



# Draft Regulatory Guidance

March 2016



## Low Carbon Fuel Standard (LCFS) Regulatory Guidance 16-01

### Draft Guidance on Low Carbon Fuel Standard Reporting - Substitute CIs for Certain Exports

#### SCOPE

The Air Resources Board (ARB) is issuing a draft guidance related to fuel export and use of substitute Fuel Pathway Codes (FPCs, also referred to as carbon intensity or CI values).

By issuing this draft guidance, ARB is seeking feedback from stakeholders.

#### **SUBSTITUTE FPC (CI VALUES) FOR FUEL TRANSACTIONS WITHOUT OBLIGATION, EXPORT, NON-TRANSPORTATION USE, AND LOSS OF INVENTORY**

Under certain circumstances, such as fuel swaps at trading hubs, sellers of ethanol, biodiesel, and renewable diesel may not want to pass along the FPC (CI value) and biofuel facility information. To accommodate such cases, ARB proposes creation of the following conservatively low substitute FPCs that may be used for only certain fuel transactions as described below.

#### Proposed Substitute FPCs

Fuel	FPC	CI
Ethanol	ETH0116	40
Biodiesel	BIOD0116	15
Renewable Diesel	RNWD0116	30

These substitute FPCs are only functional when reporting the following transaction types in LRT-CBTS<sup>1</sup>:

- sold without obligation
- purchased without obligation
- export
- loss of inventory
- not used for transportation

A reporting party that does not wish to report the FPC and biofuel facility information will be able to use one of these substitute codes for reporting in LRT-CBTS. Both parties that report using

<sup>1</sup> The Low Carbon Fuel Standard (LCFS) regulation is supported by the LCFS Data Management System, including the Reporting Tool (LRT), the Credit Banking and Transfer System (CBTS), and the Alternative Fuels Portal (AFP). Those three modules of LCFS are related and share data but because LRT and CBTS are so closely integrated and can be accessed from the same account they are referred to as one system and designated as LRT-CBTS.

these FPCs are expected to have matching volumes (like all other records reported into the LRT-CBTS by two counterparties).

According to section 95491(c)(1)(B) of the LCFS Regulation<sup>2</sup>, a Product Transfer Document (PTD) must contain a notice stating that the fuel has been reported to the LCFS Program and that any export of this fuel from California by any subsequent owner or supplier must be reported to the LCFS Program.

In the case where a low-CI fuel is sold without obligation, it produced credits by the supplier who retained the obligation. In order to keep the proper balance of credits and deficits in the system, the entity that is exporting the fuel out of California must surrender an equivalent amount of credits. **The exporting party is obligated to report the exported volume under the transaction type “export” in LRT-CBTS and will incur deficits for the volume exported.** In cases when the FPC (CI value) is unknown or unavailable the exporting entity must use one of the conservatively low substitute FPCs described in the section above.

## **CONTACT INFORMATION AND STAKEHOLDERS FEEDBACK**

For any questions regarding this regulatory guidance and for submitting feedback, please contact Dr. Manisha Singh, Manager, Fuels Section at (916) 327-1501 or via email at [Manisha.Singh@arb.ca.gov](mailto:Manisha.Singh@arb.ca.gov), or Dr. Veronika Pesinova, Lead Staff at (916) 324-8153, or via email at [Veronika.Pesinova@arb.ca.gov](mailto:Veronika.Pesinova@arb.ca.gov).

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<sup>2</sup> California Code of Regulations, Title 17