

LCFS Credit Value Update

California Fueling (CF) manufactures and markets VESTA™, the only currently approved CARB NOx Mitigant.

As everyone is aware, although you'd be surprised at the number of market participants that are not, CARB'S Alternate Diesel Fuel (ADF) Regulation kicked off in the New Year – Happy Belated New Year everyone! In the ramp up to the ADF kick off, we worked feverously to supply the market with VESTA™, both in December and in early January.

CF has supplied the following geographies with VESTA™: Long Beach, Bakersfield, Fresno and Stockton. We are seeking to expand our customer base and would be happy to speak with anyone interested in VESTA™ supply. We support the use of B20 and are happy to provide all the necessary support, including fuel education, seminars, individual meetings, etc.

The LCFS credit value jumped to approximately \$145 on Monday. From a CARB data evaluation perspective, there doesn't seem to be an apparent reason for this sort of LCFS credit strengthening. When you look at the credit reports, there appears to be approximately 1.25 million LCFS credits generated in December; in November, that number was 1.14 million. In a previous newsletter, we discussed VESTA™ costs. With an LCFS credit value of \$145 and an average CI value of 30, VESTA™'s treat cost is more than covered from a credit value perspective, which alone support the ongoing use of a NOx Mitigant.

The ADF has an added element of complexity when blending B20 – introducing VESTA™ into BXX blends. Where once B20 was made up of 2 components, it now requires a third, VESTA™. There's little to no infrastructure to blend VESTA™ into B20. Furthermore, there are very few terminals set up to “rack blend” B20, never mind introducing VESTA™. CF's supply model has been to add VESTA™ to B99/B100 storage tanks and splash blending B20 from there. More and improved biodiesel blending infrastructure will be required if B20 is to grow in California.

Lastly, there's a bit of confusion on VESTA™ treat rates. CARB's November FAQ¹ (see question 33) has clarified additive treat rate calculations. The confusion seems to be when blending B5 with B99/B100. The “blender” must account for the cumulative total of biodiesel present and must ensure the proper VESTA™ treat rate is used based on this cumulative total. We have a spreadsheet available that can help calculate the proper blend ratio of B5, B99/B100 and VESTA™, any combinations thereof. Please contact us for further assistance if need be.

Contact Patrick McDuff, pat@californiafueling.com or (747) 224-0247, to discuss VESTA™ supply, use and planning.

¹<https://www.arb.ca.gov/fuels/adf/20171127adffaq.pdf>