

Turner, Mason & Company Achieves Accredited Independent Verification Body Status for LCFS January 30, 2020

Turner, Mason & Company (TM&C) recently received accreditation as a verification body for the California Low Carbon Fuel Standard (LCFS) program and is actively engaged with clients on multiple pathway validations.

In 2018, the California Air Resource Board (CARB) approved amendments to LCFS, strengthening carbon reduction targets through 2030 and beyond. Included in the amendments was a requirement for third-party verification. The framework was modeled after the Cap-n-Trade program in California. Beginning with fuel pathway applications submitted in 2020, regulated entities are required to retain the services of independent verification bodies accredited by CARB.

More details can be found here on CARB website: <https://ww2.arb.ca.gov/lcfs-verification>

TM&C has supported clients regarding the LCFS program since 2012 and offers the following insight on the LCFS third-party verification requirements.

Who is subject to the Verification Process?

The fuel pathway holder and first fuel reporting entity is responsible for Carbon Intensity (CI) validation and ongoing annual verification of fuel transactions and CI data. If you are unsure on the responsibilities for your facility, TM&C can assist you with understanding the verification requirements for your activities.

What is the difference between the Validation Process and the Verification Process?

These processes are identical in requirements; however, the validation is completed on the CI pathway data submitted during the application process. The verification is completed on the operating data beginning with 2019 and is verifying the annual fuel transactions and CI data reported.

Validation of the CI Pathway data is initially done with the application of the pathway. All current pathways will need to convert their calculated CI from the old CA_GREET 2.0 model to the current CA_GREET 3.0. This activity must be completed by the end of 2020 for existing pathway holders. According to the CARB's Certified Fuel Pathway List¹, only 30% of the current pathways have converted to the CA_GREET 3.0 model, leaving approximately 445 current pathways to need validation in 2020 to continue to participate in the CA LCFS program. Table 1 summarizes those pathways impacted.

TABLE 1 Pathway CI's Certified (CA_GREET 3.0) ¹			
	Total Pathways	Updated Pathway 2019	% Pathways Updated to CA_GREET 3.0
Ethanol	341	134	39%
Renewable Diesel	25	4	16%
BioDiesel	113	21	19%
CNG/LNG	133	20	15%
Total	628	182	29%

¹ CARB Certified Fuel Pathway List, December 10, 2019

Verification of annual fuel transactions and CI data will be due on compliance years 2019 / 2020 beginning in 2021. An entity will complete the annual fuel transaction report by March 31, with the verification beginning immediately upon submittal. The fuel transactions and CI data reported will be reviewed by an accredited body and provided a qualification statement of conformance by August 31.

When should a facility begin to think about the verification requirements for its activities?

If your entity updated its fuel pathway to the CA_GREET 3.0 prior to January 1, 2020, CARB performed the validation during the application process. The next phase of the process is the verification of the fuel transactions and the CI operating data on compliance years 2019 / 2020. In preparation for this next phase, one should begin the process of retaining a verification body by mid-2020. The first verification statement must be completed and submitted to CARB by August 31, 2021.

For those entities who have not updated their fuel pathway to the CA_GREET 3.0 model, the current pathway will expire at the end of 2020. All pathway applications submitted in 2020 will require validation of the pathway application prior to CARB certifying the CI. If your facility is still utilizing a CI pathway based on the CA_GREET 2.0 model, TM&C recommends you begin this process in early 2020. Contact TM&C to assist you with the validation process of your pathway application.

