



# Low Carbon Fuel Standard

## Frequently Asked Questions

---

### EFFECTIVE DATE FOR LCFS 2019 AMENDMENTS

February 2020

#### INTRODUCTION

The California Air Resources Board's (CARB) Low Carbon Fuel Standard (LCFS) regulation, which appears at sections 95480 to 95503 of title 17, 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 document to address frequently asked questions (FAQ). These answers may be based in part on case-specific factual circumstances and are offered here only as guidance that does not supplant the requirements of the LCFS regulation. 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.

#### BACKGROUND

On November 21, 2019, CARB approved for adoption of amendments to sections 95481, 95483, 95485, 95486.1, 95487, 95491, and 95495 of the LCFS regulation.<sup>1</sup>

The purpose of this document is to address frequently asked questions related to effective date of these LCFS amendments.

- 1. Under the current LCFS regulation, the Maximum Credit Price applies only to credit transactions taking place in the credit clearance market (CCM). When the amendments approved by the Board in November 2019 take effect, this Maximum Credit Price will apply to all credit transactions. When do the LCFS amendments go into effect?**

The LCFS amendments will not be effective until they are approved by the Office of Administrative Law (OAL) through the regulatory approval process required by law. The pending amendments are currently on schedule to become effective July 1, 2020.

At the time of approval, OAL will also confirm the effective date of the regulatory amendments (hereafter referred to as the Effective Date). The Effective Date of the

---

<sup>1</sup> CARB, (Nov. 2019). *Public Hearing to Consider Proposed Amendments to the Low Carbon Fuel Standard Regulation*. Accessed at: <https://ww3.arb.ca.gov/regact/2019/lcfs2019/res19-27.pdf>.



## Low Carbon Fuel Standard Frequently Asked Questions

---

amendments will be the first day that the Maximum Credit Price will apply to credit transactions outside of the CCM (hereafter referred to as non-CCM transactions).

**2. Does the Maximum Credit Price apply to non-CCM credit transactions posted by the seller prior to the Effective Date but confirmed by the buyer after the Effective Date?**

No, the Maximum Credit Price will only apply to non-CCM credit transfers posted by the seller in the LRT-CBTS<sup>2</sup> on or after the Effective Date of the amendments.

**3. Does the Maximum Credit Price apply to agreements for future credit delivery in which the agreement is reached prior to the Effective Date but the transfer is posted after the Effective Date?**

Yes, the Maximum Credit Price will apply to all credit transfers posted in the LRT-CBTS on or after the Effective Date even if the agreement date for that credit transfer was prior to the Effective Date. While finalizing credit transfer agreements for a future delivery of LCFS credits, regulated entities must account for the Maximum Credit Price that would be effective at the time of credit transfer.

**4. Several of the LCFS amendments affect operation of the CCM, including the potential advancing of credits, extension of the CCM for an additional month, and additional requirements for credit transfers occurring in the CCM. Will these amendments affect the CCM in 2020 and what happens if OAL approval occurs during an ongoing CCM?**

Pursuant to section 95485(c)(3)(E)2. of the LCFS regulation, the Executive Officer will announce by May 15, 2020 whether or not a CCM will occur in 2020.

To avoid confusion if the amendments become effective during an ongoing CCM, CARB may, potentially in partnership with OAL, clarify a later Effective Date for those amendments that apply specifically to operation of the CCM. In that case, the CCM will operate pursuant to the current LCFS regulation.

### Contact

If you have questions regarding the above information, please contact Firas.Abu-Sneneh at [Firas.Abu-Sneneh@arb.ca.gov](mailto:Firas.Abu-Sneneh@arb.ca.gov) or (916) 323-1009, or Arpit Soni at [Arpit.Soni@arb.ca.gov](mailto:Arpit.Soni@arb.ca.gov) or (916) 323-2661.

---

<sup>2</sup> LCFS Reporting Tool and Credit Bank and Transfer System (LRT-CBTS)