

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

Board Meeting Date: Tuesday, December 10, 2024

***Competitive Criteria Process for the 2024
Sales and Use Tax Exclusion Program Applications¹***

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SUMMARY

For the 2024 calendar year, CAEATFA is statutorily authorized \$115 million in sales and use tax exclusion (“STE”) to award to Recycled Resource Extraction, Advanced Transportation Technology, Alternative Source, and Advanced Manufacturing projects. Current regulations provide that if the amount requested by the last Applicant considered exceeds the STE available in the calendar year, CAEATFA shall award the remaining STE request using STE from the following calendar year, up to \$2 million.²

Accordingly, the CAEATFA Board awarded \$2 million from the 2024 calendar year to the last 2023 Applicant, which resulted in the STE Program being limited to \$113 million in STE for its first application period in 2024 (see table 1 below).

CAEATFA held its first application period from January 1, 2024, through January 19, 2024, and received 33 Applications requesting \$233 million in STE, exhausting the Program’s small, general and large project pools; there were no applications submitted for the lithium extraction project pool. During the initial review period, one Application was deemed incomplete, two withdrew, and three were waitlisted.

Pursuant to the competitive process and pools of STE established in program regulations (see Background and Regulations section below), CAEATFA staff (“Staff”) presented 27 of the 33 Applications before the Board for consideration at its July 16, 2024, Board meeting. All 27 Applications, totaling \$98 million in STE were approved, leaving only \$15 million in STE in the lithium extraction project pool for 2024.

CAEATFA held its second application period from July 1, 2024, through July 19, 2024, accepting Applications for the lithium extraction project pool; CAEATFA received one Application by the end of the deadline. Because there was no oversubscription, the competitive process was not applied to this application cycle. At the September 17, 2024, Board meeting, CAEATFA brought the one Application totaling \$968,357 in STE before the Board for consideration. The Application was approved, leaving approximately \$14 million in STE for 2024.

¹ All capitalized terms not defined in this document are defined in the STE Program’s statutes and regulations.

² California Code of Regulations Title 4, Division 13, Section 10032(a)(7)(A)

CAEATFA held its third application period from September 23, 2024, through October 25, 2025; no new Applications were received.

Table 1 below shows the amount of Qualified Property and estimated STE amounts awarded from the Program's 2024 annual allocation.

Table 1: Amount Awarded Per Board Meeting		
Meeting Date	Qualified Property Amount	Estimated STE⁴
2024 Amount Awarded on December 12, 2023	\$23,696,682.46	\$2,000,000
Amount Awarded on July 16, 2024	\$1,161,137,440.75	\$98,000,000
Amount Awarded on September 17, 2024	\$11,473,423.00	\$968,357
Total	\$1,196,307,546.21	\$100,968,357

2024 APPLICATION WAITLIST

The waitlist currently includes three Applicants that applied for an STE award under the general pool but were not considered due to their Competitive Criteria ranking. To the extent additional STE becomes available during the 2024 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 their Competitive Criteria. The waitlist expires at midnight on January 1 of the year following the calendar year the list is established⁵ (i.e., January 1, 2025), and if an Applicant on the waitlist wishes to be considered for a 2025 STE allocation, it must submit a new Application when CAEATFA begins accepting Applications for 2025.

Table 2: 2024 Application Waitlist		
Applicant	Qualified Property Amount	Estimated STE
Applied Medical Resources Corporation & Applied Manufacturing, LLC	\$101,789,033	\$8,590,994
Applied Materials Inc.	\$117,500,000	\$9,917,000
Space Exploration Technologies Corp.	\$118,441,256	\$9,996,442
Total	\$337,730,289	\$28,504,436

Below is further background on the relevant regulatory provisions and details on the process Staff undertook in determining the Competitive Criteria scores and rankings.

⁴ The sales and use tax exclusion amount is based on the average sales tax rate of 8.44%.

⁵ California Code of Regulations Title 4, Division 13, Section 10032(a)(6)

BACKGROUND AND REGULATIONS

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

As mentioned, statute currently limits CAEATFA to \$115 million in STE awards each calendar year.⁶ Program regulations require that: 1) Applications are capped at \$10 million in STE per Applicant, per calendar year;⁷ 2) \$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”);⁸ and 3) 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 (“Large Project Pool”).⁹ In August 2022, CAEATFA was authorized to award an additional \$15 million in STE for projects that manufacture, refine, extract, process, or recover lithium for calendar years 2022-2024 (“Lithium Project Pool”).¹⁰

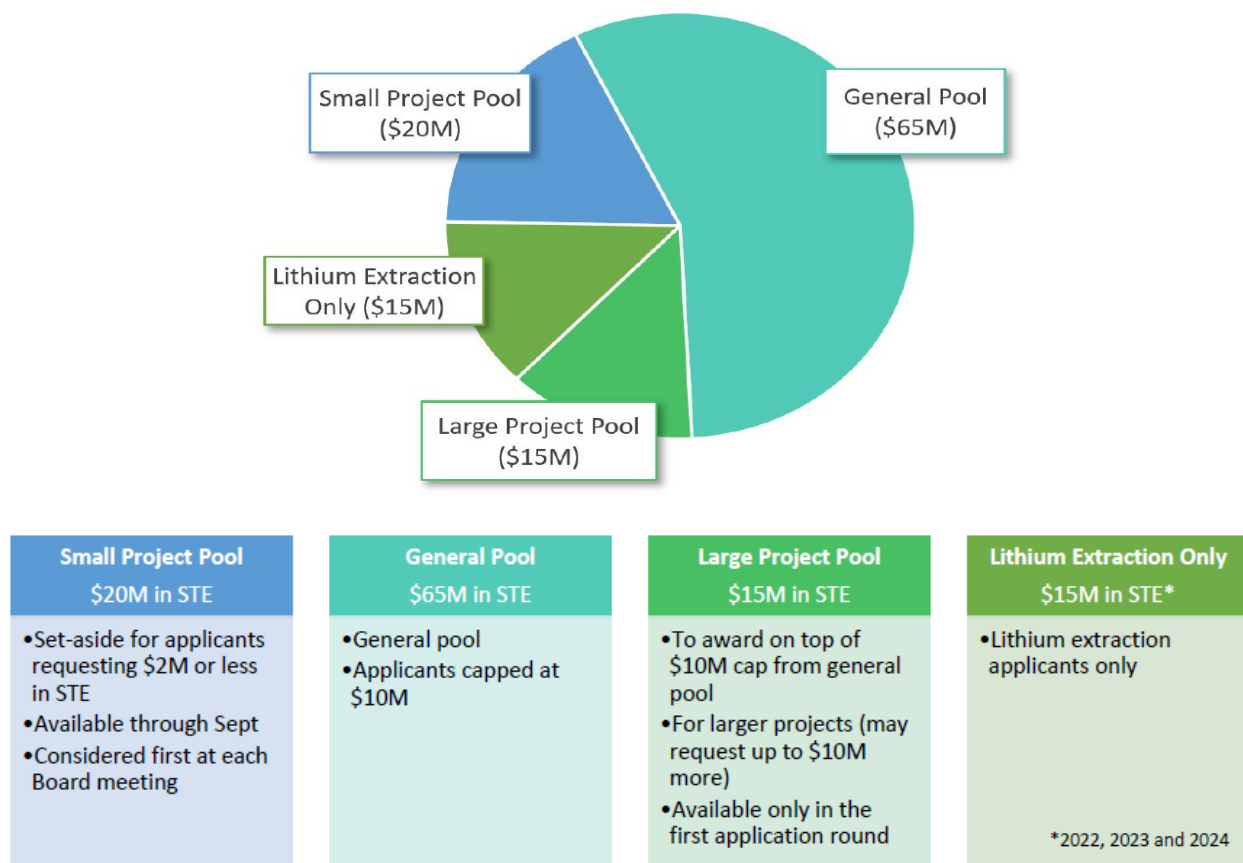


Figure 1: Allocation of the Annual \$115M in STE

⁶ Public Resources Code Section 26011.8(h)

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

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

⁹ California Code of Regulations Title 4, Division 13, Section 10032(a)(5)(B)

¹⁰ Public Resources Code Section 26011.8(h)(2)

CAEATFA bases the review and consideration of Applications on a ranking of Competitive Criteria,¹¹ with the exception of Small Project Pool Applications, which must be considered before general pool Applications.¹²

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, if any remains.¹³

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 that pool, the Applicant shall only receive the amount remaining from the \$15 million in STE set-aside.¹⁴ 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.¹⁵

Competitive Criteria

The Applications with the greatest point score are reviewed and presented to the CAEATFA Board. In the event of a tie, Staff will consider the Application representing the smaller STE award first.¹⁶

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 STE Program's regulations)¹⁷ 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 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.¹⁸

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

¹¹ California Code of Regulations Title 4, Division 13, Section 10032(a)(7)

¹² California Code of Regulations Title 4, Division 13, Section 10032(a)(4)

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

¹⁴ California Code of Regulations Title 4, Division 13, Section 10032(a)(5)(B)

¹⁵ California Code of Regulations Title 4, Division 13, Section 10032(a)(7)(A)

¹⁶ California Code of Regulations Title 4, Division 13, Section 10032(a)(7)(A)

¹⁷ California Code of Regulations Title 4, Division 13, Section 10033(c)(4)

¹⁸ California Code of Regulations Title 4, Division 13, Section 10033(c)(5)(A)

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.¹⁹

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.²⁰

California Headquarters (15 Points). Applicants with corporate headquarters located in California receive 15 points.²¹

Ineligibility for the CDTFA Statewide Partial Exemption for Manufacturing and Research & Development (50 Points). Applicants that are not eligible to use any of the exemptions established pursuant to Revenue and Taxation Code Section 6377.1, administered through the California Department of Tax and Fee Administration ("CDTFA") receive 50 points.²²

CAEATFA's Emerging Strategic Industry List (75 Points). An Applicant with a Project on CAEATFA's Emerging Strategic Industry List receives 75 points.

Tables 3-7 below provide a breakdown of the allocation per pool of STE.

¹⁹ California Code of Regulations Title 4, Division 13, Section 10033(c)(5)(B)

²⁰ California Code of Regulations Title 4, Division 13, Section 10032(a)(8)(B)(i)(d)

²¹ California Code of Regulations Title 4, Division 13, Section 10032(a)(8)(B)(i)(e)

²² California Code of Regulations Title 4, Division 13, Section 10032(a)(8)(B)(i)(f)

Table 3: Total Project Pool Awards		
STE Project Pool	Qualified Property Amount	Estimated STE
Small Project Pool Total	\$236,966,824.64	20,000,000
General Project Pool Total	\$770,142,180.09	\$65,000,000
Large Project Pool Total	\$177,725,118.48	\$15,000,000
Lithium Extraction Project Pool Total	\$11,473,423	\$968,357
Total	\$1,196,307,546.21	\$100,968,357

Table 4: \$20M Small Project Pool Awards (\$2M of STE or under & only available through September)		
July 16, 2024 Board Meeting		
Applicant Name	Qualified Property Amount	Estimated STE
Joby Aero, Inc.	\$22,704,008	\$1,916,218
DeJager North Biogas LLC	\$4,100,494	\$346,082
CalBioGas North Visalia III LLC	\$4,785,508	\$403,897
CalBioGas West Visalia III LLC	\$9,734,028	\$821,552
CalBioGas Kern III LLC	\$10,399,748	\$877,739
CalBioGas Fresno, LLC	\$21,358,784	\$1,802,681
Bakersfield Renewable Fuels, LLC	\$23,696,000	\$1,999,942
Antora Energy, Inc. (San Jose)	\$2,721,775	\$229,718
Southpoint Biogas III LLC	\$3,875,000	\$327,050
Oberon Fuels, Inc.	\$5,728,000	\$483,443
Dairy Ave and Circle H Biogas LLC	\$7,556,035	\$637,729
CalBioGas Buttonwillow III LLC	\$9,796,303	\$826,808
H2B2 USA, LLC	\$23,300,000	\$1,966,520
American Lithium Energy Corporation	\$5,750,934	\$485,379
HD Ranch Biogas LLC	\$5,135,087	\$433,401
Biofuels Coyote Canyon BioGas, LLC	\$22,649,688	\$1,911,634
Lam Research Corporation	\$23,600,000	\$1,991,840
Infinera Corporation	\$23,600,000	\$1,991,840
Antora Energy, Inc. (Sunnyvale)	\$6,475,432.64	\$546,527
Total	\$236,966,824.64	\$20,000,000
Amount Remaining and Expiring at end the of 2024	\$0	\$0

Table 5: General Project Pool Awards (up to \$10M in STE per Applicant)		
July 16, 2024 Board Meeting		
Applicant Name	Qualified Property Amount	Estimated STE
Partial Award from 2023		
Northrop Grumman Systems Corp. ²³	\$23,696,682.46	\$2,000,000
Partial Award to Small Pool Project Pool Applicant²⁴		
Antora Energy, Inc. (Sunnyvale)	\$58,367.35	\$4,926
General Project Pool Applications		
BHE Renewables, LLC and its subsidiaries Magma Power Company and Morton Bay Geothermal LLC	\$118,483,412.32	\$10,000,000
Sparkz Inc.	\$118,483,412.32	\$10,000,000
PSGM3, LLC	\$118,483,412.32	\$10,000,000
rPlanet Earth Los Angeles, LLC	\$42,550,000	\$3,591,220
Toro Energy of California AA LLC	\$48,500,000	\$4,093,400
Archer Aviation, Inc. and Archer Air LLC	\$117,250,000	\$9,895,900
Harbinger Motors Inc.	\$64,153,481	\$5,414,554
Element Lancaster 1 LLC	\$118,483,412.32	\$10,000,000
Total	\$ 770,142,180.09	\$65,000,000
Amount Remaining and Expiring at end the of 2024	\$0	\$0

Table 6: \$15M Large Project Pool Awards (up to \$10M additional STE per Project & available at first Board meeting only)		
July 16, 2024 Board Meeting		
Applicant Name	Qualified Property Amount	Estimated STE
BHE Renewables, LLC and its subsidiaries Magma Power Company and Morton Bay Geothermal LLC	\$118,483,412.32	\$10,000,000
Sparkz Inc.	\$59,241,706.16	\$5,000,000
Total	\$177,725,118.48	\$15,000,000
Amount Remaining and Expiring at end the of 2024	\$0	\$0

²³ This amount is based calculated based on the 2024 average statewide sales tax rate of 8.44%. The 2023 sales tax rate was 8.36%, which resulted in a calculation of \$23,923,444.98 in Qualified Property at the time of award.

²⁴ Any Applicant requesting \$2 million or less in STE that is not awarded from the Small Project Pool will be considered for an award from the general pool of STE allocation, if any remains, as authorized per California Code of Regulations Title 4, Division 13, Section 10032(a)(4).

Table 7: \$15M for Lithium Extraction Project Pool Awards (up to \$10M STE per Applicant unless any remaining at the end of the year)		
September 17, 2024 Board Meeting		
5E Boron Americas LLC	\$11,473,423	\$968,357
Total	\$ 11,473,423	\$968,357
Amount Remaining and Expiring at end the of 2024	\$166,251,695.48	\$14,031,643

COMPETITIVE PROCESS AND ALLOCATION OF STE POOLS

Tables 8-10 on the following pages list the approved Applications ranked based on Competitive Criteria for each pool of STE.

Table 8: Small Project Pool Applications, by Competitive Criteria

Applicant	Industry	County	Estimated STE	Total Score	Environmental Benefits	Unemployment	Job Creation	CA HQ	Disaster Relief	Ineligibility for CDTFA Partial Exemption	Emerging Strategic Industry
Joby Aero, Inc.	Electric Vertical Take-Off and Landing Aircraft Manufacturing	Monterey; San Mateo	\$1,916,218	217	100	42	60	15	0	0	0
DeJager North Biogas LLC	Dairy Biogas	Madera	\$346,082	185	100	50	20	15	0	0	0
CalBioGas North Visalia III, LLC	Dairy Biogas	Tulare	\$403,897	185	100	50	20	15	0	0	0
CalBioGas West Visalia III LLC	Dairy Biogas	Tulare	\$821,552	185	100	50	20	15	0	0	0
CalBioGas Kern III LLC	Dairy Biogas	Kern	\$877,739	185	100	50	20	15	0	0	0
CalBioGas Fresno, LLC	Dairy Biogas	Fresno	\$1,802,681	185	100	50	20	15	0	0	0
Bakersfield Renewable Fuels, LLC	Renewable Diesel	Kern	\$1,999,942	185	100	50	20	15	0	0	0
Antora Energy, Inc. (San Jose)	Thermal Battery Module Manufacturing	Santa Clara	\$229,718	175	100	0	60	15	0	0	0
Southpoint Biogas III LLC	Dairy Biogas	Madera	\$327,050	165	100	50	0	15	0	0	0
Oberon Fuels, Inc.	Renewable Hydrogen	Imperial	\$483,443	165	100	50	0	15	0	0	0
Dairy Ave and Circle H Biogas LLC	Dairy Biogas	Kings	\$637,729	165	100	50	0	15	0	0	0
CalBioGas Buttonwillow III LLC	Dairy Biogas	Wasco	\$826,808	165	100	50	0	15	0	0	0
H2B2 USA, LLC	Renewable Hydrogen Production	Fresno	\$1,966,520	165	100	50	0	15	0	0	0
American Lithium Energy Corporation	Lithium-Ion Batteries	San Diego	\$485,379	150	0	0	60	15	0	0	75
HD Ranch Biogas LLC	Dairy Biogas	Solano	\$433,401	115	100	0	0	15	0	0	0

(continued) **Table 8: Small Project Pool Applications, by Competitive Criteria**

Applicant	Industry	County	Estimated STE	Total Score	Environmental Benefits	Unemployment	Job Creation	CA HQ	Disaster Relief	Eligibility for Partial Exemption	Emerging Strategic Industry
Biofuels Coyote Canyon BioGas, LLC	Landfill gas to Renewable Natural Gas	Orange	\$1,911,634	100	100	0	0	0	0	0	0
Lam Research Corporation	Semiconductor Fabrication Equipment Manufacturing	Alameda	\$1,991,840	90	0	0	75	15	0	0	0
Infinera Corporation	Semiconductor Manufacturing	Santa Clara	\$1,991,840	75	0	0	60	15	0	0	0
Antora Energy, Inc. (Sunnyvale)	Semiconductor Device Manufacturing	Santa Clara	\$551,453	60	0	0	45	15	0	0	0

Table 9: General Project Pool Applications, by Competitive Criteria

Applicant	Industry	County	Estimated STE	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 Morton Bay Geothermal LLC	Geothermal Brine and Steam Production	Imperial	\$10,000,000	225	100	50	0	0	0	0	75
Sparkz Inc.	Lithium Battery Material Manufacturing	Sacramento; Alameda	\$10,000,000	220	100	0	30	15	0	0	75
PSGM3, LLC	Mixed Metals Recycling	Kern	\$10,000,000	195	100	50	30	15	0	0	0
rPlanet Earth Los Angeles, LLC	Plastic Recycling	Los Angeles	\$3,591,220	169	100	9	45	15	0	0	0

(continued) **Table 9: General Pool of STE Applications, by Competitive Criteria**

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Applicant	Industry	County	Estimated STE	Total Score	Environmental Benefits	Unemployment	Job Creation	CA HQ	Disaster Relief	Eligibility for Partial Exemption	Emerging Strategic Industry
Toro Energy of California AA LLC	Landfill Gas Capture to Renewable Natural Gas	Fresno	\$4,093,400	165	100	50	0	15	0	0	0
Archer Aviation, Inc. and Archer Air LLC	Electric Vertical Take-Off and Landing Aircraft Manufacturing	Santa Clara	\$9,895,900	155	100	0	40	15	0	0	0
Harbinger Motors Inc.	Electric Vehicle Manufacturing	Orange	\$5,414,554	145	100	0	30	15	0	0	0
Element Lancaster	Renewable Hydrogen	Los Angeles	\$10,000,000	109	100	9	0	0	0	0	0

Table 10: General & Large Project Pool Applications, by Competitive Criteria

Applicant	Industry	County	Estimated STE	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 Morton Bay Geothermal LLC	Geothermal Brine and Steam Production	Imperial	\$10,000,000	225	100	50	0	0	0	0	75
Sparkz Inc.	Lithium Battery Material Manufacturing	Sacramento; Alameda	\$5,000,000	220	100	0	30	15	0	0	75