

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

Board Meeting Date: Tuesday, December 9, 2025

Request to Approve Project for a Sales and Use Tax Exclusion¹

**Kirby Canyon RNG LLC
Application No. 25-SM045**

Prepared By: *Jeannie Yu, Program Analyst*

SUMMARY

Applicant: Kirby Canyon RNG LLC

Location: Morgan Hill, Santa Clara County

Industry: Landfill Gas to Renewable Natural Gas

Project: New Landfill Gas to Renewable Natural Gas Facility (Alternative Source)

Project Pool: General²

Value of Qualified Property	Estimated Sales and Use Tax Exclusion (“STE”) Amount ³
\$23,050,000	\$1,954,640

Estimated Net Benefit ⁴	Dollar Value	Points Earned ⁵
Estimated Fiscal Benefits	\$4,257,599	2,178
Estimated Environmental Benefits	\$1,743,050	892
Additional Benefits	N/A	55
Total	\$6,000,649	3,125
Estimated Quantifiable Net Benefit	\$4,046,010	N/A

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

² While general pool funding is designated for Projects with an STE amount over \$2 million and up to \$10 million, small sized projects that do not fall within that range may apply and qualify under the general pool if any remains (California Code of Regulations Title 4, Division 13, Section 10032(a)(4)).

³ This amount is calculated based on the average statewide sales tax rate of 8.48%.

⁴ Applications that earn a Total Score of at least 1,000 points and an Environmental Benefits Score of over 20 points may be recommended for approval. (California Code of Regulations Title 4, Division 13, Section 10033(c)(6).)

⁵ Dollar values and point values in the staff summary may not add up correctly due to rounding in the Application worksheet

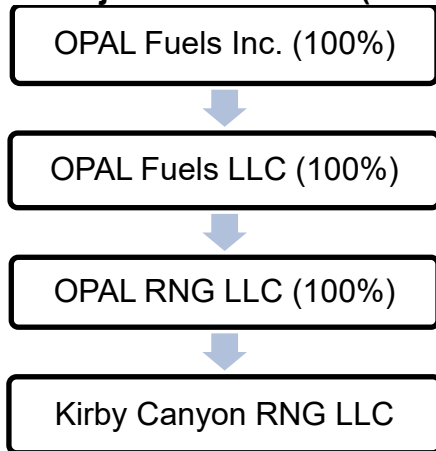
Competitive Criteria Score: 100

Staff Recommendation: Approval

THE APPLICANT

Kirby Canyon RNG LLC (the “Applicant”) formed in Delaware as a limited liability company in 2023. The Applicant is headquartered in New York and is a wholly owned subsidiary of OPAL Fuels LLC, a public traded company on the NASDAQ Stock Exchange under the ticker OPAL.

The major shareholders (10.0% or greater) of the Applicant are:



The company officers of the Applicant are:

- Adam Comora, Co-Chief Executive Officer
- Jonathan Maurer, Co-Chief Executive Officer
- Kazi Hasan, Chief Financial Officer
- David Unger, Executive Vice President
- Darrel Birck, Executive Vice President
- John H. Coghlin, Vice President, General Counsel and Secretary

THE PROJECT

Kirby Canyon RNG LLC is requesting a sales and use tax exclusion (“STE”) award to build a new landfill gas to renewable natural gas facility located in Santa Clara (the “Project”). According to the Applicant, OPAL Fuels is constructing its 17th renewable natural gas (RNG) production facility at the Kirby Canyon Landfill. The facility is designed to have an initial annual capacity of approximately 0.66 million MMBtus and will capture raw landfill gas produced from the natural decomposition of organic waste. Utilizing established upgrading technology, the biogas will be processed on-site to eliminate impurities such as carbon dioxide, moisture, and other trace elements, ultimately converting it into pipeline-quality RNG. This renewable gas will then be injected into the existing natural gas pipeline system, primarily serving as transportation fuel to replace diesel in heavy-duty trucking operations.

Anticipated Costs of Qualified Property

Anticipated Qualified Property Purchases	Cost
Nitrogen Rejection Unit Valve Skid	\$4,475,000
Membrane Skid	\$4,590,000
Pretreatment Skid	\$244,000
Process Compressor	\$1,540,000
Feed Compressor	\$2,016,000
Product Compressor	\$612,000
Blower System	\$774,000
Chilling/Refrigeration	\$773,000
Flaring System – Enclosed	\$450,000
Thermal Oxidizer	\$476,000
Gas Chromatograph & Sampling Package	\$236,000
Transformer	\$410,000
Switchgear/Motor Control Center	\$1,140,000
Plant Programmable Logic Controller Panel/Supervisory	\$430,000
Mechanical Equipment	\$1,091,000
Control Room/Building Heat, Ventilation, & Air Conditioning	\$893,000
Selective Catalytic Reduction Unit	\$2,900,000
Total	<u>\$23,050,000</u>

Note: The Qualified Property purchases reported in the Application and shown here in staff's report are estimated costs. In accordance with the Regulatory Agreement, a finalized Project equipment list will be prepared detailing the value of the Project equipment actually acquired, and the estimated tax benefit realized pursuant to Revenue and Tax Code Section 6010.8. Variance from the costs shown in the Application and in this report may occur prior to the closing due to increased costs of certain components of the Project over original estimates, and other reasons. In addition, those costs may vary after closing due to increased costs, as well as common design and equipment modifications during construction, differences in equipment due to future changes in statute or regulation, or for other reasons.

Timeline

Construction will begin May 2026 with a commercial operation date of May 28, 2027.

Status of Permits/Other Required Approvals

The Applicant states its air permit and CEQA are expected to be approved in December 2025. All other permits including, but not limited to, building, construction, grading and drainage, stormwater, and encroachment permits will be obtained in the first half of 2026.

COMPETITIVE CRITERIA SCORE

The Applicant received 100 Competitive Criteria points as follows:

1. **Environmental Benefits (100 of 100 points)**. The Application has a Project that produces an Alternative Source product, component, or system, and, therefore, 100 points are awarded.
2. **Unemployment (0 of 50 points)**. The Applicant's Project is located in Santa Clara County, which has an average annual unemployment rate of 4.1%.⁶ When compared to the statewide average annual unemployment rate of 5.3%, the Project location earned the Applicant zero points.
3. **Job Creation (0 of 75 points)**. The Applicant anticipates the Project will support a total of four production-related jobs at its Facility. CAEATFA estimates that approximately 0.37 of these jobs will be attributable to a marginal increase in jobs created due to the STE. Based on the amount of STE per estimated number of jobs created, the Applicant earned zero points.
4. **California Headquarters (0 of 15 points)**. The Applicant does not have a California Corporate Headquarters, and, therefore, zero points are awarded.
5. **Natural Disaster Relief (0 of 50 points)**. The Project is not to rebuild or relocate 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, and, therefore, zero points are awarded.
6. **Eligibility for Manufacturing and Research and Development Equipment Exemption (0 of 50 points)**. The Applicant is eligible to use one or more of the exemptions established pursuant to Section 6377.1 of the Revenue and Taxation Code, and, therefore, zero points are awarded.
7. **Emerging Strategic Industry (0 of 75 points)**. The Project's industry is not in an Emerging Strategic Industry, as defined by CAEATFA, therefore, zero points are awarded.

PROJECT EVALUATION

Project Benefits

The Project received a Total Score of 3,125 points, which exceeds the required 1,000-point threshold, and a total Environmental Benefits Score of 892 points, which exceeds the 20-point threshold.

1. **Fiscal Benefits (2,178 points)**. The net present value of the total fiscal benefits over the lifetime of the Qualified Property is derived from the Applicant's sales and

⁶ Unemployment rates are based on data available in October 2024.

use taxes, personal income taxes paid by the firm's employees, firm taxes on profits, property taxes, and other indirect fiscal benefits of the Applicant. The total fiscal benefits amount to \$4,257,599, resulting in a Fiscal Benefits score of 2,178.

2. **Environmental Benefits (892 points)**. The Project is anticipated to result in \$1,743,050 of total pollution benefits over the life of the Project, resulting in an Environmental Benefits Score of 892 points. These benefits derive from the production of biogas, which offsets the need for the use of fossil methane.
3. **Additional Benefits (55 points)**. Applicants may earn "Additional Benefits" points in the categories listed below. The Applicant received 55 Additional Benefits points.
 - A. **Production Jobs (0 of 75 points)**. The Applicant anticipates the Project will support a total of 4 production-related jobs at its Facility. CAEATFA estimates that approximately 0.37 of these jobs will be attributable to a marginal increase in jobs created due to the STE. Based on the amount of STE per estimated number of jobs created, the Applicant earned zero points.
 - B. **Construction Jobs (30 of 75 points)**. The Applicant anticipates the Project will support a total of 44 construction jobs at its Facility. CAEATFA estimates that approximately 4.09 of these jobs will be attributable to a marginal increase in jobs created due to the STE. Based on the amount of STE per estimated number of jobs created, the Applicant earned 30 points.
 - C. **Unemployment (0 of 50 points)**. The Applicant's Project is located in Santa Clara County, which has an average annual unemployment rate of 4.1%. When compared to the statewide average annual unemployment rate of 5.3%, the Project location earned the Applicant zero points.
 - D. **Benefits and Fringe Benefits (25 of 25 points)**. The Applicant states it provides medical, health, dental & vision benefits, bonuses, retirement contributions, employee discounts and paid leave benefits to its employees, earning the Applicant 25 points.

LEGAL STATUS QUESTIONNAIRE

The Applicant had nothing to report for the questions contained in the Legal Status portion of the Application.

CAEATFA FEES

In accordance with STE Program regulations,⁷ the Applicant paid CAEATFA an Application Fee of \$10,000 and will pay CAEATFA an Administrative Fee of up to \$92,000 should the Applicant be approved for an award.

⁷ California Code of Regulations Title 4, Division 13, Section 10036

RECOMMENDATION

Statute limits CAEATFA to granting up to \$100 million in sales and use tax exclusion each calendar year. Program regulation Section 10032(a)(7)(A) provides that when the amount requested in the final 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. Assuming all other Applications brought before the Board for consideration are approved, \$100 million in STE (or \$1,179,245,283.02 in Qualified Property) remains in the 2026 calendar year, of which \$22,384,069.98 in Qualified Property for an estimated STE value of \$1,898,169 will be awarded to the Applicant, if approved.

Therefore, Staff recommends the approval of Resolution No. 25-SM045-01 for Kirby Canyon RNG LLC's purchase of qualifying tangible personal property in an amount not to exceed \$665,930.02, anticipated to result in an approximate STE value of \$56,471, effective immediately, and for the purchase of up to \$22,384,069.98 in qualifying tangible personal property, anticipated to result in an approximate STE value of \$1,898,169, effective January 1, 2026.

The initial term of the Regulatory Agreement will be for a period of three years, until December 9, 2028, and the remainder shall be for a period of 10 years, until December 9, 2038, for providing annual compliance reports.

**RESOLUTION APPROVING AND AUTHORIZING EXECUTION OF A
REGULATORY AGREEMENT WITH KIRBY CANYON RNG LLC**

December 9, 2025

WHEREAS, the California Alternative Energy and Advanced Transportation Financing Authority (the “Authority”) has received the Application of **Kirby Canyon RNG LLC** (the “Applicant”) for financial assistance under the Sales and Use Tax Exclusion Program, as established in Public Resources Code Section 26011.8; and

WHEREAS, the Applicant qualifies as a Participating Party under Public Resources Code Section 26011.8 and Revenue and Taxation Code Section 6010.8; and

WHEREAS, the Applicant’s qualifying tangible personal property meets the requirements of a Project under Public Resources Code Section 26011.8 and Revenue and Taxation Code Section 6010.8 (the “Project”); and

WHEREAS, after the Authority approves an Application, the Authority enters into a Regulatory Agreement, as described in Authority Regulations Section 10035(a), with the Applicant for the Project; and

WHEREAS, the Applicant has stated the Project has an estimated cost not to exceed \$23,050,000 over a period of three (3) years; and

WHEREAS, the Applicant asserts that this form of financial assistance will enable it to avail itself of the benefits of an exclusion from sales and use taxes relative to the Project pursuant to Revenue and Taxation Code Section 6010.8; and

WHEREAS, the approval of the terms of the Regulatory Agreement and authority for the Executive Director or Chair of the Authority to execute the necessary documents to effectuate the Regulatory Agreement is now sought;

NOW, THEREFORE, BE IT RESOLVED by the California Alternative Energy and Advanced Transportation Financing Authority, as follows:

Section 1. The Regulatory Agreement includes a Project within the meaning of Public Resources Code Section 26003(a)(8)(B).

Section 2. The Regulatory Agreement constitutes financial assistance within the meaning of Public Resources Code Section 26003(a)(6).

Section 3. The Applicant is a participating party within the meaning of Public Resources Code Section 26003(a)(7).

Section 4. The Executive Director or Chair of the Authority (the “Authorized Signatories”) are hereby authorized for and on behalf of the Authority to approve any

changes to the Project as the Authorized Signatories deem appropriate, provided that the amount of the qualifying tangible personal property to be purchased for the Project may not be increased above the amount approved by the Authority.

Section 5. The proposed form of the Regulatory Agreement between the Applicant and the Authority, as filed with the Authority prior to this public meeting, is hereby approved. For, on behalf and in the name of the Authority, the Authorized Signatories are hereby authorized and directed to execute, acknowledge, and deliver to the Applicant the Regulatory Agreement in substantially the form filed with or approved by the Authority.

The Regulatory Agreement may contain insertions, deletions or changes as the Authorized Signatories executing the Regulatory Agreement may require or approve, including particular information inserted in substantial conformance with the staff summary and in the Application to the Authority. The approval of the Regulatory Agreement will be conclusively evidenced by the execution and delivery of the final Regulatory Agreement.

The Authority understands and agrees that, pursuant to the terms of the Regulatory Agreement, the obligations of the Applicant, under some circumstances, may be carried out or assumed by a successor or assignee entity, or by an affiliate of the Applicant.

Section 6. Each of the Authorized Signatories, acting alone, is hereby authorized and directed to do any and all ministerial acts, including, without limitation, the execution and delivery of any and all documents and certificates they may deem necessary or advisable to consummate the Regulatory Agreement and otherwise effectuate the purposes of this Resolution.

Section 7. The Applicant shall ensure that all of the qualifying tangible personal property acquired as part of the Project that is listed in the semi-annual reports provided to the Authority pursuant to the Regulatory Agreement will be installed, maintained and operated in compliance with all applicable local, state and federal laws.

Section 8. The Regulatory Agreement shall only apply to qualifying tangible personal property acquired as part of the Project that the Applicant certifies will be installed, maintained and operated at facilities physically located within the State of California.

Section 9. Neither the adoption by the Authority of this Resolution for the Applicant nor the Regulatory Agreement may be referred to in any application before any governmental agency as evidence of the feasibility, practicality or suitability of the Project and may not be referred to in any application for any required permission or authority to acquire, construct or operate the Project.

Section 10. This Resolution is effective immediately for up to \$665,930.02 in qualifying tangible personal property, and effective on January 1, 2026, for up to an

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additional \$22,384,069.98 in qualifying tangible personal property and will remain in full force and effect unless the Regulatory Agreement is not executed within thirty (30) days of the date of this Resolution. The Executive Director may extend the thirty (30) days if necessary.