

Initial Draft Concept for Very Low Carbon Fuels Incentive Project

Incentive Eligibility:

- Eligibility – Will require fuels have a certified fuel pathway
- Carbon Intensity – Must have a CI below target (based on AB 692 definition)
- Based on volume of fuel produced in State

Metrics for Incentive:

- Base Production – incentive base for production depending on carbon intensity of fuel
- In-State Feedstocks – Additional incentive based on amount of feedstock sourced in-state
- Very Low Carbon Fuels for Disadvantaged Communities – Additional incentive for producers who can demonstrate their fuels are being used in disadvantaged communities

Carbon Intensity Standards and Targets

Fossil Fuel	Carbon Intensity (g/MJCO _{2e})	40% Carbon Intensity Target
Gasoline	99.78	39.91
Diesel	102.01	40.80

Incentive Proposal

Carbon Intensity Ranges (g/MJ CO _{2e})	\$/gasoline gallon equivalent (gge) Incentive	In-State Feedstock Incentive (\$/gge)	Disadvantaged Communities Incentive (\$/gge)
<10	\$0.50	\$0.20	\$0.20
11-20	\$0.25	\$0.20	\$0.20
21-40	\$0.10	\$0.20	\$0.20

Anticipated Eligible Fuel Types*

Fossil Fuel Replaced	Eligible Fuel Types
Diesel	Biodiesel, Renewable Diesel
Conventional NG	Renewable Natural Gas
Hydrogen	Renewable Hydrogen

*Notes:

Ethanol: No in-state production meeting the carbon intensity target at this time.

Electricity: Complicated structure/difficult to determine for transportation fuel usage; needs to be analyzed further for possible future consideration.