

## LCFS Credit Value Update

California Fueling (CF) is the technology and marketing arm behind VESTA™, the only currently approved CARB NOx Mitigant. Each month, we will be issuing updates to select clients and prospects. The monthly newsletter will focus on the LCFS and California biodiesel market conditions. This is the 2<sup>nd</sup> edition and we'd be happy to receive any and all feedback you may have about the observations shared below.; you can email us at [info@californiafueling.com](mailto:info@californiafueling.com).

On October 31<sup>st</sup> CARB issued their Q2 LCFS Report<sup>1</sup>. In the run up to the report's release, LCFS credit values increased approximately 10% (from \$90 to \$100). CF remains bullish on LCFS credit values. Highlights of the LCFS Report are as follows:

- Deficits outweighed credits for the 2<sup>nd</sup> straight quarter.
- The majority of the deficits come from gasoline, CARBOB. Diesel is 2<sup>nd</sup> in the deficit column, with the total diesel deficits being 1/5<sup>th</sup> that of gasoline.
- The use of Renewable Diesel has increased significantly and is at an all-time high, exceeding 30 million gallons per month.
- Biodiesel Carbon Intensity (CI) values have increased significantly; YTD, CI values vs 2016 have doubled. This CI increase adversely impacts the number of credits biodiesel generates on a per volume basis.
- RHD's CI value, on the other hand, has decreased YTD vs 2016 by 20%. As a result, on a volume per volume basis, RHD currently generates more credits than biodiesel.

CF's online LCFS presentation<sup>2</sup>, has been updated, reflecting the Q2 2017 data. Our presentation goes into detail on certain LCFS variables pertinent to biodiesel and renewable diesel. 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.

There are 45 days remaining until the implementation of CARB's Alternate Diesel Fuel Regulation (ADF), which requires a NOx Mitigant for BXX blends above seasonal allowances. CF is presently working with a number of clients that plan on using VESTA™ and blending B20. We're happy to discuss VESTA™'s footprint further on an individual customer basis.

VESTA™ is a specialty chemical which requires proper supply chain planning. Proper forecasting is required to meet individual customer requirements. With the VESTA™ launch right around the corner, it's important that you reflect on your business and determine what your market needs might be for VESTA™. Once you have determined your projected needs and would like to discuss the markets we would be pleased to speak with you to plan accordingly. Contact Patrick McDuff ([pat@californiafueling.com](mailto:pat@californiafueling.com)) at CF to discuss VESTA™ supply and planning.

<sup>1</sup>[https://www.arb.ca.gov/fuels/lcfs/dashboard/quarterlysummary/20171031\\_q2datasummary.pdf](https://www.arb.ca.gov/fuels/lcfs/dashboard/quarterlysummary/20171031_q2datasummary.pdf)

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