

Updated: 16th May, 2016

**Subject:** 2015 LCFS Compliance Information Credit Clearance Market Information

### **LCFS Compliance Reporting for 2015**

Air Resources Board staff have analyzed the Low Carbon Fuel Standard (LCFS) compliance data for compliance year 2015 and are announcing a 98 percent compliance rate by the covered entities for this period.

A total of 174 parties actively reported under the LCFS program during 2015. Out of those, 52 regulated parties reported deficits. These high carbon fuel parties generated 2,410,598 deficits during this period. Low carbon fuels generated a total of 6,261,399 5,495,448 credits in the program over the same timeframe.

Only one regulated party failed to retire sufficient credits to cover their 2015 obligations.

#### **Summary of 2015 LCFS Compliance Reporting**

|                                                                   |     |
|-------------------------------------------------------------------|-----|
| Total parties actively reporting in 2015 under LCFS program       | 174 |
| Total parties generating deficits                                 | 52  |
| Total number of parties that met their 2015 compliance obligation | 51  |

As reported in the [Q4 2015 Quarterly Data Summary](#), cumulatively through 2015, the LCFS program has generated 16.55 MT million credits and 9.14 MT million deficits, for a net total over-compliance of about 7.41 million MT credits banked in the program.

### **Credit Clearance Markets**

The one party that did not retire sufficient credits is Astra Oil Company, LLC, which reported a small net short position of 337 deficits for 2015.

| <b>Name of the Regulated Party</b> | <b>Number of CCM Deficits</b> |
|------------------------------------|-------------------------------|
| Astra Oil Company, LLC             | 337                           |

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 4, 2016 the Executive Officer (EO) issued a call for credits to be pledged for sale in the CCM. The following parties pledged a total of 15,242 credits for sale in CCM 2016:

| <b>Name of the Regulated Party</b> | <b>Number of CCM Credits</b> |
|------------------------------------|------------------------------|
| BP Products North America, Inc.    | 10,000                       |

|                                              |       |
|----------------------------------------------|-------|
| GFP Ethanol, LLC dba Calgren Renewable Fuels | 5,000 |
| Titan El Toro, LLC                           | 242   |

The EO has determined that the CCM will occur in 2016 to allow Astra Oil the additional opportunity to meet its obligation. The CCM will be operational from June 1 to July 31, 2016. During this period, this regulated party must acquire credits pledged into the CCM from the parties listed above.

The maximum price set for credits to be sold in the 2016 CCM is \$200 per credit. Regulated parties that have pledged credits to sell into the CCM cannot reject an offer to purchase pledged credits at the maximum price, but may accept an offer to purchase at a lower price if they prefer to do so.

If you have any questions regarding this document, please contact Ms. Manisha Singh, Manager, Fuels Section, at (916) 327-1501 or via email at [Manisha.Singh@arb.ca.gov](mailto:Manisha.Singh@arb.ca.gov).

**Program Background**

The Low Carbon Fuel Standard is one of the measures adopted by ARB, pursuant to Health and Safety Code Sections 38500-38599 (AB 32) to reduce greenhouse gases in California. The Program's goal is to reduce the carbon intensity of fuels sold in California ten percent by 2020. 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 program is flexible and allows entities to reduce the carbon intensity of the fuel they sell, blend cleaner fuels purchased from other parties, or purchase tradeable credits for compliance.

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.

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