Summary of Low Carbon Fuel Standard
2011 Second Quarter (Q2) Data

Figure 1 shows the total Q1 and Q2 credits and deficits reported by regulated parties. In Q2, there were about 300,000 MTs credits generated, relative to about 150,000 MTs of deficits, which is a significant increase in credits relative to Q1. Deficits remained flat from Q1. Both Q1 and Q2 data are subject to change.

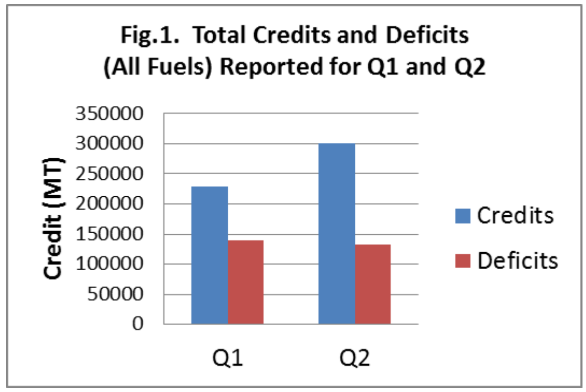
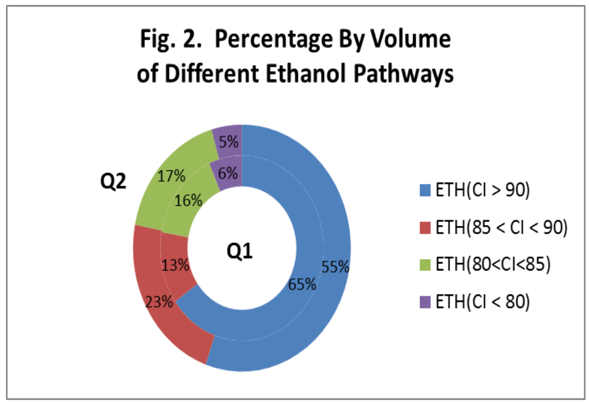
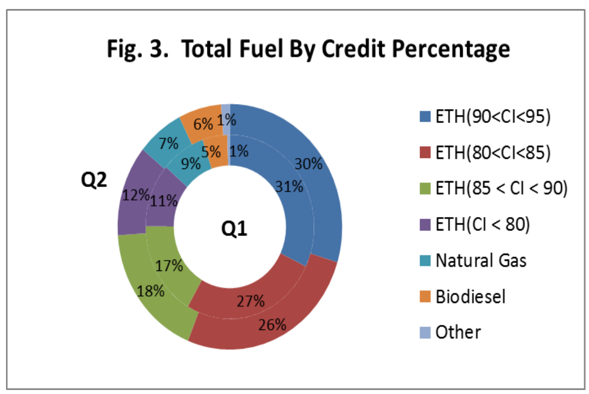


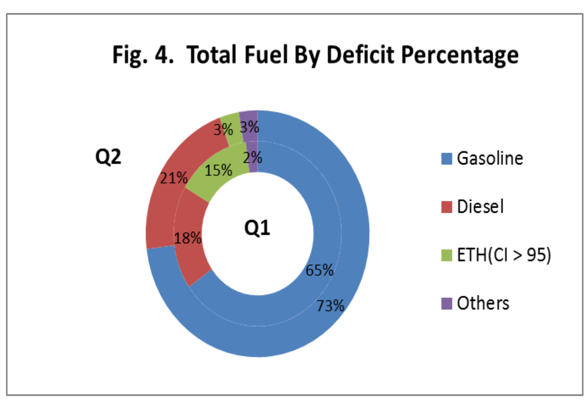
Figure 2 shows that the number of facilities reporting production of higher CI ethanol (>90) has decreased since Q1, while the number of facilities reporting production of lower CI ethanol has grown. As the standards become more stringent, the higher CI ethanol contribution is expected to continue declining, while the contribution of lower CI ethanol will increase.



As Figure 3 shows, non-ethanol alternative fuels make up 14 percent of the Q2 credits, which is the same as in Q1. We expect this will increase significantly as program implementation continues. Also, the amendments to be proposed at the December 2011 hearing may facilitate an increase in credits from alternative fuels.



As expected, most deficits resulted from the sale of CARBOB and ULSD (Fig. 4). After two quarters, the deficits resulting from ethanol with a CI of 95 or more have been reduced to 3% from their previous 15% share. Staff expects this trend to continue in the upcoming quarters as lower CI ethanol increases its market penetration in California.



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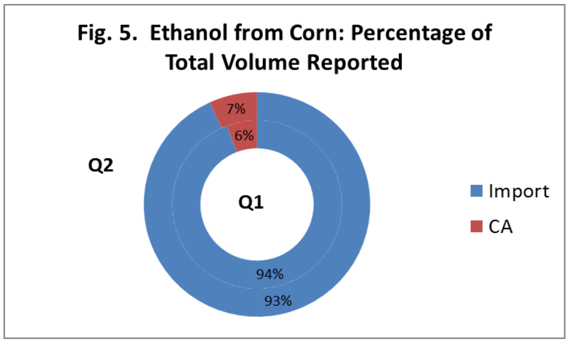
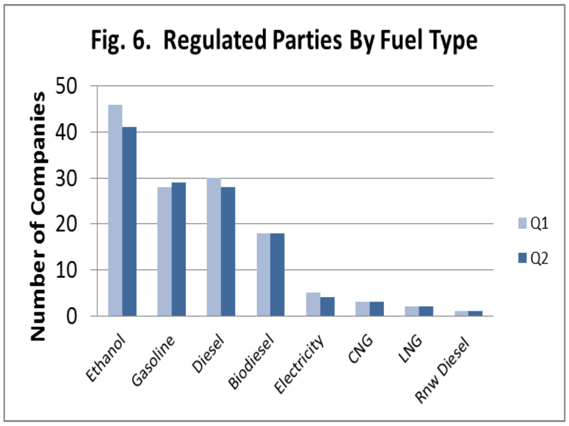
Staff also reviewed the amount of California-produced corn ethanol versus imported product. As Figure 5 shows, the vast majority of corn ethanol used in the State in Q2 was virtually unchanged from Q1 and continues to be ethanol that is imported from outside California, which is consistent with Q1 data.



Stakeholders requested information on the regulated parties that have registered with the LCFS Reporting Tool (LRT). Figure 6 shows there are about 73 regulated parties that have reported data in the LRT. The columns do not add up to 73 because there are overlaps between categories. Overall, there has been little change in the number of reported regulated parties since Q1.



Finally, Figure 7 breaks down the total amount of credits generated in Q2 by fuel type for comparison with Q1. As noted earlier, credits from lower-CI ethanol, natural gas, biodiesel, and other transportation fuels (e.g., hydrogen, electricity) are expected to rise as the lower CI standards come into effect.