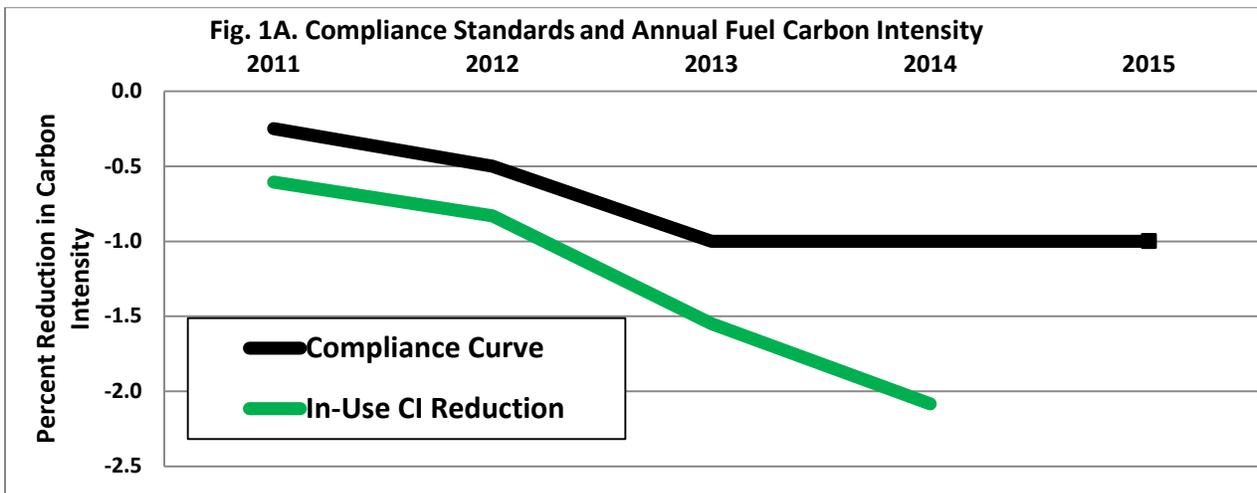
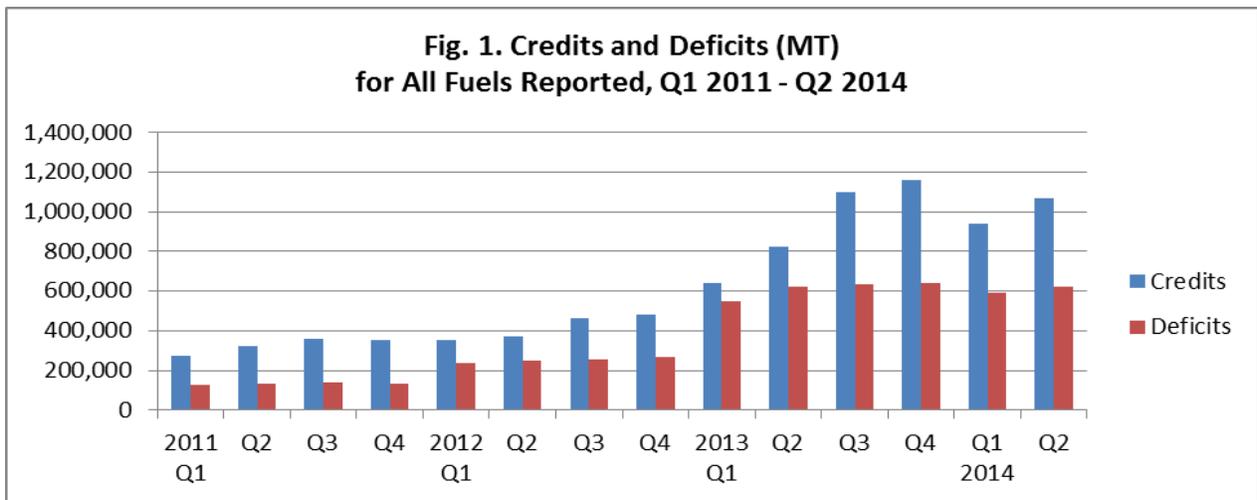


Attachment A

The LCFS is Being Implemented Successfully

The currency of LCFS program is based around the generation of credits from low CI fuels (below the compliance standard) being used to offset the generation of deficits from high CI fuels (above the compliance standard). Figure 1 shows the credits and deficits reported by regulated parties for the four quarters of calendar years 2011, 2012, 2013, and the first two quarters of 2014. As shown, about 1,068,000 metric tons (MT) of credits were generated in Q2 2014 compared to 625,000 MT of deficits. Cumulatively through the end of Q2 2014, there has been an over compliance of the standard and a net positive 3.50 million MT credits have been generated. Through the current life of the program, a total of about 8.72 million MT credits and 5.22 million MT deficits have been generated. Figure 1A displays the credit and deficit data in terms of the annual carbon intensity standard, currently at one percent.



Attachment A

Figure 2 displays the ethanol supplied in California by the indicated CI ranges. These are expressed as four-quarter rolling averages for ease of viewing and comparison. As shown, the market for ethanol supplied to the California transportation market is gradually shifting to lower CI ethanol.

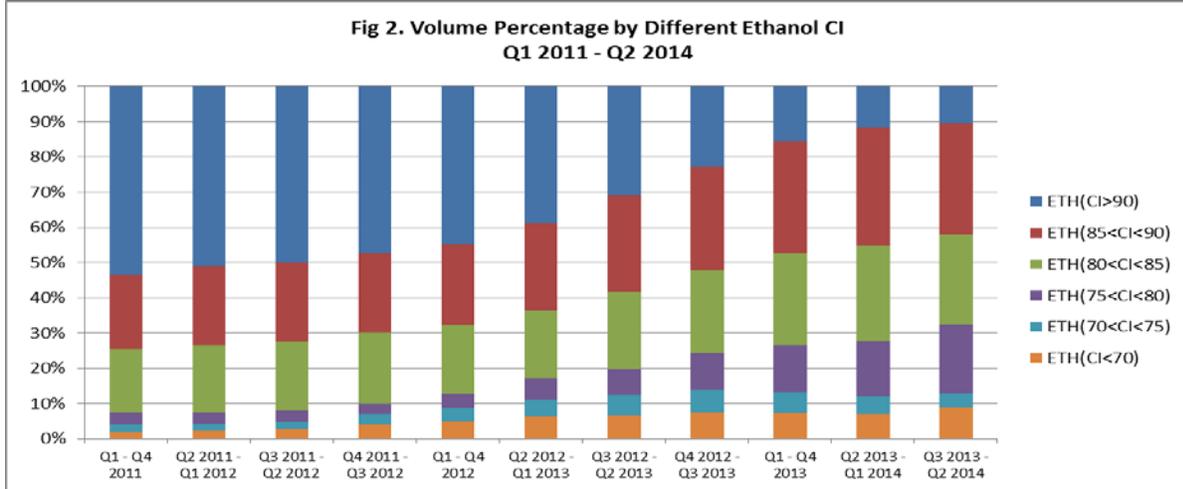
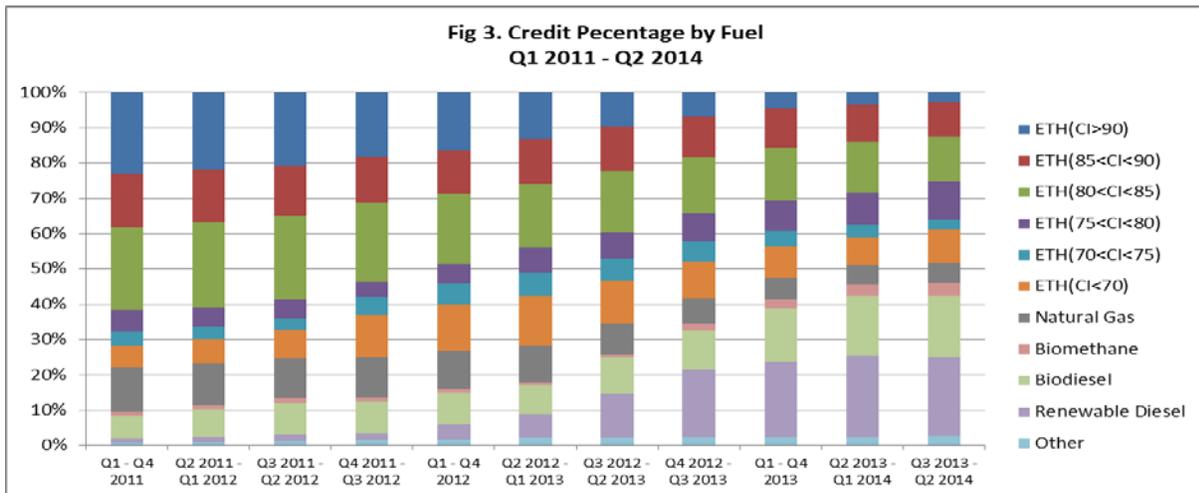


Figure 3 shows the percentage of LCFS credits generated by both ethanol and non-ethanol alternative fuels—a four-quarter rolling average is shown for ease of viewing and comparison. As shown, the presence of non-ethanol alternative fuels continues to expand with these fuels accounting for nearly half of the total credits generated in 2014.



Attachment A

Figure 4 breaks down the total amount of credits generated by fuel type in the last fourteen quarters since January 2011. Credits from lower-CI ethanol (CI<70 g/MJ) and non-ethanol alternative transportation fuels continue to contribute significantly to the credit pool and make up over 60 percent of the credits generated in 2014.

