2018 LCFS Compliance Information and Credit Clearance Market Information

LCFS Compliance Reporting for 2018

The Low Carbon Fuel Standard (LCFS) achieved 100 percent compliance for the 2018 data year. A total of 317 parties reported under the LCFS program during 2018. Out of those 317 parties, 52 reported deficits. The parties reporting high-carbon fuels generated 12,366,497 deficits during this period. Low-carbon fuels generated a total of 11,182,369 credits in the program over the same time period. This does not include 2018 credits for low complexity and low energy use in refineries.

Summary of 2018 LCFS Compliance Reporting

<table>
<thead>
<tr>
<th>Description</th>
<th>Number</th>
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</thead>
<tbody>
<tr>
<td>Total number of parties actively reporting in 2018 under LCFS program</td>
<td>317</td>
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<tr>
<td>Total number of parties holding deficits at the end of 2018</td>
<td>52</td>
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<tr>
<td>Total number of deficit holding parties that met their 2018 compliance obligation</td>
<td>52</td>
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As reported in the Q4 2018 Quarterly Data Summary, cumulatively through 2018, the LCFS program has generated 47.1 million Metric Ton (MT) credits and 38.4 million MT deficits, for a net total over-compliance of about 8.7 million MT credits banked in the program.

Credit Clearance Market

The LCFS includes a provision for holding a Credit Clearance Market (CCM) that provides additional compliance flexibility to regulated parties who have not met their previous year-end obligation.

On April 2, 2019 the Executive Officer (EO) issued a call for credits to be pledged for sale in the CCM. A total of 74,253 credits were pledged for sale in the 2019 CCM.

As all the parties covered under LCFS met their 2018 compliance obligation, the EO has determined that the CCM will not occur in 2019. All the credits pledged for sale in the CCM 2019 will be released effective immediately.

If you have any questions regarding this document, please contact Jim Duffy, Chief Transportation Fuels Branch at (916) 323-0015 or via email James.Duffy@arb.ca.gov.

Program Background

The Low Carbon Fuel Standard is one of a portfolio of policies adopted by CARB, pursuant to Health and Safety Code Sections 38500-38599 (AB 32) to reduce
greenhouse gases in California. The LCFS reduces the carbon intensity of fuels sold in California. It is designed to help clean the air, protect the environment, and drive the development of clean, low-carbon fuels to improve California's energy security and energy independence.

The Credit Clearance Market portion of the LCFS increases market certainty regarding maximum compliance costs, strengthens incentives to invest in and produce low-CI fuels, and reduces the probability of credit shortfalls and price spikes.