

Initial Demonstration of Physical Pathway – Example*

The initial demonstration of a Physical Pathway (IDPP) for the California Low Carbon Fuel Standard (LCFS) is comprised of three parts, all to be submitted together, and will be read together and taken as one by the California Air Resources Board (CARB). The IDPP must meet the requirements of LCFS regulation sections *95484(d)(2)*; and in particular paragraphs A, B and C which pertain to the Initial Demonstration of:

Delivery Methods

Fuel Introduced Into the Physical Pathway

Fuel Removed From the Physical Pathway

* This example was initially developed by Logan Caldwell, President of Houston BioFuels Consultants LLC. ARB acknowledges his contribution to this work.

First Part: Delivery Method

LCFS regulation section 95484(d)(2) (A) Initial Demonstration of Delivery Methods.

The regulated party must provide an initial demonstration of the delivery methods comprising the physical pathway for each of the regulated party’s fuels. The initial demonstration must include documentation in sufficient detail for the Executive Officer to verify the existence of the physical pathway’s delivery methods.

The documentation must include a map(s) that shows the truck/rail lines or routes, pipelines, transmission lines, and other delivery methods (segments) that, together, comprise the physical pathway. If more than one company is involved in the delivery, each segment on the map must be linked to a specific company that is expected to transport the fuel through each segment of the physical pathway. The regulated party must provide the contact information for each such company, including the contact name, mailing address, phone number, and company name.

Example: (Other than the carriers, the names of the other companies involved are fictitious: ABC Ethanol is the name of the ethanol producer. The ethanol importer into California is DEF Importer Company. The company receiving the ethanol in the tank at the first terminal in California is GHI Oil Company.)

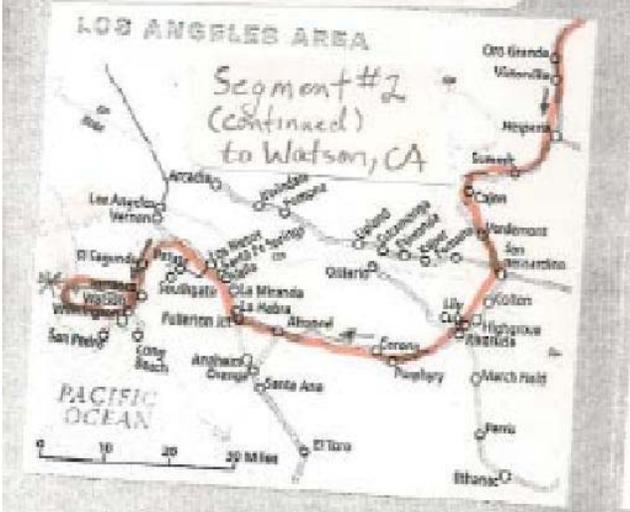
No	Segment Name	Mode	Company - role	Fuel Title Holder (Owner)	Starting Point	Ending Point	Approx. Length	Comments and Documentation
1	Railcar loading at Plant	Tank to Rail	ABC Ethanol – producer EPA facility #: FFFFF DEF Importer - importer	Transfer from ABC to DEF	Hereford, TX	Hereford, TX	None	Producer shipment, Invoice
2	Transport to CA	Rail	DEF Importer - shipper BNSF-carrier	DEF	Hereford, TX	Watson, CA	1,100 miles	BNSF railway, Bill of Lading
3	Rail head to Import Facility Tank	Pipe	DEF Importer - importer Kinder Morgan- operator GHI Oil - receiver	Transfer from DEF to GHI	Watson, CA	Carson, CA	1 mile	KM pipeline Throughput agreement Purchase order

No	Company Name	Mailing Address	Phone Number	Contact Name
	ABC Ethanol	Fill in as appropriate	Fill in as appropriate	Fill in as appropriate
	DEF Importer	Fill in as appropriate	Fill in as appropriate	Fill in as appropriate
	BNSF Railway	Fill in as appropriate	Fill in as appropriate	Fill in as appropriate
	Kinder Morgen	Fill in as appropriate	Fill in as appropriate	Fill in as appropriate
	GHI Oil	Fill in as appropriate	Fill in as appropriate	Fill in as appropriate

Maps:

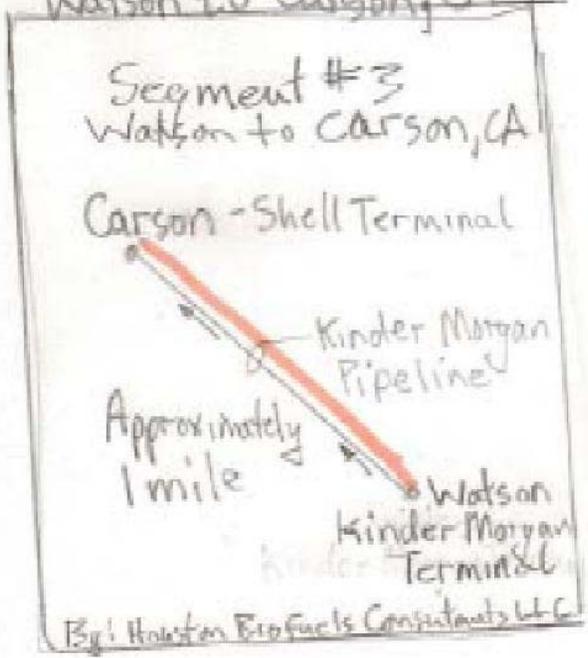


Map No 2. BNSF Railway
Detail for Los Angeles Area



Copied from BNSF System Map
Dated August 2005
by: Houston BioFuels Consultants LLC

Map No 3. Kinder Morgan
Pipeline
Watson to Carson, CA



By: Houston BioFuels Consultants LLC

Second Part: Fuel Introduced into the Physical Pathway

LCFS regulation section 95484(d)(2) (B): Initial Demonstration of Fuel Introduced Into the Physical Pathway.

For each blendstock or alternative fuel for which LCFS credit is being claimed, the regulated party must provide evidence showing that a specific volume of that blendstock or fuel was introduced by its provider into the physical pathway identified in section 95484(d)(2)(A). The evidence may include, but is not limited to, a written purchase contract or transfer document for the volume of blendstock or alternative fuel that was introduced or otherwise delivered into the physical pathway.

Documents to be attached:

- Purchase and Sales Agreement (PSA) between ABC Ethanol and DEF Importer Company for a specific volume of ethanol that will be transported along the specific pathway. The PSA shall indicate the specific volume loaded into railcar for shipment by BNSF.
- Bill of lading or other contract between DEF Importer Company and BNSF Railway for transporting the specific volume of ethanol transported by rail along the specific pathway from Herford, TX to Watson, CA.

Third Part: Fuel Removed From the Physical Pathway

LCFS regulation section 95484(d)(2) (C): Initial Demonstration of Fuel Removed From the Physical Pathway.

For each specific volume of blendstock or alternative fuel identified in section 95484(d)(2)(B), the regulated party must provide evidence showing that the same volume of blendstock or fuel was removed from the physical pathway in California by the regulated party and provided for transportation use in California. The evidence may include, but is not limited to, a written sales contract or transfer document for the volume of blendstock or alternative fuel that was removed from or otherwise extracted out of the physical pathway in California.

Documents to be attached:

- Purchase and Sales Agreement between DEF Importer Company and GHI Oil Company for a specific volume of ethanol removed from the specific physical pathway.
- Bill of lading or other contract between DEF Importer Company and Kinder Morgan for transporting the specific volume of ethanol by pipeline from Watson, CA to Carson, CA.