

PROPOSED RE-ADOPTION OF THE LOW CARBON FUEL STANDARD

Hearing 2 of 2

Industrial Strategies Division
Transportation Fuels Branch

September 24-25, 2015
Sacramento, CA

California Environmental Protection Agency
 **Air Resources Board**

Overview

- Background and current status
- Review of changes since February
- Timeline for potential future work
- Remaining Board action for tomorrow



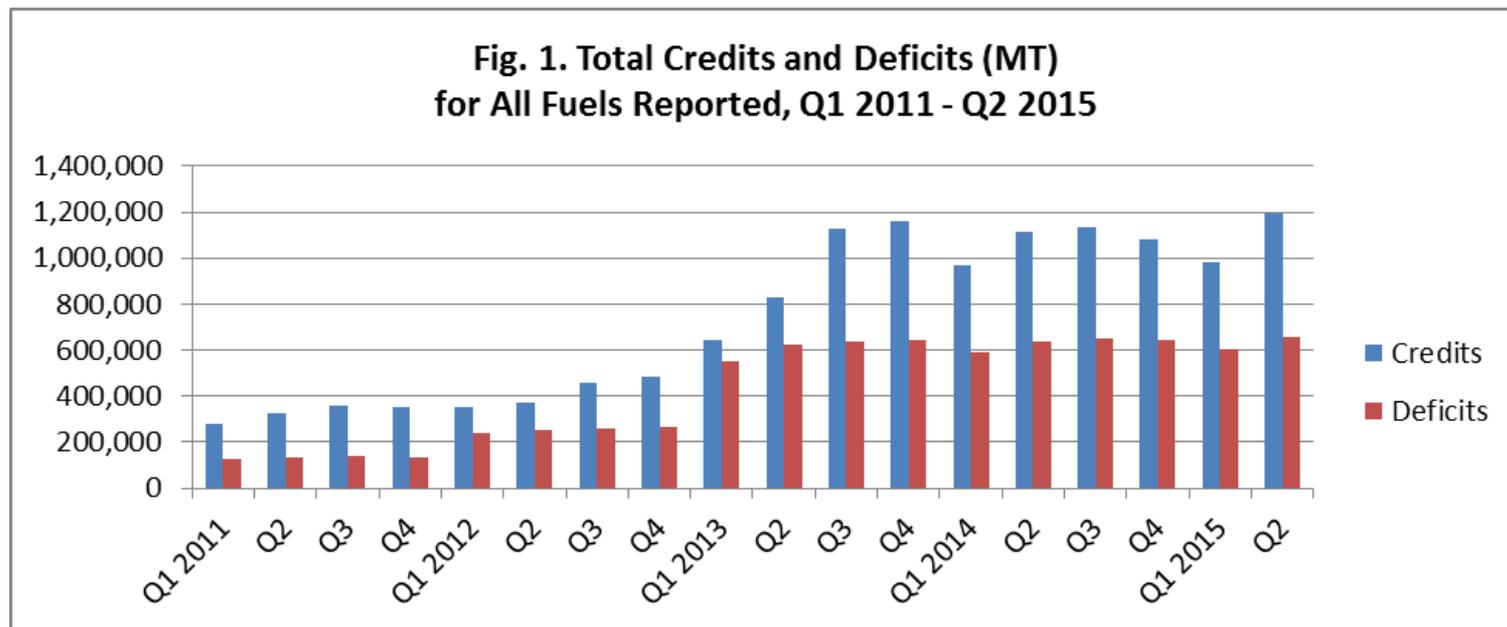
LCFS History

- Original adoption in 2009, amended in 2011
- Goal: Reduce carbon intensity (CI) of transportation fuel pool by at least 10% by 2020
- Expected benefits:
 - Complement other AB 32 measures
 - Transform and diversify fuel pool
 - Reduce petroleum dependency
 - Reduce emissions of other air pollutants



The LCFS is Working

- Low carbon fuel use is increasing
- Regulated parties are engaged in transactions in the credit market, price has rebounded recently
- Credits have exceeded deficits in all quarters and a significant credit bank has been built



Others are Following California: Pacific Coast Collaborative Update



- **CA, OR, and BC:** Program in place
- **WA:** “Poison pill” prevented action

Summary of Proposed Re-Adoption

Core Concepts Remain Unchanged		Key Areas of Proposed Improvement
<ul style="list-style-type: none">• Use of lifecycle analysis including indirect land use change (ILUC) effects		<ul style="list-style-type: none">• CI calculation tools updated using latest science
<ul style="list-style-type: none">• Declining carbon intensity (CI) targets through 2020		<ul style="list-style-type: none">• 2016-2020 targets adjusted
<ul style="list-style-type: none">• Credit generation and trading		<ul style="list-style-type: none">• Enhanced cost containment
<ul style="list-style-type: none">• Quarterly and annual reporting requirements		<ul style="list-style-type: none">• Streamlined implementation

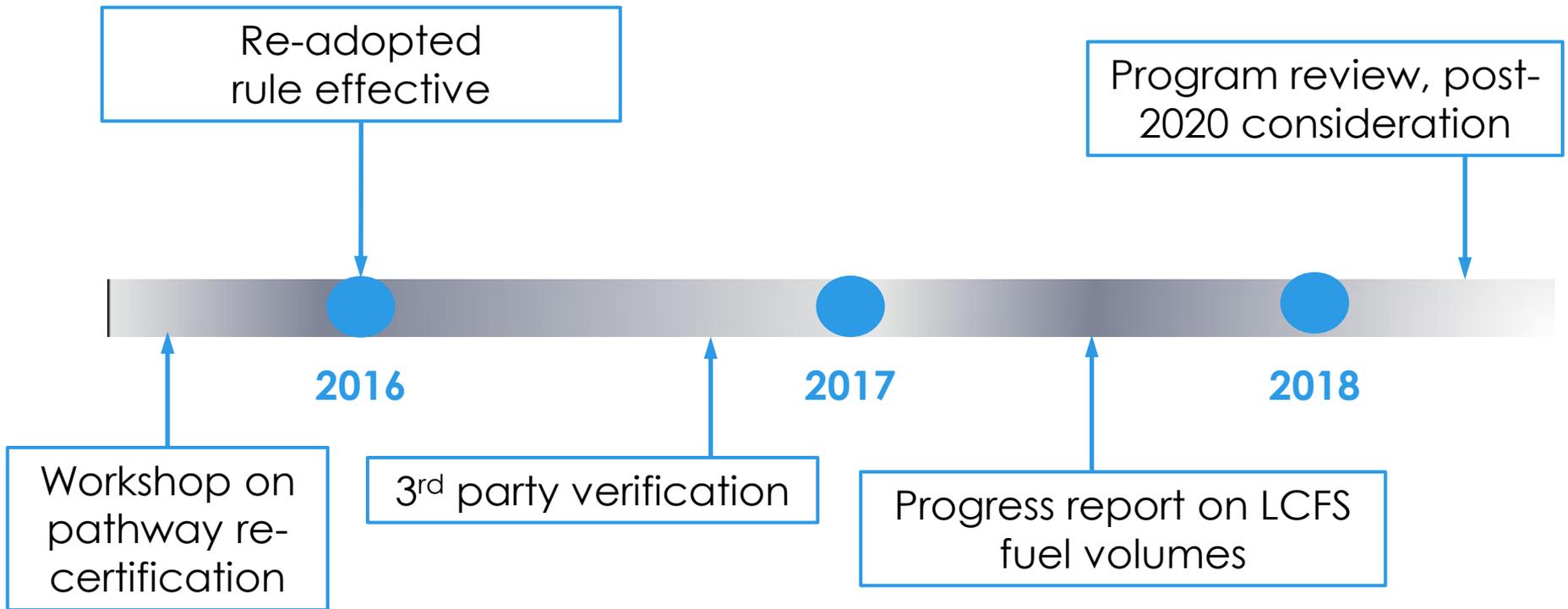
Actions Since the February Board Hearing

- Staff held additional workshop on CA-GREET 2.0 model
- Responded to over 2,600 pages of comments
- Completed scientific peer review
- Staff released three 15-day packages

15-day Changes

- Finalized CI models
- Clarified refining credits
- Simplified EV charging credits
- No incremental deficit for minimal crude CI increases
- Crediting for electric and hydrogen forklifts
- Streamlined pathway re-certification
- Improved the provisional crediting processes

Potential 2015-2018 LCFS Timeline



Remaining Board Process

- Review written and oral comments received today
- Staff will present a summary and response at tomorrow's Board Hearing