



# LCFS Guidance



## Low Carbon Fuel Standard (LCFS) Guidance 19-09

### Quarterly Fuel Transactions Reporting Requirements for Transitioning Liquid Fuel Pathways from CA-GREET2.0 to CA-GREET3.0

December 2019

#### 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 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.

#### BACKGROUND

Pursuant to section 95488(c) of the LCFS Regulation,<sup>1</sup> all fuel pathways certified prior to 2019 that use the CA-GREET2.0 model to determine Carbon Intensity (CI), referred to in this guidance as "legacy" pathways, will be available for reporting fuel transactions occurring through December 31, 2020, but unavailable for 2021 reporting. Fuel transactions occurring in 2021 must be reported using a fuel pathway certified using CA-GREET3.0 or a Tier 1 Simplified CI Calculator (referred to in this guidance as "new" pathways).

Upon certification of a new pathway, all legacy pathways associated with the fuel production facility will be deactivated and will no longer be available for reporting fuel transactions the following quarter. The legacy and new pathway(s) may overlap for one reporting period so that fuel may be transitioned from an expiring legacy pathway to the corresponding new pathway in an entity's LCFS Reporting Tool and Credit Bank &

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<sup>1</sup> All citations to the LCFS Regulation are title 17 to the California Code of Regulation (CCR), sections 95480-95503.

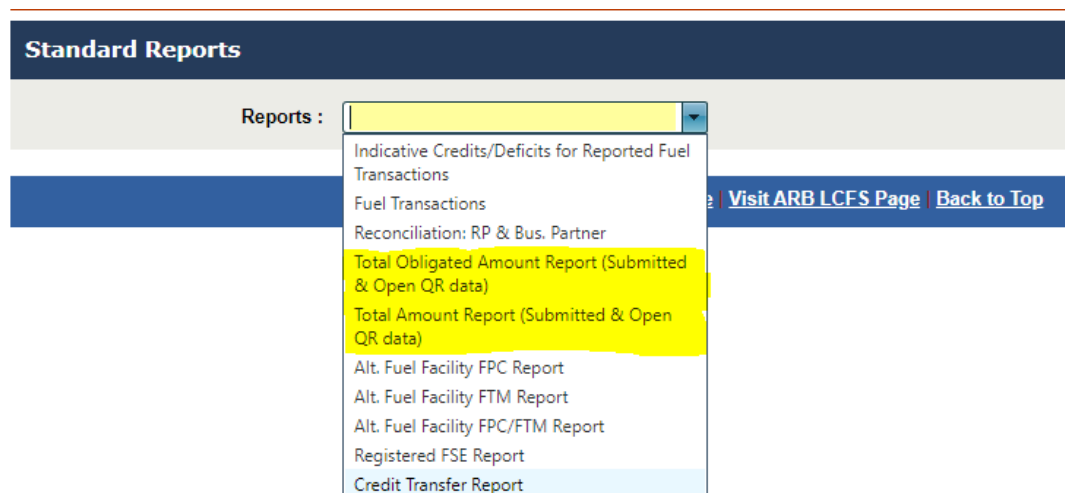
Transfer System (LRT-CBTS) account. The purpose of this guidance is to describe and summarize reporting requirements for fuel associated with an expiring legacy pathway.

## INSTRUCTIONS FOR TRANSITIONING FUEL INVENTORY

For the purpose of this guidance, fuel inventory refers to the total fuel quantity associated with a certified Fuel Pathway Code (FPC) in a fuel reporting entity's LRT-CBTS account. A fuel reporting entity's LRT-CBTS account also displays Total Obligated Amount (TOA), representative of fuel with obligation per FPC, and Total Amount (TA), representative of all fuel in an entity's account per FPC. Note, moving fuel inventory from a legacy to a new FPC is available for transfers of fuel with obligation, and not available for fuel transfers without obligation. Transaction types used to swap fuel, "Gain of Inventory" and "Loss of Inventory" (step 3 and 4), are credit/deficit generating transaction types.

Liquid fuel reporting entities may use the following process to transition their fuel inventory from legacy to new FPC through Q4 2020 reporting periods, as necessary upon deactivation of a legacy FPC.

1. Refer to the [Legacy and New FPC Crosswalk Table](#) to review all recently-certified, new FPCs and corresponding legacy FPCs associated with the same fuel production facility. The crosswalk table includes the column "Last Reporting Quarter for Legacy FPC." The legacy FPC remains active for reporting fuel transactions through the end of the reporting period for that quarter. For example, if the "Last Reporting Quarter for Legacy FPC" is Q2 2020, the legacy FPC will be active until the end of the Q2 2020 reporting period, i.e., September 30.
2. Check the TOA and TA reports for the legacy FPC in the LRT-CBTS to determine the quantity of fuel in inventory. These reports can be found under the Data Tab in the reporting entity's account as shown in the screenshot below.



3. To move fuel inventory, report a transaction type “Loss of Inventory” for the TOA under the legacy FPC, not to exceed the TA available for the legacy FPC. If the quantity of fuel reported under transaction type “Loss of Inventory” is greater than TA, a TA reporting error will show and the transaction will not be completed.
4. Next, report a transaction type “Gain of Inventory” under the new FPC for the same TOA reported in step 3.

See Appendix A of this guidance document for an example of the reporting procedure.

CARB staff will monitor fuel reported as “Gain of Inventory” and “Loss of Inventory” to ensure proper alignment and will notify fuel reporting entities if there is an error that needs to be addressed.

If an FPC has been deactivated and a fuel reporting entity failed to move fuel inventory to a new FPC, the entity may still transfer quantities associated with the legacy FPC using the appropriate substitute pathway<sup>2</sup> and transaction type “Sold without Obligation.” Any credits associated with the fuel quantity may then be transferred separately.

## **CONTACT**

If you have questions regarding the above information, please visit the LCFS Contacts webpage: <https://www.arb.ca.gov/fuels/lcfs/contact.htm>.

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<sup>2</sup> Substitute pathways (for reporting fuels with unknown CI) for 2019 and 2020 can be found on the [Substitute Pathways and Default Blend Levels](#) webpage.

## APPENDIX A

### Reporting Example for Fuel Pathways Transitioning from CA-GREET2.0 to CA-GREET3.0

The [Legacy and New FPC Crosswalk Table](#) shows:

Fuel Production Facility	Fuel Name	Legacy FPC	Legacy CI	Last Reporting Quarter for Legacy FPC	New FPC	New CI
ABC Biofuels	Ethanol	ETH001	71.25	Q3 2019	ETH004A00550200	69.80

ABC Biofuels has imported and purchased with obligation 100,000 gallons of ETH001, of which they have sold 25,000 gallons without obligation to a downstream entity in Q1 2019 and Q2 2019. The LRT-CBTS reports for the legacy FPC show a TOA of 100,000 gallons and a TA of 75,000 gallons. 75,000 gallons, may be reported under the new FPC, ETH004A00550200.

The last quarter in which the legacy FPC can be used for reporting is the same as the first quarter in which the new FPC can be used.

In Q3 2019, both ETH001 and ETH004A00550200 are active, and ABC Biofuels should report two transactions to transition their fuel inventory from the legacy FPC to the new FPC within the same reporting period.

Fuel Pathway Code	Date	Transaction Type	Volume
ETH001	9/30/19	Loss of Inventory	75,000
ETH004A00550200	9/30/19	Gain of Inventory	75,000

Any credits gained or lost as a result of reporting “Loss of Inventory” or “Gain of Inventory” transactions will be recognized in the reporting entity’s account upon the submission deadline. In Q4 2019, ETH001 will no longer be available for reporting fuel transactions.