a)(5)(B)

⁹ California Code of Regulations Title 4, Division 13, Section 10032(a)(7)(A)

¹⁰ California Code of Regulations Title 4, Division 13, Section 10032(a)(7)(A)

¹¹ California Code of Regulations Title 4, Division 13, Section 10033(c)(4)

rate pursuant to the following formula: $\text{Points} = ((\text{local rate}/\text{state rate}) * 100) - 100$. For example, if the annual average statewide unemployment rate is 5.23%, and the local unemployment rate for the project is 7.5%, the project would earn 43 points as follows: $((7.5\%/5.23\%) * 100) - 100 = 43$ points.¹²

Job Creation (up to 75 Points). Applicants can also receive up to 75 points based on the amount of the sales tax exclusion per job created as a result of the estimated marginal increase in equipment purchased from the STE.

Points for Job Creation
1 Job ≤ \$50,000 in STE = 75 points
\$50,000 in STE < 1 Job ≤ \$100,000 in STE = 60 points
\$100,000 in STE < 1 Job ≤ \$150,000 in STE = 55 points
\$150,000 in STE < 1 Job ≤ \$200,000 in STE = 45 points
\$200,000 in STE < 1 Job ≤ \$300,000 in STE = 40 points
\$300,000 in STE < 1 Job ≤ \$400,000 in STE = 35 points
\$400,000 in STE < 1 Job ≤ \$750,000 in STE = 30 points
\$750,000 in STE < 1 Job ≤ \$1,500,000 in STE = 20 points
1 Job > \$1,500,000 in STE, or 0 jobs created = 0 points

For example, if an application requests \$7,000,000 in STE and the project is anticipated to create 10 jobs as a result of the STE, 1 job created is worth \$700,000 in STE, and, therefore, 30 points would be awarded.¹³

Natural Disaster Relief (50 Points). An applicant will receive 50 points if it can demonstrate the project is to relocate or rebuild the applicant’s facility due to a fire, flood, storm, or earthquake identified in a state of emergency proclaimed by the Governor within two years of the time of application.¹⁴

California Headquarters (15 Points). Applicants with corporate headquarters located in California receive 15 points.¹⁵

Eligibility for Statewide Partial Exemption for Manufacturing and Research & Development (50 Points). Applicants that are not eligible to use any of the exemptions established pursuant to Section 6377.1 of the Revenue and Taxation Code (administered through the California Department of Tax and Fee Administration) receive 50 points.¹⁶

Emerging Strategic Industry (75 Points). An applicant with a project in an Emerging Strategic Industry receives 75 points.

¹² California Code of Regulations Title 4, Division 13, Section 10033(c)(5)(A)

¹³ California Code of Regulations Title 4, Division 13, Section 10033(c)(5)(B)

¹⁴ California Code of Regulations Title 4, Division 13, Section 10032(a)(8)(B)(i)(d)

¹⁵ California Code of Regulations Title 4, Division 13, Section 10032(a)(8)(B)(i)(e)

¹⁶ California Code of Regulations Title 4, Division 13, Section 10032(a)(8)(B)(i)(f)

COMPETITIVE PROCESS AND ALLOCATION OF STE POOLS

Tables 4–6 on the following pages list the applications submitted by the deadline for the first application period, ranked based on competitive criteria for each pool of STE.¹⁷

¹⁷ After an initial review of all 52 applications received, six applications were determined to be incomplete or ineligible.

Table 4: Small Project Pool Applications, by Competitive Criteria

Applicant	Industry	County	Estimated STE	Total Score	Environ-mental Benefits	Unemp-loyment	Job Creation	CA HQ	Disaster Relief	Eligibility for Partial Exemption	Emerging Strategic Industry
BHE Renewables, LLC, and its subsidiaries Magma Power Company, BHER Minerals, LLC, and CE Generation, LLC	Lithium Recovery and Processing	Imperial	\$1,821,935	255	100	50	30	0	0	0	75
Mitra Future Technologies, Inc.	Electric Vehicle Battery Production	Santa Clara	\$466,215	245	100	0	55	15	0	0	75
Heraeus Precious Metals North America LLC	Precious Metals Recycling	Los Angeles	\$1,351,500	188	100	33	40	15	0	0	0
Swift Solar, Inc.	Solar Photovoltaic Manufacturing	San Mateo	\$721,650	170	100	0	55	15	0	0	0
Blue Mountain Electric Company	Biomass Processing and Fuel Production	Calaveras	\$1,447,609	145	100	0	30	15	0	0	0
California Safe Soil, LLC	Mixed Organics Recycling	Sacramento	\$1,962,626	145	100	0	30	15	0	0	0
Aemetis Advanced Fuels Keyes, Inc.	Ethanol Production	Stanislaus	\$1,929,769	121	100	6	0	15	0	0	0
Touchstone Pistachio Company, LLC	Pistachio Processing and Production	Tulare	\$1,989,000	91	0	36	40	15	0	0	0
Quidel Corporation	Medical Diagnostic Test Production	San Diego	\$1,967,750	90	0	0	75	15	0	0	0
Lam Research Corporation	Semiconductor Fabrication Equipment Manufacturing	Alameda	\$1,997,500	90	0	0	75	15	0	0	0
Califia Farms, LLC	Plant-Based Dairy Free Beverage Manufacturing	Kern	\$1,997,500	89	0	29	45	15	0	0	0
Terray Therapeutics, Inc.	Biopharmaceutical Manufacturing	Los Angeles	\$1,395,476	83	0	33	35	15	0	0	0
Best Express Foods, Inc.	Advanced Food Production	San Joaquin	\$577,637	82	0	12	55	15	0	0	0
Paradigm Packaging West, LLC	Medical Device and Component Manufacturing	San Bernardino	\$710,099	75	0	0	75	0	0	0	0

Table 4: Small Project Pool Applications, by Competitive Criteria (Continued)											
Applicant	Industry	County	Estimated STE	Total Score	Environ-mental Benefits	Unemp-loyment	Job Creation	CA HQ	Disaster Relief	Eligibility for Partial Exemption	Emerging Strategic Industry
Intuitive Surgical, Inc. and its Subsidiary, Intuitive Surgical Operations, Inc.	Medical Device Manufacturing	Santa Clara	\$1,989,000	75	0	0	60	15	0	0	0
Halo Industries	Silicon Carbide Semiconductor wafer manufacturing	Santa Clara	\$1,445,000	70	0	0	55	15	0	0	0
Senti Biosciences, Inc.	Cell Therapy Treatments Manufacturing	Alameda	\$1,965,353	70	0	0	55	15	0	0	0
Hadco Metal Trading Co., LLC	Metal Products Manufacturing	Kern	\$178,500	69	0	29	40	0	0	0	0
Abbott Cardiovascular Systems, Inc.	Medical Device Manufacturing	Riverside	\$1,995,375	60	0	0	60	0	0	0	0
FreeWire Technologies, Inc.	EV Charging and Battery Storage Manufacturing	Alameda	\$185,640	-35	0	0	-50	15	0	0	0

Table 5: General Pool of STE Applications, by Competitive Criteria											
Applicant	Industry	County	Estimated STE (Full Request)	Total Score	Environ-mental Benefits	Unemp-loyment	Job Creation	CA HQ	Disaster Relief	Eligibility for Partial Exemption	Emerging Strategic Industry
BHE Renewables, LLC and its subsidiaries Magma Power Company and CE Generation, LLC	Geothermal Steam Production	Imperial	\$8,178,065	225	100	50	0	0	0	0	75
Ampaire Inc.	Aircraft Hybrid Electric Powertrain Production	Los Angeles	\$2,540,577	178	100	33	30	15	0	0	0
Trojan Battery Company, LLC	Lithium-ion Battery Manufacturing	Los Angeles	\$3,108,119	178	0	33	55	15	0	0	75
Archer Aviation, Inc.	eVTOL Aircraft Production	Santa Clara	\$3,770,675	170	100	0	55	15	0	0	0

Table 5: General Pool of STE Applications, by Competitive Criteria (Continued)

Applicant	Industry	County	Estimated STE (Full Request)	Total Score	Environmental Benefits	Unemployment	Job Creation	CA HQ	Disaster Relief	Eligibility for Partial Exemption	Emerging Strategic Industry
National Carbon Technologies California, LLC	Biocarbon Pellets Production	Colusa	\$10,000,000	170	100	50	20	0	0	0	0
Phillips 66 Company	Renewable Diesel Production	Contra Costa	\$10,000,000	170	100	0	20	0	0	50	0
CASS, Inc.	Mixed Metals Recycling	Alameda	\$2,018,750	165	100	0	50	15	0	0	0
QuantumScape Corporation	Lithium Battery Cell Manufacturing	Santa Clara	\$9,761,791	165	0	0	75	15	0	0	75
Sugar Valley Energy, LLC	Biomass Processing and Fuel Production	Imperial	\$10,000,000	165	100	50	0	15	0	0	0
West Coast Waste Co., Inc.	Biogas Capture and Production	Fresno	\$7,139,150	161	100	16	30	15	0	0	0
Bloom Energy Corp.	Solid-oxide fuel cell systems and hydrogen electrolyzers	Alameda	\$4,575,711	160	100	0	45	15	0	0	0
Relativity Space, Inc.	Aerospace Manufacturing	Los Angeles	\$10,000,000	153	0	33	55	15	0	50	0
Tesoro Refining & Marketing Company, LLC	Renewable Diesel & Propane Production	Contra Costa	\$10,000,000	150	100	0	0	0	0	50	0
PreZero US Services, LLC	Food Waste Recycling	Riverside	\$4,266,677	145	100	0	30	15	0	0	0
EnergySource Minerals LLC	Lithium Hydroxide Mono-hydrate production	Imperial	\$10,000,000	140	0	50	0	15	0	0	75
Element Resources Inc.	Renewable Hydrogen Production	San Diego	\$5,451,934	115	100	0	0	15	0	0	0
Space Exploration Technologies Corp	Aerospace Manufacturing	Los Angeles	\$10,000,000	103	0	33	55	15	0	0	0
Cepheid	Medical Diagnostic tests production	San Joaquin	\$6,188,000	102	0	12	75	15	0	0	0
Genentech, Inc.	Medical Biological Products Manufacturing	San Diego	\$10,000,000	85	0	0	20	15	0	50	0

Table 5: General Pool of STE Applications, by Competitive Criteria (Continued)

Applicant	Industry	County	Estimated STE (Full Request)	Total Score	Environ-mental Benefits	Unemp-loyment	Job Creation	CA HQ	Disaster Relief	Eligibility for Partial Exemption	Emerging Strategic Industry
Intuitive Surgical, Inc. and its Subsidiary, Intuitive Surgical Operations, Inc.	Medical Device Manufacturing	Santa Clara	\$1,989,000	75	0	0	60	15	0	0	0
Siemens Mobility Inc.	Rail Vehicle Manufacturing	Sacramento	\$2,137,564	75	0	0	75	0	0	0	0
Halo Industries	Silicon Carbide Semiconductor wafer manufacturing	Santa Clara	\$1,445,000	70	0	0	55	15	0	0	0
Senti Biosciences, Inc.	Cell Therapy Treatments Manufacturing	Alameda	\$1,965,353	70	0	0	55	15	0	0	0
Impossible Foods Inc	Plant based food products.	San Mateo	\$4,377,713	70	0	0	55	15	0	0	0
Hadco Metal Trading Co., LLC	Metal Products Manufacturing	Kern	\$178,500	69	0	29	40	0	0	0	0
Rocket Lab USA, Inc.	Aerospace Manufacturing	Los Angeles	\$6,390,319	68	0	33	20	15	0	0	0
Instil Bio, Inc., and its Subsidiary, Complex Therapeutics, LLC	Cell Therapy Treatments Manufacturing	Los Angeles	\$2,037,620	68	0	33	35	0	0	0	0
Abbott Cardiovascular Systems, Inc.	Medical Device Manufacturing	Riverside	\$1,995,375	60	0	0	60	0	0	0	0
Applied Materials, Inc.	Semiconductor and related parts manufacturing	Santa Clara	\$10,000,000	60	0	0	45	15	0	0	0
Varda Space Industries, Inc.	Aerospace Manufacturing	Los Angeles	\$4,322,250	15	0		0	15	0	0	0
FreeWire Technologies, Inc.	EV Charging Station Manufacturing	Alameda	\$185,640	-35	0	0	-50	15	0	0	0

Table 6: Larger Project Pool of STE Applications, by Competitive Criteria

Applicant	Industry	County	Estimated STE (Full Request)	Total Score	Environmental Benefits	Unemployment	Job Creation	CA HQ	Disaster Relief	Eligibility for Partial Exemption	Emerging Strategic Industry
BHE Renewables, LLC and its subsidiaries Magma Power Company and CE Generation, LLC	Geothermal Steam Production	Imperial	\$7,837,830	225	100	50	0	0	0	0	75
National Carbon Technologies California, LLC	Biocarbon Pellets Production	Colusa	\$516,200	170	100	50	20	0	0	0	0
Phillips 66 Company	Renewable Diesel Production	Contra Costa	\$10,000,000	170	100	0	20	0	0	50	0
Sugar Valley Energy, LLC	Biomass Processing and Fuel Production	Imperial	\$10,000,000	165	100	50	0	15	0	0	0

2022 APPLICATION WAITLIST

The applications listed in Table 7 are currently on the waitlist for consideration in calendar year 2022. Because an applicant that was to be considered for an STE award from the general pool recently withdrew its application for consideration, if the Board approves all applications up for consideration, approximately \$4,167,183 in STE will remain in the general pool of STE. Program regulations provide that applications on the wait list will be reviewed and presented to the Board for approval in the order in which they are ranked based on competitive criteria. Staff anticipates bringing West Coast Waste Co., Inc. to the Board for consideration at the July or August 2022 Board meeting.

To the extent that additional STE becomes available during the 2022 calendar year, applications on the waitlist will be reviewed and presented to the CAEATFA Board for approval in the order in which they are ranked based on competitive criteria. The waitlist expires at the end of the calendar year, and if an applicant on the waitlist wishes to be considered for a 2023 STE allocation, it must submit a new application when CAEATFA begins accepting applications for 2023.

Eligibility and application information, including Qualified Property amounts, have not yet been verified by staff.

Table 7: 2022 Application Waitlist			
	Applicant	Qualified Property Amount	Estimated STE
1	West Coast Waste Co., Inc.	\$83,990,000	\$7,139,150
2	Bloom Energy Corp.	\$53,831,894	\$4,575,711
3	Relativity Space, Inc.	\$171,213,378	\$14,553,137
4	Tesoro Refining & Marketing Company, LLC	\$131,680,092	\$11,192,808
5	PreZero US Services, LLC	\$50,196,200	\$4,266,677
6	EnergySource Minerals LLC	\$187,000,000	\$15,895,000
7	Element Resources Inc.	\$64,140,400	\$5,451,934
8	Space Exploration Technologies Corp	\$235,294,116	\$20,000,000
9	Cepheid	\$72,800,000	\$6,188,000
10	Genentech, Inc.	\$125,441,001	\$10,662,485
11	Intuitive Surgical, Inc. and its Subsidiary, Intuitive Surgical Operations, Inc.	\$23,400,000	\$1,989,000
12	Siemens Mobility Inc.	\$25,147,815	\$2,137,564
13	Halo Industries	\$17,000,000	\$1,445,000
14	Senti Biosciences, Inc.	\$23,121,795	\$1,965,353
15	Impossible Foods Inc	\$51,502,506	\$4,377,713
16	Hadco Metal Trading Co., LLC	\$2,100,000	\$178,500
17	Instil Bio, Inc., and its wholly-owned subsidiary, Complex Therapeutics, LLC	\$75,180,219	\$6,390,319
18	Rocket Lab USA, Inc.	\$23,972,000	\$2,037,620
19	Abbott Cardiovascular Systems, Inc.	\$23,475,000	\$1,995,375
20	Applied Materials, Inc.	\$235,294,118	\$20,000,000
21	Varda Space Industries, Inc.	\$50,850,000	\$4,322,250
22	FreeWire Technologies, Inc.	\$2,184,000	\$185,640
	Total	\$1,728,814,534	\$146,949,235

ONGOING AND UPCOMING PROGRAM ACTIVITIES

The Governor’s 2022 May revised budget proposal would allocate to the STE Program an additional \$15 million in STE per calendar year for the next three years that would be made available only to projects that manufacture, refine, process, or recover lithium. Additionally, AB 2887 (Eduardo Garcia) would increase the STE Program’s cap to \$150 million in STE each calendar year.

CAEATFA encourages stakeholders and any other parties interested in the STE Program to subscribe to its listserv to receive STE program notifications.