



## Exhibit A Scope of Work

### TECHNICAL TASK LIST Biodiesel Production-Commercial Facility

Task #	CPR	Task Name
1	N/A	Agreement Management
2	N/A	Pre-Construction
3	X	Construction
4	X	Operations
5	N/A	Data Collection and Analysis

### KEY NAME LIST

Task #	Key Personnel	Key Subcontractor(s)	Key Partner(s)
1	Paul Cramer Jeremy Eslinger	George Hawranik – SRS Engineering Corp	None
2	Paul Cramer Jeremy Eslinger	George Hawranik – SRS Engineering Corp Pat Biggs – Central Valley Tank (CVT)	None
3	Paul Cramer Jeremy Eslinger	George Hawranik – SRS Engineering Corp Pat Biggs – Central Valley Tank (CVT)	None
4	Paul Cramer Jeremy Eslinger	George Hawranik – SRS Engineering Corp	None
5	Paul Cramer Jeremy Eslinger		None

### GLOSSARY

*Specific terms and acronyms used throughout this work scope are defined as follows:*

Acronym	Definition
EBI	Eslinger Biodiesel, Inc.
CPM	Commission Project Manager
CPR	Critical Project Review
ARFVT	Alternative and Renewable Fuel and Vehicle Technology
CI	Carbon Intensity

Acronym	Definition
GHG	Greenhouse Gas
LCFS	Low Carbon Fuel Standard
Recipient	Eslinger Biodiesel, Inc.

**Background:**

Assembly Bill 118 (Núñez, Chapter 750, Statutes of 2007), created the Alternative and Renewable Fuel and Vehicle Technology Program (ARFVT Program). The statute, subsequently amended by AB 109 (Núñez, Chapter 313, Statutes of 2008), authorizes the Energy Commission to develop and deploy alternative and renewable fuels and advanced transportation technologies to help attain the state’s climate change policies. The Energy Commission has an annual program budget of approximately \$100 million and provides financial support for projects that:

- Develop and improve alternative and renewable low-carbon fuels;
- Optimize alternative and renewable fuels for existing and developing engine technologies;
- Produce alternative and renewable low-carbon fuels in California;
- Decrease, on a full fuel cycle basis, the overall impact and carbon footprint of alternative and renewable fuels and increase sustainability;
- Expand fuel infrastructure, fueling stations, and equipment;
- Improve light-, medium-, and heavy-duty vehicle technologies;
- Retrofit medium- and heavy-duty on-road and non-road vehicle fleets;
- Expand infrastructure connected with existing fleets, public transit, and transportation corridors; and
- Establish workforce training programs, conduct public education and promotion, and create technology centers.

The California Energy Commission issued solicitation PON-11-601 to provide funding opportunities under the ARFVT Program for projects which either create new, low carbon fuel production facilities, or lower the carbon intensity of fuels produced at existing facilities. To be supported, a project must demonstrate both economically competitive yields and lower GHG potential than the Low Carbon Fuel Standard (LCFS) for corn ethanol or soy biodiesel. In response to PON-11-601, Eslinger Biodiesel, Inc. submitted application #10, which earned a place on the round two funding Notice of Proposed Award issued October 5, 2012. Eslinger Biodiesel, Inc.’s application #10 and PON-11-601 are both herein incorporated by reference.

**Problem Statement:**

Beyond the well-documented issues of global warming, the specific problem this project will address is the high demand for biofuels and the relatively low production capacity here in California.

**Goals of the Agreement**

The goal of this grant agreement is to help install a state-of-the-art, economically feasible biodiesel process facility that will increase the overall capacity for biofuel

production in the State of California and help meet the demand for biofuels across the state.

**Objectives of the Agreement:**

Eslinger Biodiesel, Inc. (EBI) will design, build, operate and measure a commercial scale biodiesel plant adjacent to the Kinder Morgan Distribution Terminal in Fresno. Measurable products from this project will be B-100, and both pharmaceutical grade and technical grade glycerin.

**TASK 1 ADMINISTRATION**

**Task 1.1 Attend Kick-off Meeting**

The goal of this task is to establish the lines of communication and procedures for implementing this Agreement.

**The Recipient shall:**

- Attend a “Kick-Off” meeting with the Commission Project Manager, the Grants Officer, and a representative of the Accounting Office. The Recipient shall bring its Project Manager, Agreement Administrator, Accounting Officer, and others designated by the Commission Project Manager to this meeting. The administrative and technical aspects of this Agreement will be discussed at the meeting. Prior to the kick-off meeting, the Commission Project Manager will provide an agenda to all potential meeting participants.

The administrative portion of the meeting shall include, but not be limited to, discussion of the following:

- Agreement terms and conditions
- Critical Project Review (Task 1.2)
- Match fund documentation (Task 1.6). No reimbursable work may be done until this documentation is in place.
- Permit documentation required (Task 1.7)
- Subcontracts needed to carry out project (Task 1.8)

The technical portion of the meeting shall include, but not be limited to, discussion of the following:

- The Commission Project Manager’s expectations for accomplishing tasks described in the Scope of Work
- An updated Schedule of Products
- Monthly Progress Reports (Task 1.4)
- Technical Products (Product Guidelines located in Section 5 of the Terms and Conditions)
- Final Report (Task 1.5)

The Commission Project Manager shall designate the date and location of this meeting.

**Recipient Products:**

- Updated Schedule of Products
- Updated List of Match Funds
- Updated List of Permits

**Commission Project Manager Product:**

- Kick-Off Meeting Agenda

**Task 1.2 Critical Project Review (CPR) Meetings**

The goal of this task is to determine if the project should continue to receive Energy Commission funding to complete this Agreement and to identify any needed modifications to the tasks, products, schedule or budget.

CPRs provide the opportunity for frank discussions between the Energy Commission and the Recipient. CPRs generally take place at key, predetermined points in the Agreement, as determined by the Commission Project Manager and as shown in the Technical Task List above. However, the Commission Project Manager may schedule additional CPRs as necessary, and any additional costs will be borne by the Recipient.

Participants include the Commission Project Manager and the Recipient and may include the Commission Grants Officer, the Fuels and Transportation Division (FTD) team lead, other Energy Commission staff and Management as well as other individuals selected by the Commission Project Manager to provide support to the Energy Commission.

**The Commission Project Manager shall:**

- Determine the location, date, and time of each CPR meeting with the Recipient. These meetings generally take place at the Energy Commission, but they may take place at another location.
- Send the Recipient the agenda and a list of expected participants in advance of each CPR. If applicable, the agenda shall include a discussion on both match funding and permits.
- Conduct and make a record of each CPR meeting. One of the outcomes of this meeting will be a schedule for providing the written determination described below.
- Determine whether to continue the project, and if continuing, whether or not modifications are needed to the tasks, schedule, products, and/or budget for the remainder of the Agreement. Modifications to the Agreement may require a formal amendment (please see the Terms and Conditions, Section 8). If the Commission Project Manager concludes that satisfactory progress is not being made, this conclusion will be referred to the Lead Commissioner for Transportation for his or her concurrence.
- Provide the Recipient with a written determination in accordance with the schedule. The written response may include a requirement for the Recipient to revise one or more product(s) that were included in the CPR.

**The Recipient shall:**

- Prepare a CPR Report for each CPR that discusses the progress of the Agreement toward achieving its goals and objectives. This report shall include recommendations and conclusions regarding continued work on the projects. This report shall be submitted along with any other products identified in this scope of work. The Recipient shall submit these documents to the Commission Project Manager and any other designated reviewers at least 15 working days in advance of each CPR meeting.
- Present the required information at each CPR meeting and participate in a discussion about the Agreement.

**Commission Project Manager Products:**

- Agenda and a list of expected participants
- Schedule for written determination
- Written determination

**Recipient Product:**

- CPR Report(s)

**Task 1.3 Final Meeting**

The goal of this task is to closeout this Agreement.

**The Recipient shall:**

- Meet with Energy Commission staff to present the findings, conclusions, and recommendations. The final meeting must be completed during the closeout of this Agreement.

This meeting will be attended by, at a minimum, the Recipient, the Commission Grants Office Officer, and the Commission Project Manager. The technical and administrative aspects of Agreement closeout will be discussed at the meeting, which may be two separate meetings at the discretion of the Commission Project Manager.

The technical portion of the meeting shall present an assessment of the degree to which project and task goals and objectives were achieved, findings, conclusions, recommended next steps (if any) for the Agreement, and recommendations for improvements. The Commission Project Manager will determine the appropriate meeting participants.

The administrative portion of the meeting shall be a discussion with the Commission Project Manager and the Grants Officer about the following Agreement closeout items:

- What to do with any equipment purchased with Energy Commission funds (Options)
- Energy Commission's request for specific "generated" data (not already provided in Agreement products)

- “Surviving” Agreement provisions
- Final invoicing and release of retention
- Prepare a schedule for completing the closeout activities for this Agreement.

**Products:**

- Written documentation of meeting agreements
- Schedule for completing closeout activities

**Task 1.4 Monthly Progress Reports**

The goal of this task is to periodically verify that satisfactory and continued progress is made towards achieving the research objectives of this Agreement on time and within budget.

The objectives of this task are to summarize activities performed during the reporting period, to identify activities planned for the next reporting period, to identify issues that may affect performance and expenditures, and to form the basis for determining whether invoices are consistent with work performed.

**The Recipient shall:**

- Prepare a Monthly Progress Report which summarizes all Agreement activities conducted by the Recipient for the reporting period, including an assessment of the ability to complete the Agreement within the current budget and any anticipated cost overruns.
- Submit each progress report to the Commission Project Manager within 10 days of the end of the reporting period.
- Follow the recommended specifications for each progress report contained in Section 6 of the Terms and Conditions of this Agreement.
- In the first Monthly Progress Report and first invoice, document and verify match expenditures and provide a synopsis of project progress, if match funds have been expended or if work funded with match share has occurred after the notice of proposed award but before execution of the grant agreement. If no match funds have been expended or if no work funded with match share has occurred before execution, then state this in the report. All pre-execution match expenditures must conform to the requirements in the Terms and Conditions of this Agreement.

**Product:**

- Monthly Progress Reports

**Task 1.5 Final Report**

The goal of the Final Report is to assess the project’s success in achieving its goals and objectives, advancing science and technology, and providing energy-related and other benefits to California.

The objectives of the Final Report are to clearly and completely describe the project's purpose, approach, activities performed, results, and advancements in science and technology; to present a public assessment of the success of the project as measured by the degree to which goals and objectives were achieved; to make insightful observations based on results obtained; to draw conclusions; and to make recommendations for further projects and improvements to the FTD project management processes.

The Final Report shall be a public document. If the Recipient has obtained confidential status from the Energy Commission and will be preparing a confidential version of the Final Report as well, the Recipient shall perform the following activities for both the public and confidential versions of the Final Report.

**The Recipient shall:**

- Prepare an Outline of the Final Report.
- Prepare a Final Report following the approved outline and the latest version of the Final Report guidelines which will be provided by the Commission Project Manager. The Commission Project Manager shall provide written comments on the Draft Final Report within fifteen (15) working days of receipt. The Final Report must be completed at least 60 days before the end of the Agreement Term.
- Submit one bound copy of the Final Report with the final invoice.

**Products:**

- Draft Outline of the Final Report
- Final Outline of the Final Report
- Draft Final Report
- Final Report

**Task 1.6 Identify and Obtain Matching Funds**

The goal of this task is to ensure that the match funds planned for this Agreement are obtained for and applied to this Agreement during the term of this Agreement.

The costs to obtain and document match fund commitments are not reimbursable through this Agreement. Although the Energy Commission budget for this task will be zero dollars, the Recipient may utilize match funds for this task. Match funds shall be spent concurrently or in advance of Energy Commission funds for each task during the term of this Agreement. Match funds must be identified in writing and the associated commitments obtained before the Recipient can incur any costs for which the Recipient will request reimbursement.

**The Recipient shall:**

- Prepare a letter documenting the match funding committed to this Agreement and submit it to the Commission Project Manager at least 2 working days prior to the kick-off meeting. Provide in the letter a list of the match funds that identifies the:

- Amount of each cash match fund, its source, including a contact name, address and telephone number and the task(s) to which the match funds will be applied.
- Amount of each in-kind contribution; a description; documented market or book value, and, in the case of land, the appraisal; and its source, including a contact name, address and telephone number and the task(s) to which the match funds will be applied. If the in-kind contribution is equipment or other tangible or real property, the Recipient shall identify its owner and provide a contact name, address and telephone number, and the address where the property is located.
- Provide a copy of the letter of commitment from an authorized representative of each source of cash match funding or in-kind contributions that these funds or contributions have been secured. For match funds provided by a grant, a copy of the executed grant shall be submitted in place of a letter of commitment.
- Discuss match funds and the implications to the Agreement if they are reduced or not obtained as committed, at the kick-off meeting. If applicable, match funds will be included as a line item in the progress reports and will be a topic at CPR meetings.
- Provide the appropriate information to the Commission Project Manager if during the course of the Agreement additional match funds are received.
- Notify the Commission Project Manager within 10 days if during the course of the Agreement existing match funds are reduced. Reduction in match funds must be approved through a formal amendment to the Agreement and may trigger an additional CPR.

**Products:**

- A letter regarding match funds or stating that no match funds are provided
- Copy(ies) of each match fund commitment letter(s) (if applicable)
- Letter(s) for new match funds (if applicable)
- Letter that match funds were reduced (if applicable)

**Task 1.7 Identify and Obtain Required Permits**

The goal of this task is to obtain all permits required for work completed under this Agreement in advance of the date they are needed to keep the Agreement schedule on track.

Permit costs and the expenses associated with obtaining permits are not reimbursable under this Agreement. Although the Energy Commission budget for this task will be zero dollars, the Recipient shall budget match funds for any expected expenditures associated with obtaining permits. Permits must be identified in writing and obtained before the Recipient can make any expenditure for which a permit is required.

**The Recipient shall:**

- Prepare a letter documenting the permits required to conduct this Agreement and submit it to the Commission Project Manager at least 2 working days prior to the kick-off meeting. If there are no permits required at the start of this Agreement, then state such in the letter. If it is known at the beginning of the Agreement that permits will be required during the course of the Agreement, provide in the letter:
  - A list of the permits that identifies the:
    - Type of permit
    - Name, address and telephone number of the permitting jurisdictions or lead agencies
  - The schedule the Recipient will follow in applying for and obtaining these permits.
- Discuss the list of permits and the schedule for obtaining them at the kick-off meeting and develop a timetable for submitting the updated list, schedule and the copies of the permits. The implications to the Agreement if the permits are not obtained in a timely fashion or are denied will also be discussed. If applicable, permits will be included as a line item in the Progress Reports and will be a topic at CPR meetings.
- If during the course of the Agreement additional permits become necessary, provide the appropriate information on each permit and an updated schedule to the Commission Project Manager.
- As permits are obtained, send a copy of each approved permit to the Commission Project Manager.
- If during the course of the Agreement permits are not obtained on time or are denied, notify the Commission Project Manager within 5 working days. Either of these events may trigger an additional CPR.

**Products:**

- Letter documenting the permits or stating that no permits are required
- A copy of each approved permit (if applicable)
- Updated list of permits as they change during the term of the Agreement (if applicable)
- Updated schedule for acquiring permits as changes occur during the term of the Agreement (if applicable)

**Task 1.8 Manage Subcontracts**

The goal of this task is to ensure quality products and to procure subcontracts required to carry out the tasks under this Agreement consistent with the terms and conditions of this Agreement and the Recipient's own procurement policies and procedures. It will also provide the Energy Commission an opportunity to review the subcontracts to ensure that the tasks are consistent with this Agreement, that the budgeted expenditures are reasonable and consistent with applicable cost principles.

**The Recipient shall:**

- Manage and coordinate subcontractor activities.

- Submit a draft of each subcontract required to conduct the work under this Agreement to the Commission Agreement Manager for review.
- Submit a final copy of the executed subcontract.
- If Recipient decides to add new subcontractors, it shall notify the Commission Agreement Manager.

**Products:**

- Draft subcontracts
- Final subcontracts

**TECHNICAL TASKS**

**TASK 2 PRE-CONSTRUCTION**

**Task 2.1 Construction and Equipment List**

The goal of this task is to finalize the project design and construction costs prior to incurring major construction expenses.

**The Recipient shall:**

- Prepare a Construction and Equipment List documenting the comprehensive construction costs. The Construction and Equipment List will include all items to be purchased, constructed, or installed on the project. For each item, the letter shall provide:
  - The name of the item
  - The make, model, size, capacity or other information as appropriate to the item
  - The name of the entity that will be carrying out the purchase and/or installation of the item
  - The estimated cost to purchase and install the item
  - The schedule for obtaining a binding bid from the supplying or installing entity
- Prepare a list of contingency measures to be considered if the construction objectives are not met.

**Products:**

- Construction and Equipment List
- List of contingency measures

**TASK 2.2 Pre-Construction Readiness**

The goal of this task is to document preparedness to build the project.

**The Recipient shall:**

- Prepare a written Notification of Readiness to Construct stating the project has obtained all permits, third party agreements, binding construction and equipment bids, and all other items necessary to begin construction.
- Develop proposed Construction Timeline running from the intended date to begin construction until the commercial operation date of the project

**Products:**

- Written Notification of Readiness to Construct
- Construction Timeline

**TASK 3 CONSTRUCTION**

The goal of this task is to construct the fuel production facility and prepare it for commercial operations. [CPR will be held during this Task. See Task 1.2 for details.]

**The Recipient shall:**

- Install advanced, non-polluting, closed-loop, biodiesel processing equipment
- Execute construction of the project as outlined in the Construction Timeline and Construction and Equipment list. This construction shall include the following major components:
  - Feedstock collection and transport system.
  - Feedstock pre-processing system.
  - Conversion technology system.
  - Fuel distribution system.
- Prepare a Written Notification of Commercial Operation and submit it to the Commission Project Manager within ten working days of commercial operation of the project. The Written Notification shall contain the following elements:
  - The date the project achieved commercial operation(s).
  - A narrative on the current status of the project and initial operations.
  - Any changes made from the project as originally proposed and reasons for those changes.
- Test and commission facility before operating.
- Photograph construction progress.

**Products:**

- Written Notification of Commercial Operation
- Photos of construction progress

**[CPR will be held during this Task. See Task 1.2 for details.]**

## TASK 4 OPERATIONS AND OUTREACH

The goal of this task is to operate the fuel production facility as designed and to begin to collect data to document the project's fulfillment of its objectives. [CPR will be held during this Task. See Task 1.2 for details.]

### The Recipient shall:

- Commission the Phase 1 fuel refinery to at least **5 million gallons per year (mmgpy) of biodiesel B-100** and **1 mmgpy of purified glycerin** within 6 months of beginning operations.
- Comply with all applicable regulatory standards.
- Create carbon credits at the maximum allowable rate.
- Operate the facility.
- Prepare Monthly Operations Report. The Operations Reports shall include but are not limited to the following information:
  - A narrative on operational highlights from the previous month, including any stoppages in production and a statement as to the project's compliance with regulatory requirements.
  - Time operating (up and down time)
    - Operational hours compared to down time graphs
      - Cumulative
      - Monthly
  - Feedstocks
    - Identify Type:
      - Used vegetable oil from food preparation
      - Tallow from slaughterhouses
      - Seed oil
      - Other
    - Identify:
      - Estimated distance shipped/transported
      - Mode of transport (truck, train, etc.)
      - Weight or volume
  - Efficiency of conversion of feedstock
    - The total amount of feedstock received and processed.
    - Conversion ratio for feedstock to fuel and byproduct production expressed in a cumulative graph.
  - Biofuel production rate, quality, and quantity (daily and monthly).
  - The direct operational costs of the project
    - Calculate production per total cost including labor.
    - Express in a cumulative graph
  - The number and type(s) of jobs created
  - Evaluate the technology installed
  - Photos of operations
  - Quantity of the biofuel produced shipped through the pipeline installed and owned by the Kinder Morgan blending facility located in close proximity to Eslinger Biodiesel facility.
- Train employees:

- to operate the factory
  - to transport incoming raw materials
- Obtain ASTM International D6751 - 12 Standard Specification for Biodiesel Fuel Blend Stock (B100) certification and identify the certification body/laboratory.
- Market ASTM International D6751 - 12 Standard Specification for Biodiesel Fuel Blend Stock (B100) certified products with carbon credits included.
- Sell glycerin.
- Fuel Eslinger Biodiesel truck fleet with B-20.
- Display the Energy Commission logo on buildings, trucks, website and promotional materials.
- Through the EBI website, offer public education in renewable biodiesel.

**Products:**

- Operations Report
- Carbon credits production verification
- External certification that fuel meets ASTM D6751 - 12 Standard Specification for Biodiesel Fuel Blend Stock (B100)
- Acknowledgement of partial funding: Photos of the Energy Commission logo on buildings, trucks, website and promotional materials
- Screen shots of the educational portion of the EBI website

**[CPR will be held during this Task. See Task 1.2 for details.]**

**TASK 5 DATA COLLECTION AND ANALYSIS**

The goal of this task is to collect and analyze operational data to determine the economic viability and environmental impact of the project. Final analysis of all project data must be included in the Final Report.

**The Recipient Shall:**

- Collect 6 months of operational data from Eslinger Biodiesel's fuel production system to include:
  - time operating (up and down time)
  - efficiency of conversion of feedstock to fuel & co-products
  - biofuel production rate daily & monthly
  - co-product production rate daily & monthly
  - quality and quantity of fuel produced
- Estimate gasoline and/or petroleum-based diesel fuel that will be displaced annually.
- Explain how the project will reduce criteria air pollutants and air toxics and reduce or avoid multi-environmental impact, and lead to a decrease, on a life cycle basis, in emissions of water pollutants or any other substances known to damage human health or the environment.
- Describe the sustainability goals and explain how the project incorporated and achieved the sustainability goals.

- Provide a quantified estimate of the project's carbon intensity values for life-cycle greenhouse gas emissions.
- Quantify any water efficiency and water use reduction measures used in the project including, but not limited to, the use of recycled or reclaimed water and the reduction or elimination of point and nonpoint source wastewater discharge.
- Describe any potential use of renewable energy or cogeneration in the project.
- Describe any potential energy efficiency measures used in the project that would exceed Title 24 standards in Part 6 of the California Code of Regulations.
- Provide data on expected job creation both direct and indirect, economic development, and increased state revenue.
- Compare any project performance and expectations provided in the proposal to Energy Commission with actual project performance and accomplishments.
- Describe how the project supports new technology advancement for vehicles, vessels, engines, and other equipment, and promotes the deployment of such technologies in the marketplace. To the extent possible describe how the project, provides a measurable transition from the nearly exclusive use of petroleum fuels to a diverse portfolio of viable alternative fuels that meets California's petroleum reduction and alternative fuel use goals.
- Describe how the project achieves greenhouse gas emissions reduction.
- Provide additional data that may be requested by the Energy Commission during the term of this Agreement, as is reasonably available.

**Products:**

Information will be included in the Final Report.

RESOLUTION NO: [XX-XXXX-XX]

STATE OF CALIFORNIA

STATE ENERGY RESOURCES  
CONSERVATION AND DEVELOPMENT COMMISSION

RESOLUTION REGARDING: GRANT AWARD  
TO  
ESLINGER BIODIESEL, INC.  
UNDER PON-11-601

**RESOLVED**, that the State Energy Resources Conservation and Development Commission (Energy Commission) approves **Grant # ARV-12-026** with Eslinger Biodiesel, Inc. (Recipient), for **\$6,000,000.00**, to construct Phase 1 of a biodiesel production facility in Fresno, to produce B-100 fuel from seed oils, animal fats and used vegetable oil that will be shipped by pipeline to be blended with petroleum diesel for public use (the "Project").

**WHEREAS**, the Energy Commission finds that the City of Fresno, Development and Resource Management Department, as the Lead Agency, has conducted an Initial Study for the activities funded by this grant under the California Environmental Quality Act (CEQA) and has adopted a Mitigated Negative Declaration for the project.

**WHEREAS**, the Energy Commission independently finds that the mitigation measures incorporated in the Mitigated Negative Declaration will prevent the Project from having any significant environmental impacts and that those measures are within the jurisdiction of the Lead Agency.

**FURTHER BE IT RESOLVED**, that this document authorizes the Executive Director or his/her designee to execute the same on behalf of the Energy Commission.

CERTIFICATION

The undersigned Secretariat to the Commission does hereby certify that the foregoing is a full, true, and correct copy of a RESOLUTION duly and regularly adopted at a meeting of the California Energy Commission held on February 13, 2013:

AYE: [List Commissioners]

NAY: [List Commissioners]

ABSENT: [List Commissioners]

ABSTAIN: [List Commissioners]

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Harriet Kallemeyn, Secretariat