



LCFS Workshop

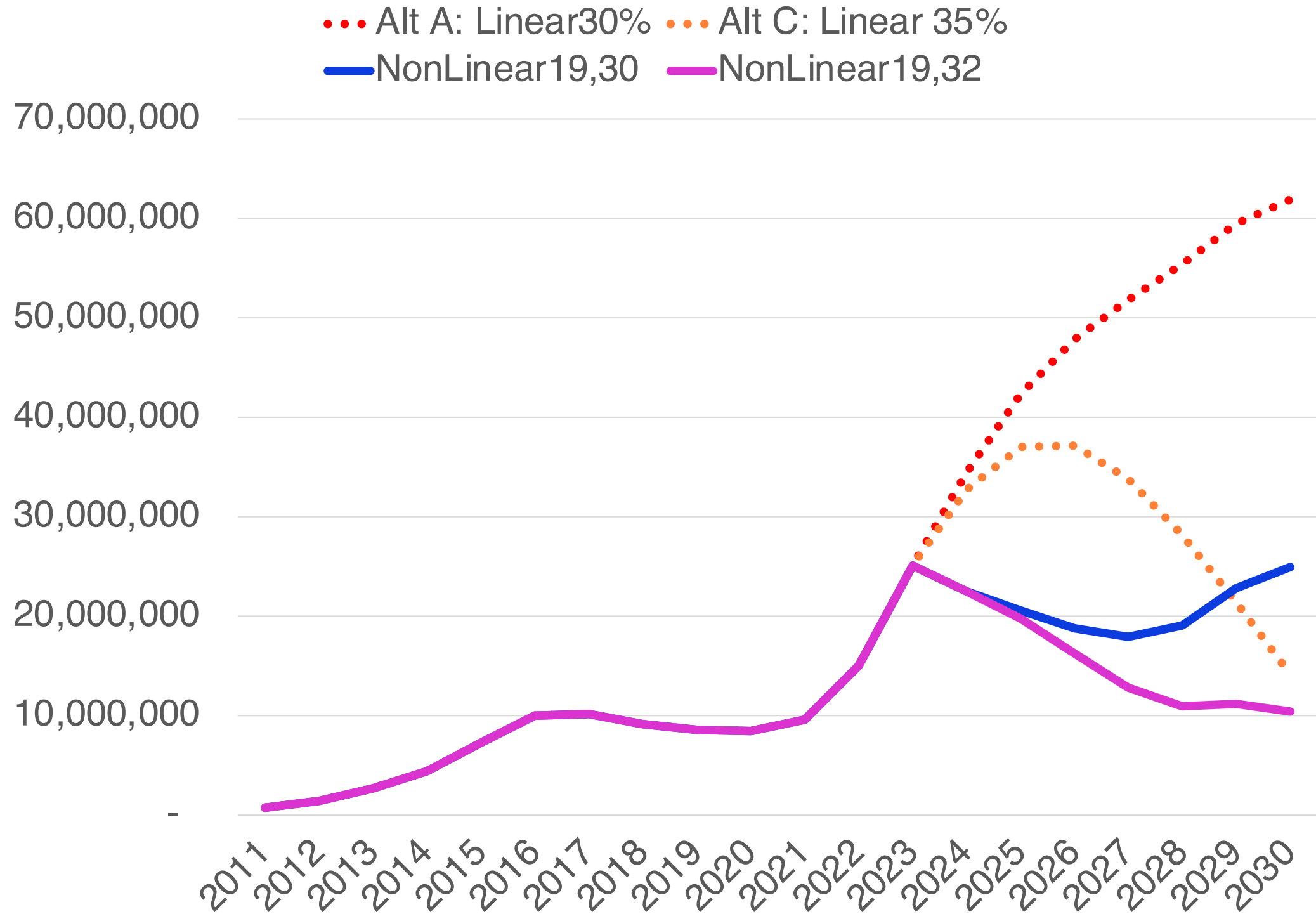
May 23rd, 2023

CI Step-Down: the path is as important as the destination

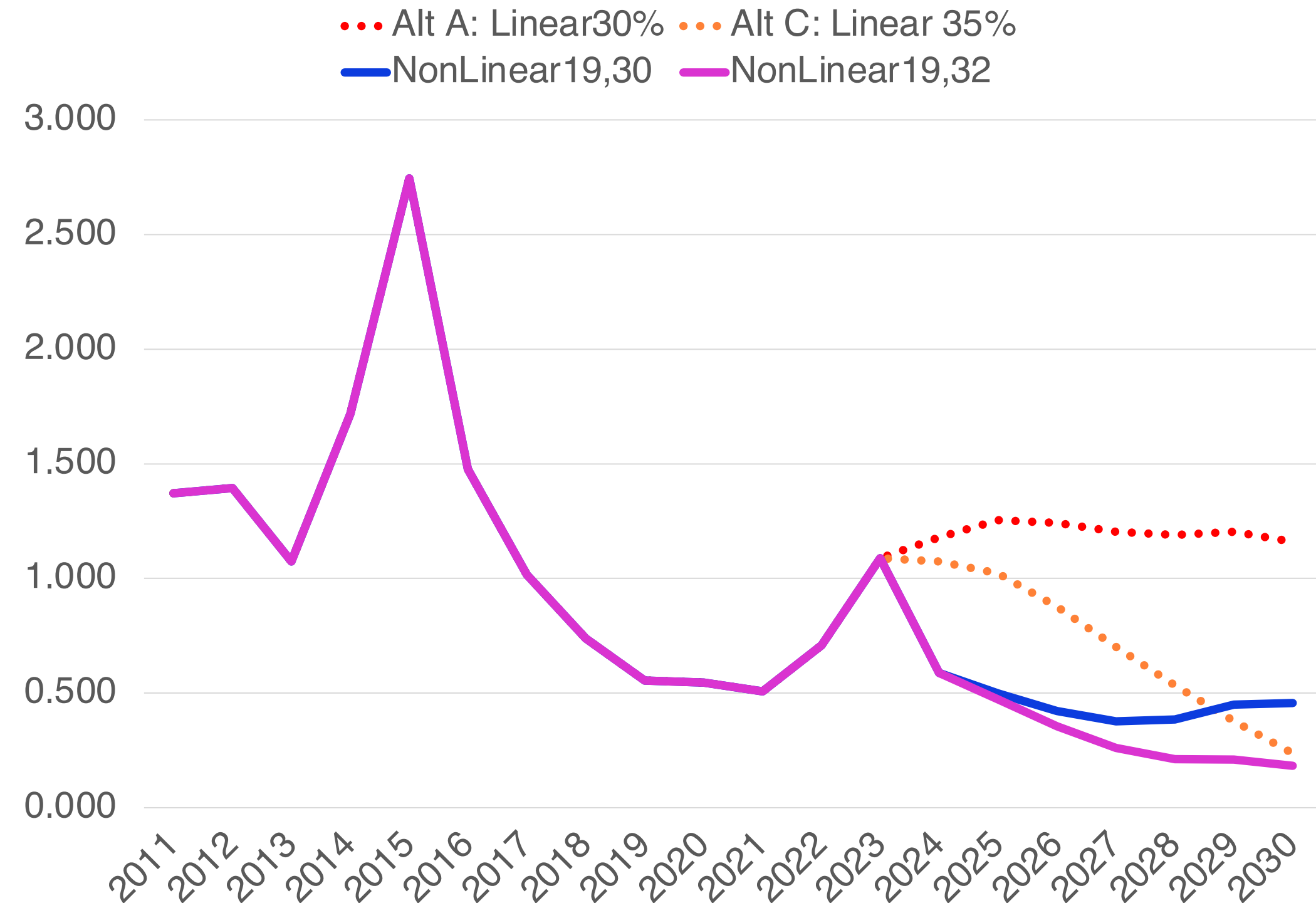
- The magnitude of the program's outperformance continues to grow, with Q4 '22 realized CI significantly outpacing the 2022 target of 10%.
- ARB has the opportunity now to take corrective action that allows the ambitions of the program to re-take the by setting a path towards a 2030 target that:
 - ***Results in an immediate inflection in the trajectory of the credit bank***
 - ***Leads to an immediate and robust price response***
 - ***Encourages a front-loading of investment***
- A significant step-down towards 20% in 2024 on the way to an ambitious minimum 30% target in 2030, will achieve this.

CI Step-Down creates immediate inflection in credit bank

Credit Bank Trajectory: Linear CI vs CI Step-Down



Bank-To-Deficit Level: Linear CI vs CI Step-Down



CI Step-Down: the most consequential action ARB can take

- A CI Step-Down towards 20% on the way to a minimum 30% CI target by 2030 inflects the bank trajectory immediately.
- That immediate inflection in the bank trajectory will create a meaningful increase in the incentive which will front-load investment.
- A calibrated CI Step-Down will provide an incentive over 2024-2030 close to the average incentive between 2017 and 2021.
- A calibrated CI Step-Down will provide a bank-to-deficit cover level similar to CARB's proposed Alt-C and the level that prevailed between 2017 and 2021.