

Clean Transportation Fuels Standard

TRANSPORTATION INFRASTRUCTURE
REVENUE SUBCOMMITTEE

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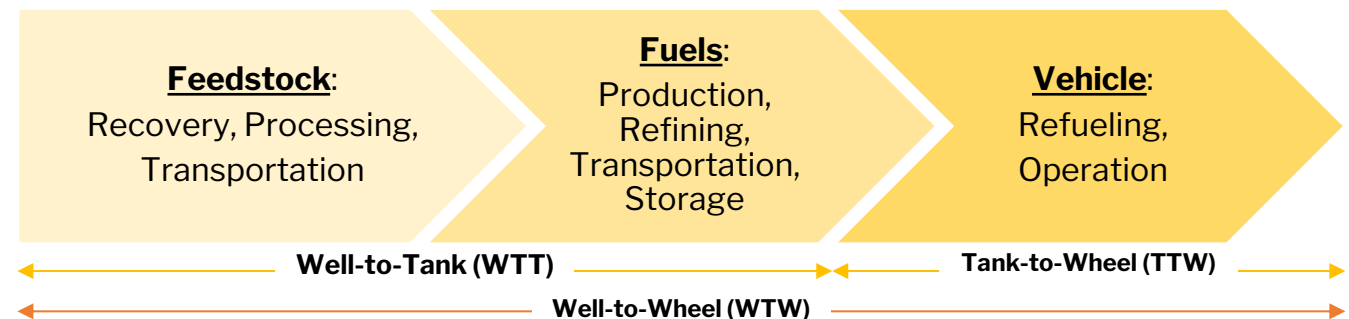


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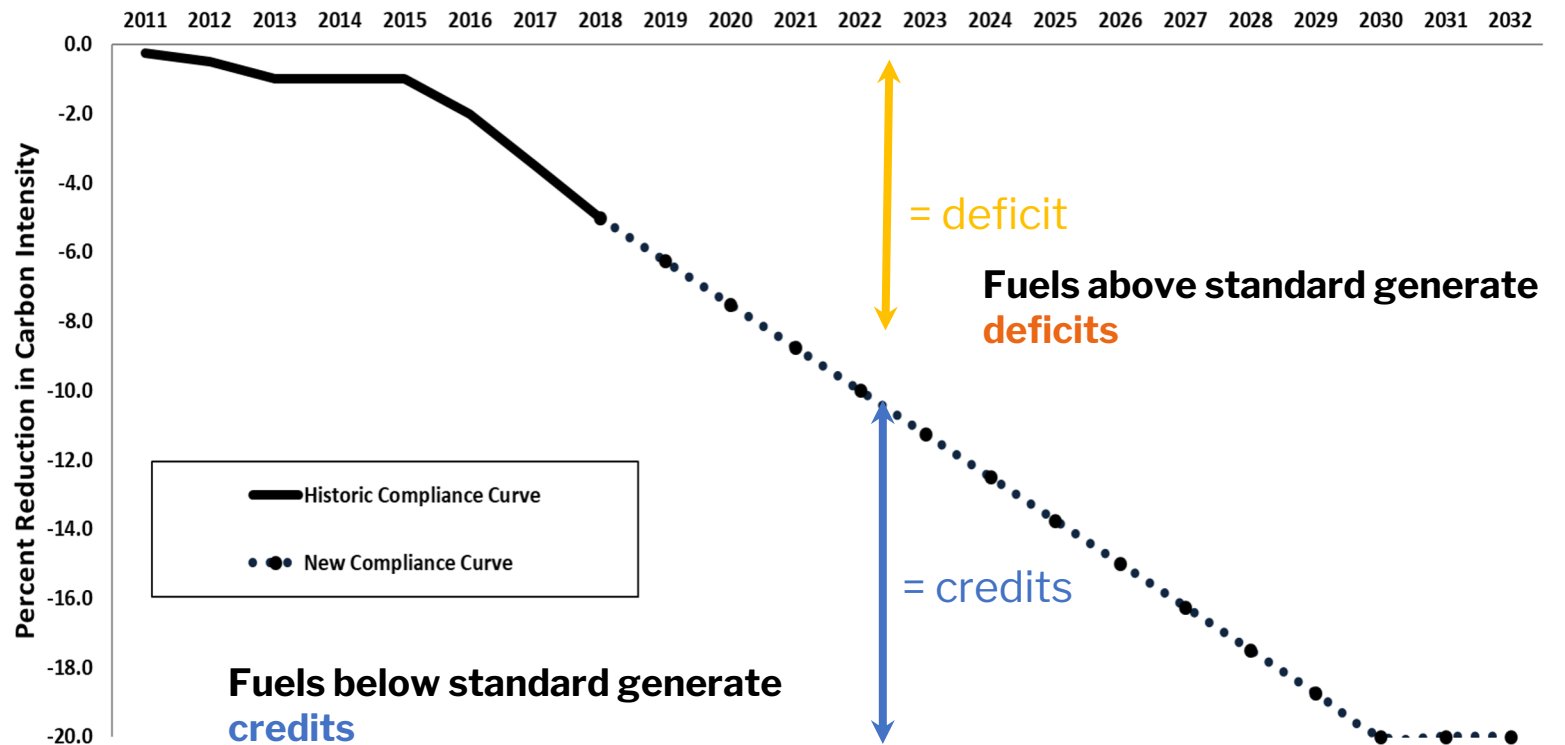
Fundamentals of Clean Transportation Fuels Standards (CFS)

- o A CFS sets an annual carbon intensity (CI), or benchmark, for gasoline, diesel, and the fuels that replace them.
- o CI is the measure of GHG emissions associated with producing, distributing, and consuming a fuel.
- o CI based on a complete life cycle analysis (LCA).



How a CFS Works – Credit and Deficit Generation

- o Fuels above the CI benchmark generate deficits and must be matched with credits—the annual compliance obligation is met when the number of credits from a credit account that is equal to its deficits is retired.



Example uses carbon intensities based on composite of gasoline and diesel fuels

Source: California Air Resources Board

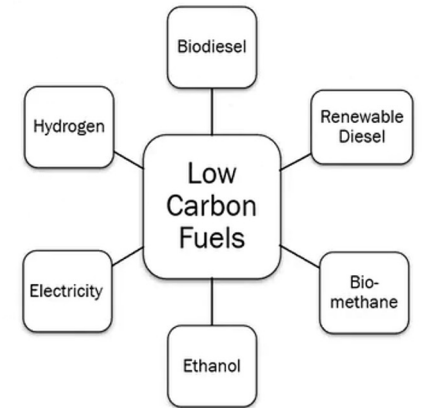
How does a CFS market work?



- o A CFS is fuel neutral and market-based.
 - o Cost and technology determine the winners and losers.
- o The market determines the credit price.
 - o These are credits generated and sold in a private market that the State regulates.
- o Creates competition and provides choice for consumers in fuels.
- o Provides a strong incentive to decarbonize.
 - o Cleaner fuels produced from lower carbon feedstocks produced, collected or grown locally generate credits—creating local jobs and the boosting local economy.

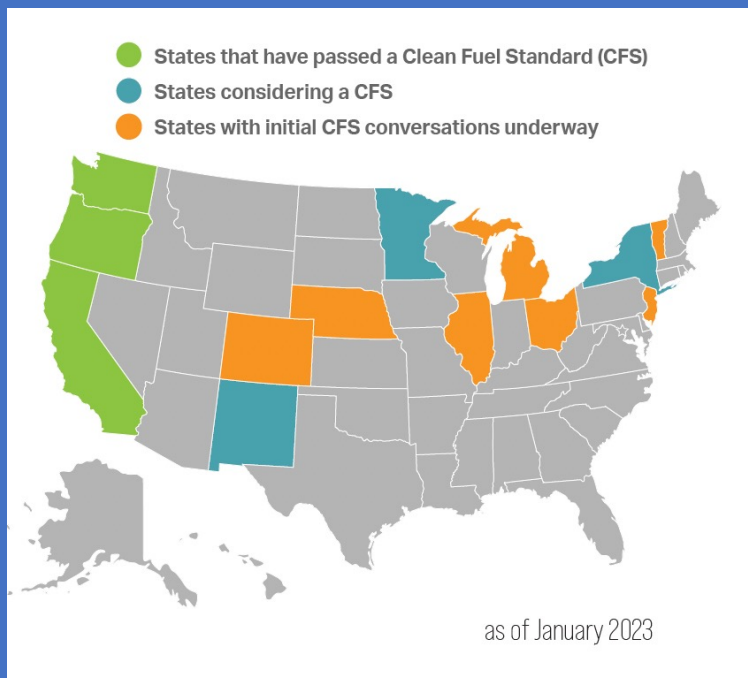
Who is regulated under a CFS?

- o All fuel importers, refiners, blenders and wholesalers would have been subject to the CFS as proposed.
- o Compliance can be achieved by:
 - o Blending low carbon fuels with conventional fuels;
 - o Reducing emissions in the production, processing and delivery of transportation fuels;
 - o Purchasing credits from producers & low carbon fuel suppliers.



Source: California Air Resources Board

Who has a CFS?



Source: DRIVECLEAN.US

Jurisdiction	First Year of Regulation	Base Year	CI Reduction Goal by 2030
California	2011	2010	20% reduction
Oregon	2016	2015	20% reduction
Washington	2023	2017	20% reduction by 2035

- Other states in some stage of considering adoption of a Clean Fuels Standard include:
 - Colorado
 - Hawaii
 - Illinois
 - Massachusetts
 - Michigan
 - Minnesota
 - Nebraska
 - New Jersey
 - New York
 - Ohio
 - Pennsylvania
 - Vermont



Thank you



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