Create Additional Economic Value For Your Business With LCFS Credits

gna CLEAN TRANSPORTATION & ENERGY CONSULTANTS

To expedite the adoption of low-carbon and carbon-negative fuels, California created a comprehensive, verified, statewide system called the Low Carbon Fuel Standard (LCFS) program. Under the LCFS program, fleets can generate valuable credits for the electricity they dispense to their vehicles. The value of these credits varies daily based on the supply of low carbon intensity fuels in California, the demand for fossil fuels, as well as other market influences. Over the past two years, the credits have hovered between $130-$210 per metric ton.

EV Credit Generation Example: *At the 2021 average price of $177 per metric ton, the effective value of the LCFS credit is currently $.24 per kWh for grid-average electricity or $.29 per kWh for zero-carbon electricity.* **For a Class 8 electric truck traveling 60,000 miles per year and consuming 2.1 kWh per mile, this equates to $30,000 to $36,000 per year in gross revenue opportunity per truck.**

The Process

To generate credits in the LCFS program, a fleet must opt-in to the LCFS program or designate a third party to report on their behalf. Once enrolled in the program, the fleet must register charging equipment and comply with quarterly and annual reporting requirements.

On a quarterly basis, CARB will issue credits based on the calculated GHG reductions from EV charging and deposit the credits into the fleet's account.

Credits are monetized by selling them in a business-to-business transaction to regulated entities (like diesel and gasoline producers/importers) or credit traders.

GNA can manage these activities:

LIFE CYCLE ANALYSIS
Calculates carbon intensity and conducts GREET modeling

PROGRAM COMPLIANCE
Ensures data collection and revenue accounting requirements are met

REGISTRATION & REPORTING
Initiates new accounts and performs quarterly/annual reporting

DIRECT ENGAGEMENT
Addresses exceptions and advocates for improvements with the California Air Resources Board

REVENUE GENERATION
Optimizes LCFS credit revenue through zero-carbon electricity, Renewable Energy Certificates

Delivering Value Through Expertise

12
Years of LCFS experience on staff

25+
Years of clean transportation experience

50K+
Fueling supply equipment units supported

To get started, contact us at
LCFS.RIN@gladstein.org

GNA's Approach

GNA works with companies that seek to retain ownership and control of their LCFS accounts while relying on GNA's expertise to implement their participation in the program. GNA serves as the fleet's "back office," reporting data, brokering credits, and disbursing funds. In our program, the fleet need only:

01 Authorize GNA as an account administrator for the fleet's LRT-CBTS and AFP accounts

02 Provide basic information on the charging equipment and location

03 Provide quarterly data on electricity distributed to EVs

04 Indicate qualifying expenditures of LCFS credit revenues on an annual basis

GNA helps increase EV credit generation using zero-carbon electricity. This is achieved with sourcing Renewable Energy Certificates (RECs). If the REC meets specific requirements, it can be utilized to demonstrate the use of zero-carbon electricity for EV charging in the LCFS program. **Supplementing with procured RECs can provide a 15 percent net increase in LCFS credit revenue over the use of grid-average electricity for on-road heavy duty vehicles.**

Credit Brokering Services

Many fleets are just beginning their electrification journey with carefully monitored pilots and limited vehicle deployments. These early deployments may only generate a few dozen to a few hundred credits per quarter. Because the major buyers of LCFS credits in the market are seeking larger volume transactions of 1,000+ credits (typically 5,000 to 20,000 credits) a fleet may not be able to sell credits at market value on a quarterly basis initially as credit volumes will be too low.

GNA helps fleets immediately begin selling credits on a quarterly basis at a fair market price by pooling the fleet's credits with the large existing volume of credits we already manage.

Example Cost Structure

1. Initial setup fee – One-time fee that covers the cost of establishing LRT-CBTS, AFP, and other accounts. Also covers the cost of registration of the initial batch of charging equipment. This fee may be waived or netted out of the first quarter's credit sales for sufficiently large volumes.

2. Revenue sharing – Ongoing support is provided for a fee as a percentage of credit sales. Typical percentages range from 5 to 15 percent, with larger volumes receiving lower percentages. A tiered pricing structure can also be provided, with decreasing percentages for credits in higher volume tiers.

3. Brokering fees – Covers brokerage costs.

4. REC procurement – Covers the cost of REC purchases, if applicable. Current market pricing ranges from about $12 to $16 per REC (1.2 to 1.6 cents/kWh), depending on the supplier and contract terms.

Bottom line: Fleets should expect to receive 85% or more of the gross LCFS credit revenue.