

## LCFS Credit Value Update

On January 31st CARB issued their Q3 2017 LCFS Reporting Tool (LRT) Quarterly Data Summary – Report No.3<sup>1</sup>. Highlights of the LRT Report are as follows:

- Three consecutive quarters wherein deficits outnumber credits
- The three most heavily employed renewables continue to be ethanol, renewable biodiesel (RHD) and biodiesel
- RHD's use rate has significantly exceeded biodiesel wherein RHD's volume are >2X versus biodiesel
- RHD's carbon intensity (CI) rating has remained flat at 30 whereas biodiesel's has almost doubled (18 to 36). The lower the CI, the better in terms of LCFS credit generation.

Beyond the report, CF highlights the following challenges for 2018:

- 50+ million gallons of diesel fuel equivalent must be displaced by renewables
- Another 200+ million gallons of gasoline equivalent must be displaced
- 2017 LCFS targets will likely be met; Meeting the 2018 goal is questionable
- Resultantly, LCFS Credit values have increased 40% (from \$100 to \$140) in 2018

CF's online LCFS presentation<sup>2</sup>, has been updated, reflecting the Q3 2017 data. Our presentation goes into detail on certain LCFS variables pertinent to biodiesel and RHD. The opinions and conclusions of this presentation are those of CF at the time the LCFS report was issued by CARB. We're happy to explain any of our presentation content and rationale. Please email us with any of your questions.

California Fueling (CF) is the technology and marketing arm behind VESTA™, the only currently approved CARB NOx Mitigant. VESTA™ is a specialty chemical which requires proper supply chain planning. Since the implementation of CARB's Alternate Diesel Fuel Regulation (ADF), which requires a NOx Mitigant in B20 blends, we have been enabling market participants with VESTA™ 1000. We recently announced approval of a 2<sup>nd</sup> generation more cost-effective product, VESTA™ 5000, which is now CARB approved<sup>3</sup>. We're happy to discuss VESTA™'s footprint and availability further on an individual customer basis.

Contact Pat McDuff (pat@californiafueling.com) at CF to discuss VESTA™ supply, planning, and any individual areas of interest or visit our web site, [www.californiafueling.com](http://www.californiafueling.com) to learn more about VESTA™.

<sup>1</sup>[https://www.arb.ca.gov/fuels/lcfs/dashboard/quarterlysummary/20180131\\_q3datasummary.pdf](https://www.arb.ca.gov/fuels/lcfs/dashboard/quarterlysummary/20180131_q3datasummary.pdf)

<sup>2</sup><https://www.californiafueling.com/solutions>

<sup>3</sup>[http://www.californiafueling.com/documents/VESTA\\_5000\\_PRESS\\_RELEASE.pdf](http://www.californiafueling.com/documents/VESTA_5000_PRESS_RELEASE.pdf)