

**AIR RESOURCES BOARD
LOW CARBON FUEL STANDARD (LCFS)**

**FREQUENTLY ASKED QUESTIONS RELATED TO REPORTING AND RECORD
KEEPING REQUIREMENTS**

**(Version 2.0, August 2016)
Last Update: August 3, 2016**

I. INTRODUCTION

Following the approval to re-adopt the Low Carbon Fuel Standard (LCFS) by the Air Resources Board (Board) at the September 24-25, 2015 Board Hearing, staff has compiled this list of Frequently Asked Questions (FAQs) to assist stakeholders. The purpose of this document is to provide simple and clear responses to the most commonly asked questions or concerns related to the reporting and record keeping requirements in the re-adopted regulation.

While this document attempts to provide answers to many of the commonly asked questions, affected entities can also consult the following documents for additional guidance:

- [LCFS Reporting Tool \(LRT\) User Guide Version 1.0.](#)
- [LCFS Credit Bank & Transfer System \(CBTS\) User Guide Version 1.0;](#)

Important Web Links

ARB LCFS Home Page:

<http://www.arb.ca.gov/fuels/lcfs/lcfs.htm>

LCFS Online Systems webpage:

<http://www.arb.ca.gov/fuels/lcfs/reportingtool/reportingtool.htm>

Access to LRT-CBTS and Alternative Fuels Portal (AFP):

www.arb.ca.gov/lcfsrt

Contact Information:

Manisha Singh Manisha.Singh@arb.ca.gov
Veronika Pesinova Veronika.Pesinova@arb.ca.gov

How do I submit my quarterly and annual reports to CARB?

The annual compliance and quarterly progress reports must be submitted using the online LCFS Reporting Tool and Credit Bank & Transfer System (LRT-CBTS), an interactive, secured internet web-based system. The LRT-CBTS is available at: www.arb.ca.gov/lcfsrt. Prior to use, a reporting party must first establish an account in the LRT-CBTS pursuant to section 95483.2 of the LCFS regulation.

Does CARB provide any training on LRT-CBTS?

There are a couple of user guides for LRT-CBTS available at LCFS Online Systems Reporting parties are also encouraged to contact us at lrtadmin@arb.ca.gov or click on “Contact Us” on LRT-CBTS for any questions.

I have an existing account in the LRT-CBTS. Do I need to update my registration?

Yes. Pursuant to section 95483.2 of the LCFS regulation, all reporting parties that have an existing account on December 31, 2015 must update their company registration in the LRT-CBTS during the first quarter of 2016.

Can my company have more than one person registered as administrator in LRT-CBTS?

Yes. LRT-CBTS allows multiple administrators per company.

When do I need to submit my quarterly and annual reports to CARB?

Quarterly Reports. A reporting party (as defined in section 95481) must submit quarterly reports in the LRT-CBTS by:

- June 30th – for the first calendar quarter covering January through March;
- September 30th – for the second calendar quarter covering April through June;
- December 31st – for the third calendar quarter covering July through September;
and
- March 31st – for the fourth calendar quarter covering October through December.

The data for the quarterly reports must be uploaded in the LRT-CBTS within the first 45 days after the end of the quarter. During the subsequent 45 days, reporters should use the reconciliation reports provided in the LRT-CBTS and in conjunction with counterparties complete any necessary data corrections and submit the final quarterly report in the LRT-CBTS.

Annual Compliance Reports. Merely submitting four quarterly reports is not enough. An annual compliance report for the prior calendar year must be submitted in the LRT-CBTS by April 30th of each year.

What do I need to include in quarterly and annual reports?

Table 11 of the LCFS regulation provides a summary checklist of parameters that are required to be included in quarterly and annual reports. In addition, there are specific requirements described in section 95491(a)(3) of the regulation for gasoline and diesel, natural gas, electricity, and hydrogen.

Can I make corrections in previously submitted quarterly reports?

A reporting party may request to have previously submitted quarterly reports for the current compliance period reopened for corrective edits and resubmittal by submitting a Correction Request Form online in the LRT-CBTS. The reporting party is required to provide justification for the report corrections and indicate the specific corrections to be made to the report. Each submitted request is subject to ARB review and approval. Permission to correct a report does not preclude enforcement based on misreporting.

Can I be audited and what records do I need to keep?

All documents, data and calculations submitted by a regulated party for demonstrating compliance or claiming credit are subject to verification by ARB or a third party approved by ARB. Records should be retained for five years and include the following:

1. Product transfer documents;
2. Copies of all data reports submitted;
3. Records related to each fuel transaction; and
4. Records used for compliance or credit calculations.

Do the new 90-day (45 + 45) reporting requirements apply to fuels transacted in Q4 2015?

Yes, because the deadline for Q4 2015 report is March 31st, 2016 after the re-adopted regulation goes into effect. The new 90-day instead of the old 60-day requirements will therefore apply but the CI values from the old regulation will need to be used for reporting.

What constitutes a product transfer document (PTD)?

A PTD is a single document that must provide the information specified in section 95491(c)(1) of the regulation. Examples of PTD include purchase contract, invoice, bill of lading, and RFS2 product transfer document. ARB understands that there may be changes to the original PTD and therefore it allows reporting parties to submit

supplemental documents to correct the information provided in the original PTD. For example, a product contract was submitted as a PTD but exact volumes and dates of fuel transfer were not known at the time the contract was issued. An invoice may be submitted to supplement the original PTD stating the actual amount of fuel delivered and the delivery date. If supplemental documents are submitted, they must contain information that identifies its association with the original LCFS PTD such as purchase order or contract number.

Will company contact email address for LCFS PTD purposes be available on the LCFS website?

ARB will ask for this information on a voluntary basis as part of the updated LRT-CBTS registration process for reporting parties. This process commences in January 2016 per the provisions of section 95483.2 of the re-adopted LCFS and is expected to be completed within the first quarter of 2016. Once this information has been received, ARB will update the listing of reporting parties currently posted on the LCFS website with company email addresses.

When will new CIs for CARBOB and diesel go into effect?

The new CIs for CARBOB and diesel will go into effect on January 1, 2016 even though biofuels CIs will be rolled out during the year as pathways are approved. This means that for CARBOB and diesel fuels produced in Q4 2015 but sold in Q1 2016 the old CIs cannot be used for reporting purposes and instead the corresponding values listed in Table 6 of the regulation will have to be used.

How will retroactivity of CIs affect reporting, since reporting is on a quarterly basis?

Consistent with the retroactivity provisions in section 95486(a)(2), once the new fuel pathway has been certified, it can be used for reporting fuel transactions that occurred during the quarter in which it was certified. For example, an applicant submitted his/her application for a new CI in Q1 of 2016 and it was certified in that same quarter. In this case, the applicant can claim credits for transactions that occurred in Q1 onwards. However, no credits may be generated or claimed after the deadline for the relevant quarterly report has passed. Credits must be claimed before the deadline of the quarterly report for the quarter during which the transaction took place. Reporting deadlines for quarterly reports are 90 days past the quarter end date (e.g. the deadline to submit 2016 Q1 report is June 30, 2016).

What happens if I chose not to apply for recertification or reject the re-certified value?

For ease of administering the change of CIs, once the recertified new CIs are released, the corresponding legacy CIs will not be available for reporting. However, parties that

do not choose to apply for re-certification of legacy pathways (or who reject the ARB-proposed re-certified value) can use the old CI until December 31, 2016.

Do I need to reissue revised PTDs once the new CIs become available?

Reissuance of revised PTDs will not be required when new CIs become available. PTDs associated with the production or import of the fuel that occurred prior to the issuance of the new CI would show the old CI. ARB plans to issue a table listing the old and new CI values for facilities. Using this table, reporting parties will have the ability to crosswalk the old CI to the new CI for any given pathway. The use of old CIs on PTDs will not create a problem with respect to verification of the accuracy of PTDs.

If a biofuel was produced but not used/sold/blended into a finished fuel until after January 1, 2016, can the producer/counterparty report the CI value and production volumes in Q1 2016?

New CI values will be released based on the anticipated schedule for each fuel “batch” as shown below. Once these new CI values are active they should be used to report both new production and fuel that is part of the existing inventory. (If the fuel is sold out of inventory during the quarter in which the new CI value is certified, then the new CI can be used for reporting purposes for that quarter. However, if the new CI has not been certified yet, the old CI should be used.) This is also applicable in cases when the product changed custody and/or ownership, but still was not placed into the fuel supply stream until after January 1, 2016.

Fuel	Anticipated certification	Effective date
Ethanol	By March 31, 2016	1 st quarter 2016
BD/RD	By June 30, 2016	2 nd quarter 2016
NG/LNG/L-CNG	By September 30, 2016	3 rd quarter 2016
Others	By September 30, 2016	3 rd quarter 2016

If renewable diesel was produced and stored prior to January 1, 2016 and then sold as a finished fuel during Q1 of 2016, which CI value should be used?

An old CI will have to be used for this transaction because the new CI will not likely be available until the end of Q2 2016 per the schedule shown in the table above. However, if the same fuel is sold and used during Q2 of 2016 then it would be eligible for the new CI assuming the new CI is certified by the end of Q2 of 2016.

How specifically will these fuel inventory issues be handled in the LRT-CBTS for pathways that are being recertified? Does ARB have any suggestions as to how I should demonstrate my change in use of codes in my LRT account?

Reporting parties may want to submit a two-step transaction where they reduce the inventory of their current Fuel Pathway Codes (FPCs) in the quarter preceding the recertification and then raise the inventory of their new FPCs in the quarter of recertification. In doing so, credit gains/losses are centered around each individual party rather than across multiple parties where advantages and disadvantages may occur.

Example: If regulated party ABC Ethanol had 1 million gallons of ETHC008 and 500 thousand gallons of ETHC003 in their inventory on December 31, 2015, they could submit their quarterly reports with the following four transactions (Assuming that in Q1 2016, the legacy code ETHC008 is recertified to ETHC108 and the legacy code ETHC003 is recertified to ETHC103):

Q4 2015 report.

Transaction Type: Loss of Inventory 1 million gallons ETHC008

Transaction Type: Loss of Inventory 500 thousand gallons ETHC003

Q1 2016 report.

Transaction Type: Gain in Inventory 1 million gallons ETHC108

Transaction Type: Gain in Inventory 500 thousand gallons ETHC103

The four transactions would reset their inventory without affecting upstream or downstream parties that have transacted fuel with them.

How will the reporting parties know the new Fuel Pathway Codes (FPCs)?

ARB will provide a table listing alternative fuel production facilities showing their old FPC and CI value (when applicable) with corresponding new FPC and CI value. For facilities that had multiple FPC and CI values in the past, the table will clearly show the merged nature of any new values that will replace them. This table will be released as certifications are completed for each fuel batch per the anticipated schedule shown above.

What is the difference between temporary and substitute FPC and when should I use them for reporting in LRT-CBTS?

Temporary FPCs are mainly intended for use by facilities without existing facility-specific values, especially new facilities. Temporary FPCs, listed in Table 7, should be used when reporting production, import or sale/purchase with obligation transactions for fuels

with indeterminate CIs. Substitute FPC should be used when CIs are unavailable for the following transactions: sold/purchased without obligation, export, loss of inventory, and not use in transportation. More details on substitute FPCs are available in the [Regulatory Guidance 16-01](#)

Is there an expiration date for LCFS credits?

No, there is no expiration date for the LCFS credits. You can hold/bank the credits for any period of time.