



AFPM

Clean Fuels Presentation

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Clean Fuel Standards

How They Work

- The basics of a Clean Fuel Standard are that the market drives which mix of fuels will be used to reach the target reductions of the program
- Fuels or fuel blend stocks above the target CI level generate deficits, those below the target generate credits.
- The difficulty in such a program is that there are not nearly enough lower carbon fuels to meet the demand.

Clean Fuel Standards

The California Experience

- California initially set a goal of 10% reduction in CI over 10 years, with incremental targets along the way.
- As targets decreased over the decade and the scarcity of low carbon fuels became more acute, credits prices would reach \$200.
- According to California's own Legislative Analysis office cannot quantify the amount of GHG reductions over the programs decade plus existence.

Clean Fuel Standard

Program Elements

- Emissions Targets
- Implementation
- Legislative Oversight
- Guardrails
- Program Costs
- Clean Fuel Standard Fund
- Emergency Deferral Process
- Manufacturing Credits
- Federal Pre-emption

Clean Fuel Standard

FCRS Stakeholder Core Principles

- Supports GHG emissions reductions while preserving consumers' access to affordable and reliable transportation.
- Relies upon a lifecycle analysis to measure GHG emissions reductions throughout the entire lifecycle of the fuel and vehicle technology pathway.
- Establishes a clear federal framework that provides sufficient, long-term certainty to enable investments towards the production of lower emissions fuels and vehicles.
- Establishes technology-neutral emissions performance standards and creates an opportunity for market-based solutions and innovations.