

LCFS Verification services

Keeping **you** ahead of the game, by keeping **you** in-the-know

Low Carbon Fuel Standard (LCFS) Implementation Series #13

This is the thirteenth in a series of updates that Christianson will be providing on the status of the regulation. If you missed the previous newsletters, you can find them on our website [here](#).

CARB has finalized the amendments to the LCFS rule including extension of the program to 2030 and the addition of a verification and validation program. The amendments to the program will take effect January 1, 2019.

Below are some key verification related points to be aware of in the newly adopted regulation and next steps that you should keep in mind.

1. The regulation now contains third party verification and validation rules. Verifications would be similar to an annual audit and validations are third party reviews of pathway application data.
2. Beginning in January 1, 2019 all pathway applications will be required to use the GREET 3.0 model. All current pathways will deactivate on January 1, 2021 at which time all pathways must be converted to GREET 3.0. Current pathways can be transitioned sooner than the January 1, 2021 deadline if you choose to do so.
3. All pathways submitted in calendar year 2019 will be validated by CARB. Beginning January 1, 2020, third party validations will be required to be completed by an accredited verification body.
4. The first annual verification requirement will be on the compliance year 2020 and will cover all data from 2019 and 2020. The verification report for this first period will be due August 31, 2021. Quarterly verification procedures will be offered by [Christianson](#) as an option for completing this requirement.
5. As noted in our previous emails, the conflict of interest rules are very stringent. Some areas have been changed slightly to allow additional services to be done and the waiver period on certain high conflicts has been extended to August 31, 2023 to allow two years of verification services before needing to rotate due to certain high conflicts.
6. The firm rotation requirement is still in place. Regulated parties may retain the verification/validation services of a single firm for 6 consecutive years and then must rotate to a new provider. After a 3 year cooling period, the regulated party may return to the original provider if they so choose. We are still discussing this with CARB and expect to have another amendment prior to the 6 year rotation requirement where this may be addressed.
7. Verifications are structured similar to financial statement audits in that they will require interviews of personnel involved in the data tracking process, risk assessments, materiality, site visits, and a report that will give an opinion on the subject matter. Please expect higher costs than that of other compliance programs (expected to be at least 4-6 times higher than RIN Attest fees, depending on number of pathways and risk)

Keys to Implementation

1. We are still working on potentially offering voluntary interim procedures to get ready for the upcoming verification requirement. The focus is to make this available without triggering a high conflict of interest that would prohibit us from completing the actual verification. Stay tuned for more information.
2. Verification Body (Auditor) Accreditation Courses and Testing will be held fall 2019. No verification procedures can be completed prior to these accreditation courses and CARB's review and approval of a Conflict of Interest evaluation.
3. Expect to start engaging verification bodies for validations or verifications at least 45 days in advance of beginning procedures. CARB requires an extensive notification and evaluation of conflict of interest and approval from CARB before beginning any procedures.
4. Pathways can be converted to GREET 3.0 model at any time after January 1, 2019. If it is advantageous for you to convert early, be aware that CARB will validate your pathway application and you will be required to submit 2 years of supporting documentation with your pathway. Beginning January 1, 2020, the pathway will be validated by a verification body and would only require a sampling of information.
5. Producers of renewable fuel who hold an approved pathway application will be required to have a compliance monitoring plan. The monitoring plan will not be submitted to CARB, but will be required to complete the verification/validation procedures and reports. **Please start drafting these soon!**

These are some of the key provisions related to the verification and validation portion of the regulation. There were many other changes included in the amended regulations and we encourage you to review these other provisions as they affect your company. Some of the other provisions include simplified calculators for pathway applications and extension of the program to 2030. Please feel free to reach out to Kari Buttenhoff at 320-235-5937 for additional information on the finalized amendments and watch for additional implementation series emails as we approach the effective date of the rule.

[Call or Contact Us](#) today with any questions.

Contact Us

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