



LCFS Guidance

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Low Carbon Fuel Standard (LCFS) Guidance 22-02

Carbon Intensity and Credit Adjustments Associated with 2023 Annual Fuel Pathway Reports

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A. Introduction

The California Air Resources Board's (CARB) Low Carbon Fuel Standard regulation (LCFS), title 17 sections 95480 to 95503 of the California Code of Regulations, is designed to reduce greenhouse gas emissions associated with the life cycle of transportation fuels used in California. CARB staff has prepared this guidance document to describe the regulatory requirements in a user-friendly format. Unlike the regulation itself, this document does not have the force of law. It is not intended to and cannot establish new mandatory requirements beyond those that are already in the LCFS Regulation, nor can it supplant, replace or amend any of the legal requirements of the regulation. Conversely, any omission or truncation of regulatory requirements does not relieve entities of their legal obligation to fully comply with all requirements of the regulation.

This document describes the process for carbon intensity and credit adjustments associated with the submission and verification of 2023 Annual Fuel Pathway Reports (AFPRs).

Non-provisional fuel pathways were initially certified based on 24 months of operational data in the carbon intensity (CI) calculator submitted. AFPRs associated with these pathways also contain 24 months of operational data.

AFPRs associated with provisional fuel pathways may or may not include the full 24 months of operational data.

B. Contacts

For questions about the CI and credit adjustment communication based on verification of Annual Fuel Pathway Reports, please email LCFSAnnualReport@arb.ca.gov.

C. CI and Credit Adjustment Process for Non-provisional Fuel Pathway Holders

Upon completion of verification of AFPRs, CARB will contact fuel pathway holders with a notice of verification outcomes and follow-up action items regarding CI and credit adjustments (Figure 1). CARB will initiate the implementation of the CI changes after the conclusion of verification with a positive or qualified positive verification statement.

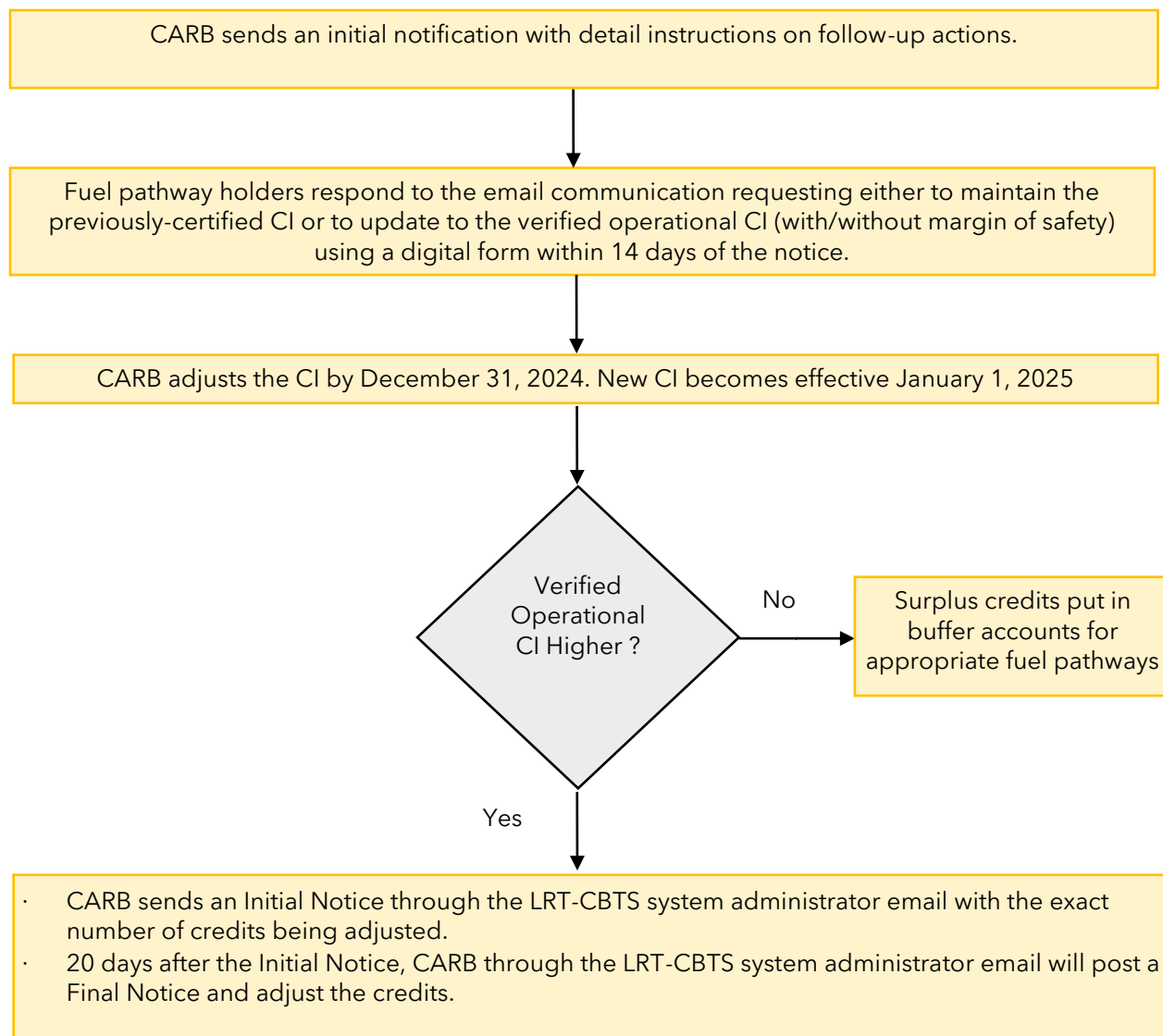


Figure 1. AFPR Post-Verification Steps for Non-Provisional Pathway

CI adjustment:

Non-provisional fuel pathway holders with a verified operational CI lower than the certified CI may elect to keep the previous certified CI or may request that the California Air Resources Board (CARB) replace their certified CI with the verified operational CI, with an option to request adding a conservative margin of safety, pursuant to section 95488.10(a)(6) of the LCFS regulation.

If a verified operational CI was higher than the certified CI, the fuel pathway holder was out of compliance for the specific reporting year (e.g., 2023) and may request CARB to add a conservative margin of safety to their previously certified CI in order to

avoid future CI noncompliance (section [95488.10\(a\)\(7\)](#)). Note that any historic or future noncompliance is or may be subject to CARB investigation, which may result in additional adjustments and/or enforcement action depending on the associated facts.

CARB will ask all non-provisional fuel pathway holders requesting to keep the previously certified CI to replace their certified CI with the verified operational CI, and/or to add a conservative margin of safety to provide a response using a [digital form](#)¹ by September 30, 2024.

The effective date of a new CI for a non-provisional fuel pathway is January 1, 2025, which means it will be eligible for Q1 2025 transactions reporting.

Credit Adjustment:

The 2023 LCFS credits generated under a non-provisional fuel pathway CI will be adjusted if the verified operational CI was found to be higher than the certified CI.

Entities receiving credit adjustments related to the 2023 AFPR will have until the 2025 annual compliance deadline on April 30, 2026 to acquire any credits (i.e., purchase credits or report credit generating fuel) needed to account for any negative credit balance created by the adjustment. Credit adjustment notices will be sent to individual fuel reporting entities and will follow the procedure in section 95495 of the LCFS regulation.

D. CI and Credit Adjustment Process for Provisional Fuel Pathway Holders

Upon completion of verification of Annual Fuel Pathway Reports, CARB will contact fuel pathway holders with a notice of verification outcomes and follow-up action items regarding CI and credit adjustments (Figure 2). CARB will ask all provisional fuel pathway holders requesting to add a conservative margin of safety to provide a response using a digital form by September 30, 2024.

¹ The digital form can also be used by the fuel pathway holder to:

- Request to retire a certified pathway that is no longer needed;
- Request to reflect ownership transfer of a facility subject to AFPR reporting;
- Report a force majeure event that may impact AFPR reporting; and
- Flag other AFPR related requests that require CARB attention.

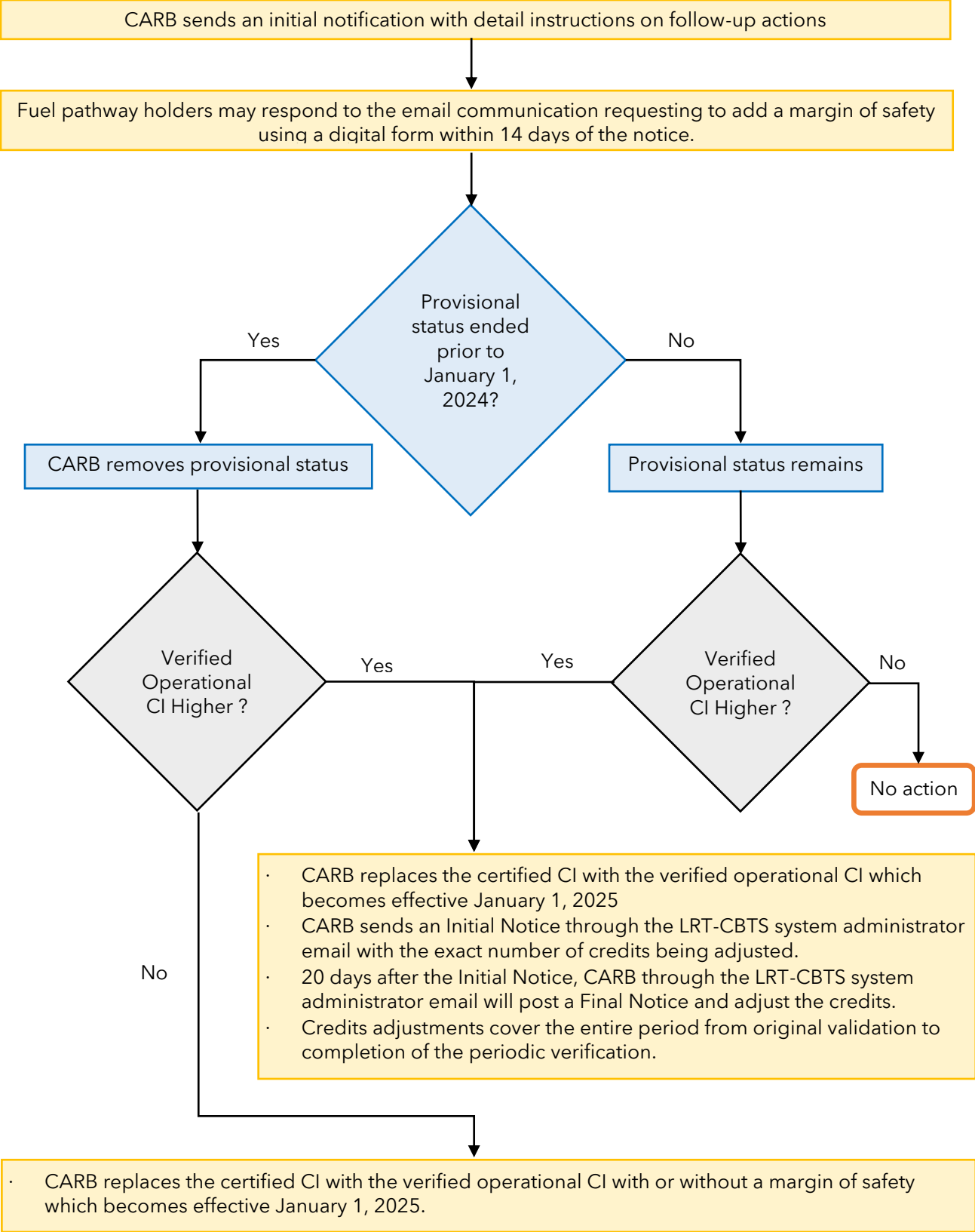


Figure 2. AFPR Post-Verification Steps for Provisional Pathway

D.1. Removal of Provisional Status

CI adjustment:

For a provisional fuel pathway with at least 24 months of operational data by the end of the compliance year (December 31, 2023), CARB will remove the provisional status. See section 95488.9(c)(4).

For pathways with verified operational CIs higher than the provisionally-certified CIs, CARB will replace the certified CIs with the verified operational CIs pursuant to section 95488.9(c)(3)(A).

For pathways with verified operational CIs lower than the provisionally-certified CIs, CARB will certify the pathway with the lower CIs, adding an optional conservative margin of safety upon request from the fuel pathway holder pursuant to section 95488.9(c)(3)(B).

The effective date of the new CIs for these pathways is January 1, 2025.

Credit adjustment:

Any LCFS credits generated under a provisionally-certified CI, across the entire period from original validation to completion of the periodic verification (e.g. December 31, 2024), will be adjusted if the verified operational CI was higher than the provisionally-certified CI.

Entities receiving credit adjustments related to the 2023 AFPR will have until the 2025 annual compliance deadline on April 30, 2026 to acquire any credits (i.e., purchase credits or report credit generating fuel) needed to account for any negative credit balance created by the adjustment.

D.2. Continuing Provisional Pathways

CI adjustment:

For a provisional fuel pathway with less than 24 months of operational data by the end of the compliance year (December 31, 2023), CARB will replace the provisionally-certified CI with the verified operational CI only if the verified operational CI is higher than the previous provisionally-certified CI with the effective date of January 1, 2025.

If the verified operational CI is lower than the previous provisionally-certified CI, CARB will not adjust the pathway CI until the provisional status is removed.

Credit adjustment:

Any LCFS credits generated under a previous provisionally-certified CI, across the entire period from validation to completion of the periodic verification (e.g. December 31, 2024), will be adjusted if the verified operational CI was found to be higher than the previous provisionally-certified CI.

Entities receiving credit adjustments related to the 2023 AFPR will have until the 2025 annual compliance deadline on April 30, 2026 to acquire any credits (i.e., purchase credits or report credit generating fuel) needed to account for any negative credit balance created by the adjustment.