

RENEWABLE ENERGY



RIO VALLEY BIOFUELS

Sustainability & Carbon Reduction

Rio Valley Biofuels was established in April 2006 and has since operated a production facility located in El Paso, Texas, with a capacity to produce an impressive 17 million gallons of biofuels annually. This sustainable enterprise primarily relies on used cooking oil as its key feedstock, showcasing a commitment to repurposing waste materials into valuable, eco-friendly fuel.

Rio Valley Biofuels has achieved recognition for its environmental efforts by obtaining certification for its Used Cooking Oil (UCO) pathway under the Greenhouse Gases, Regulated Emissions, and Energy Use in Transportation (GREET) version 3 model. This certification demonstrates the company's dedication to reducing carbon emissions, as evidenced by its commendable Carbon Intensity (CI) score of 18.3.



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New Mexico's Innovative Clean Transportation Fuels Standard A Sustainable Solution

The Clean Transportation Fuels Standard (CTFS) in New Mexico is a forward-thinking initiative designed to enhance the environmental sustainability of transportation fuels. It aims to achieve this by significantly lowering the overall carbon footprint associated with these fuels throughout their entire lifecycle. The proposed CTFS sets ambitious targets, seeking to reduce the carbon intensity of transportation fuels by 20% by 2030 and an even more impressive 30% by 2040 when compared to 2018 levels. This initiative represents a crucial step towards a cleaner and more eco-friendly future for New Mexico's transportation sector.



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California has published Carbon Intensity Benchmarks listed below for Gasoline and Diesel in California for each year in the chart.

Carbon Intensity Benchmarks for Gasoline and Diesel Fuel and their Substitutes

| Year | Gasoline Average CI (gCO ₂ e/MJ) | Diesel Average CI (gCO ₂ e/MJ) |
|--------------|---|---|
| 2019 | 93.23 | 94.17 |
| 2020 | 91.98 | 92.92 |
| 2021 | 90.74 | 91.66 |
| 2022 | 89.50 | 90.41 |
| 2023 | 88.25 | 89.15 |
| 2024 | 87.01 | 87.89 |
| 2025 | 85.77 | 86.64 |
| 2026 | 84.52 | 85.38 |
| 2027 | 83.28 | 84.13 |
| 2028 | 82.04 | 82.87 |
| 2029 | 80.80 | 81.62 |
| 2030 onwards | 79.55 | 80.36 |

CARBON INTENSITY EXPLAINED

- Carbon intensity is defined as a fuel’s lifecycle, or well-to-wheel, greenhouse gas emissions per unit of transportation energy delivered.
- CI score accounts for lifecycle emissions, not just those that are emitted when a fuel is used in transportation.
- This means emissions from generating, refining and utilizing a fuel are tracked and factored into the final CI score.
- This score is then expressed in grams of carbon dioxide equivalent per megajoule of energy provided by that fuel.
- A CI Score is calculated by assessing each stage of the fuel’s feedstock production, conversion to fuel, and use in transportation

CARBON INTENSITY VALUES

Carbon intensity scores are a key factor in programs aimed at reducing pollution generated by transportation. The lower the CI score, the cleaner the fuel is. Due to differences in feedstock types, processing and vehicle efficiencies, most fuels produce a range of certified CI scores. Because used cooking oil is produced from recycled product, it has a lower CI value than fuel produced from virgin oils.



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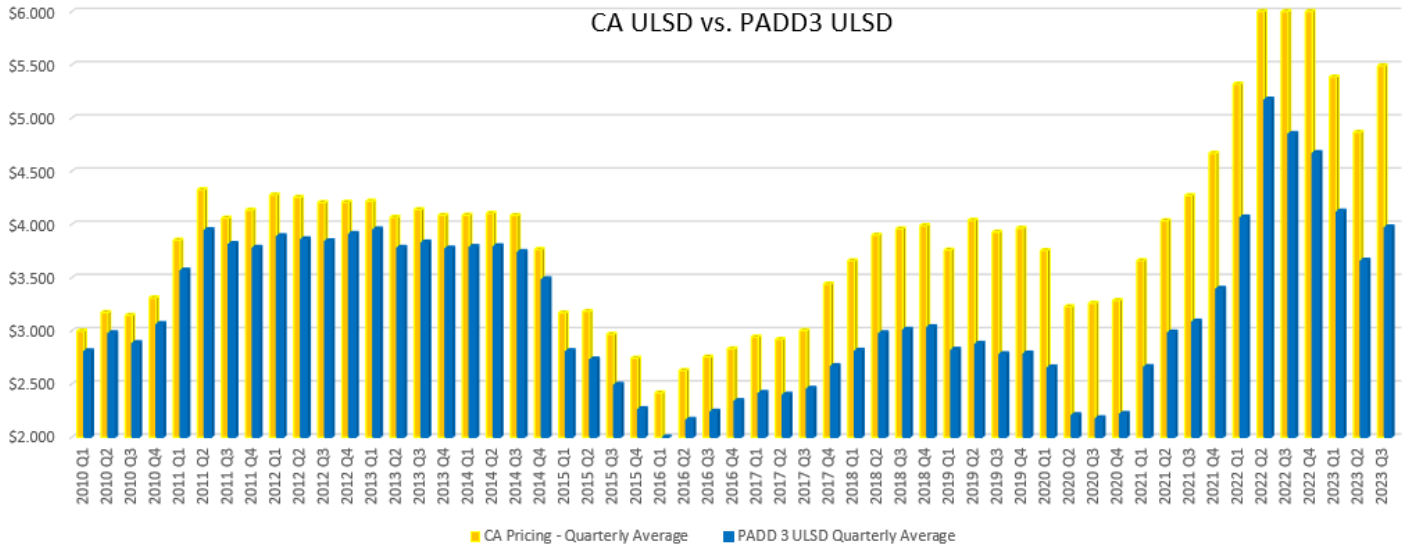
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A common assumption is that fuel prices are high in California because of their Low Carbon Fuel Standard. Fuel prices were higher in California than the rest of the country before the LCFS existed. In 2018, Californians paid 30 cents more per gallon of gasoline at higher-priced outlets like 76, Chevron, and Shell. The California Energy Commission (CEC) investigated and found that the main reason for this increase is that retail fuel stations charge higher prices than in other states. They raised their margins significantly, resulting in an extra \$1.5 billion for consumers in 2018 and \$11.6 billion over five years.

Many independent investigations and studies have been done to investigate the correlation between high fuel prices and the introduction of a Low Carbon or Clean Fuels Standard. In the case of California, reports show that California's high prices are NOT due to the implementation of the LCFS, but are due to increases in crude oil price and California's fuel taxes along with other factors like retail margins in California.

ULSD Price Comparison

CA ULSD vs. PADD3 ULSD



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Why a Clean Transportation Fuel Standard Won't Cause A Spike in Fuel Prices in New Mexico

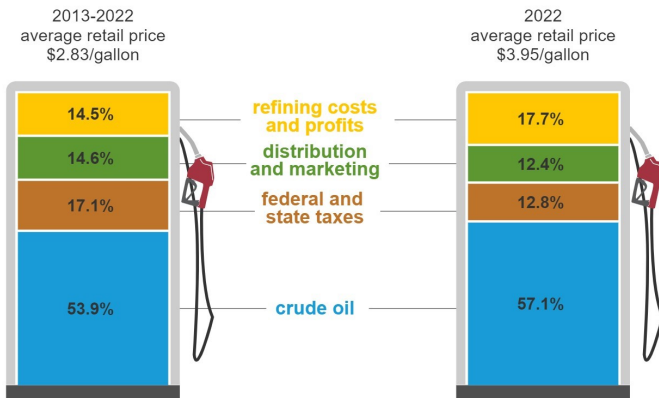
Implementation of a Clean Transportation Fuel Standard will provide incentives for producing and using renewable fuels in New Mexico. While it is true that California has implemented a Low Carbon Fuel Standard (LCFS), it is important to note that the high price of fuel in California is NOT attributed to the LCFS.

The price of fuel in New Mexico is impacted by four main factors:

- Cost of Crude Oil
- Refining Costs and profits
- Distribution and marketing costs
- Fuel taxes

It is safe to expect that the retail price of fuel in New Mexico will not be adversely affected by the implementation of the Clean Transportation Fuel Standard

What do we pay for per gallon of retail regular grade gasoline?



Data source: U.S. Energy Information Administration, Gasoline and Diesel Fuel Update

