

STATE OF CALIFORNIA  
ENERGY RESOURCES  
CONSERVATION AND DEVELOPMENT COMMISSION

**(PROPOSED)**  
**ORDER TERMINATING GRANT ARV-12-033 WITH MENDOTA BIOENERGY, LLC  
WITH CAUSE**

**FINDINGS**

Based on the entire record, including Energy Commission's staff's November 2, 2015 Memo, the Energy Commission hereby adopts the following findings:

1. In March 2013, Mendota Bioenergy, LLC (Mendota) and the Energy Commission entered into Grant ARV-12-033 (Grant).
2. The Grant is funded under the Energy Commission's Alternative and Renewable Fuel and Vehicle Technology Program.
3. Exhibit C, Section 13 of the Grant Terms and Conditions allows the Energy Commission to terminate the Grant with cause for any breach of the Grant by Mendota upon five days written notice to the Recipient.
4. Mendota invoiced for and received from the Energy Commission \$1,777,873 for expenses with its subcontractor Easy Energy Systems (EES).
5. Of the \$1,777,873 Mendota received for EES expenses, it repaid \$300,000 to the Commission, paid \$750,000 to EES, and spent \$727,873 on non-EES expenses.
6. Mendota breached the Grant when it spent \$727,873 from EES invoiced funds on non-EES expenses without first submitting documentation and obtaining Energy Commission approval as required under Exhibit C, Section 17 of the Grant Terms and Conditions.
7. Mendota breached the Grant because it has not provided documentation for \$1,477,873 of Commission funds it spent as required under Exhibit C, Section 17 of the Grant Terms and Conditions. This amount is calculated by taking the total \$1,777,873 invoiced for EES expenses and subtracting the \$300,000 repaid to the Commission. Staff requested that Mendota repay or provide required documentation of a lesser amount of \$1,285,308.98 based on an offset of what staff determined to be allowable expenses under disputed invoices 20-23.
8. These breaches are significant because they prevent the Commission from knowing in the agreed upon manner whether Mendota properly spent \$1,285,308.98 of Commission

funds on this project.

9. Staff satisfied the notice requirements in Grant Term and Condition Section 13. Staff provided written notice to Mendota on November 2, 2015, which is five or more days prior to the November 12, 2015 business meeting at which the Energy Commission considered this request.

### **CONCLUSION AND ORDER**

Therefore, the Energy Commission adopts Staff's recommendation in its November 2, 2015 Memo and **ORDERS** the following:

Grant ARV-12-033 with Mendota Bioenergy, LLC is terminated with cause. The Energy Commission directs the Executive Director to take any further actions, if any are necessary, on behalf of the Energy Commission to terminate the Grant.

**IT IS SO ORDERED.**

### **CERTIFICATION**

The undersigned Secretariat to the Energy Commission does hereby certify that the foregoing is a full, true, and correct copy of an ORDER duly and regularly issued at a meeting of the California Energy Commission held on November 12, 2015:

AYE: [*List Commissioners*]

NAY: [*List Commissioners*]

ABSENT: [*List Commissioners*]

ABSTAIN: [*List Commissioners*]

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*Tiffani Winter,*  
*Secretariat*