

Rules

Compliance

Control

LCFS Verifications Demystified

What We've Learned



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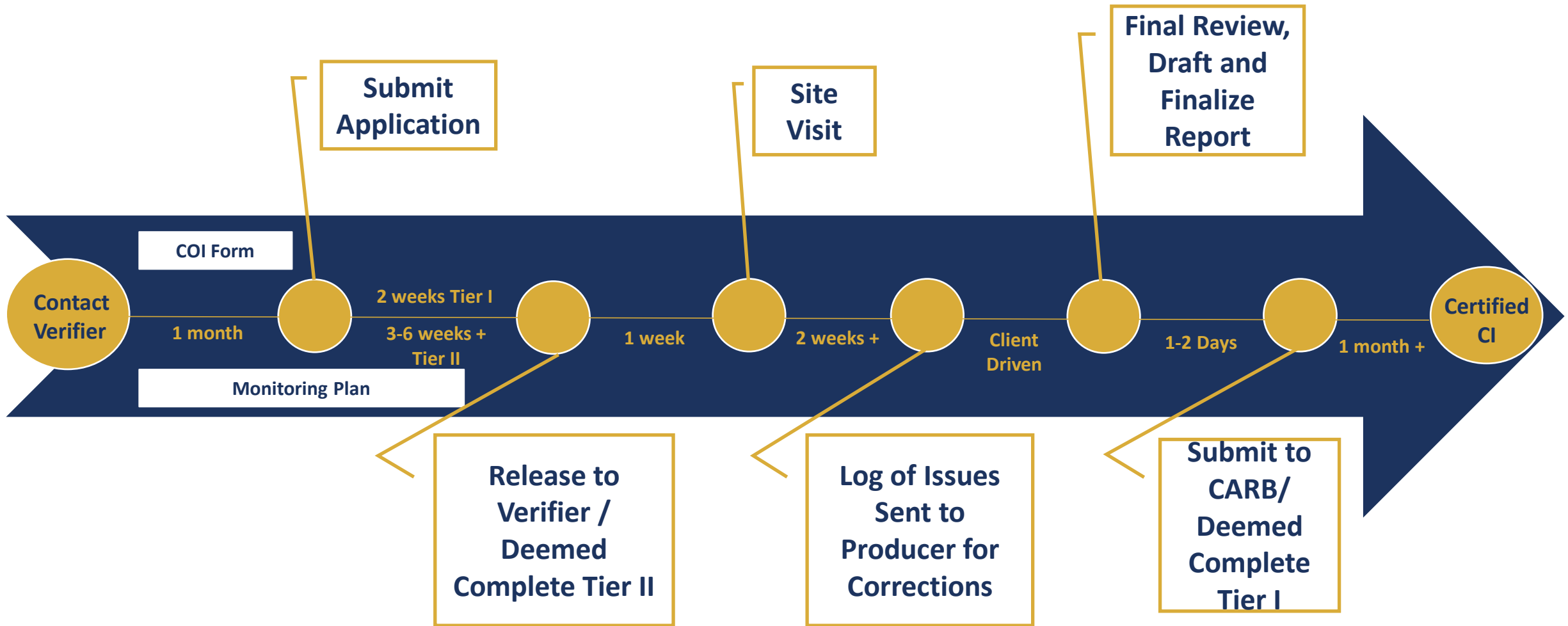


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Overview

- > Timelines for validation and verification service
- > What you can expect from a Christianson verification
- > Common errors to avoid
- > Set yourself up for success

Verification Timelines



Expectations for a Christianson Verification

- > Meets AICPA and CARB requirements
- > Engineering expert and accounting expert
- > Experience and knowledge of the plants



Expectations for a Christianson Verification

- > Team will typically consist of 4-5 members
 - > Staff
 - > Lead Verifier from Christianson
 - > Manager in charge if other than Lead Verifier
 - > Subcontracted engineer
 - > Independent Reviewer
- > Process Flow
 - > Review monitoring plan, initial requests and sample pulling
 - > Site visit (interview session, walk through plant, accounting review)
 - > Desk audit – detailed testing and follow up questions
 - > Request for changes per log of issues
 - > Review final changes, draft report and finalize



Common Errors

- > Corn Moisture
- > Corn Transport Distances
- > Co-product Moisture (hidden guidance)
- > Natural gas conversions
- > Inventory – undenatured ethanol
- > Enzyme normalization (hidden guidance)
- > How to handle hand sanitizer product
- > Shutdowns



Setting Up for Success

- > Read the calculator instructions
- > Be familiar with your calculator
- > Monitoring plan should meet requirements at 95491.1(c)
- > Be proactive with CARB on unusual items/situations
- > Leave plenty of time for verification
- > Consider opting in to quarterly reviews



California LCFS Increases the Value and Use of Ethanol

- Despite significant imperfections, the California LCFS is 1) paying a premium for low carbon ethanol and 2) spurring CARB to consider approving E15
- Carbon credit market has paid out nearly \$2.5 billion for corn ethanol over the life of the LCFS
- Over 12 billion gallons of ethanol have been used in California since the program went into effect

A Clean Fuels Policy for the Midwest

A WHITE PAPER FROM THE MIDWESTERN
CLEAN FUELS POLICY INITIATIVE

January 7, 2020



30+ Groups Publish Midwest Clean Fuel Policy Plan

- Led by ACE and Great Plains Institute
- Paper released on Jan. 7, 2020, offers recommendations to Governors and legislatures in Midwest states on how to design clean fuel policy

Reasons to Promote a Midwest CFS

- Drive ethanol demand beyond E10
- Provide ROI for technology innovations (carbon value)
- Go on offense
 - Constantly playing defense on the RFS. Midwest CFS enables us to be proactive
 - If we fail to position corn ethanol as part of the solution to reduce GHGs, others will position us as part of the climate problem
- Influence Federal Policy
 - It is a matter of when, not if, Congress takes up a national low carbon/clean fuel policy

Highlights of Midwest CFS Report

- In Midwest states, blends such as E20 and E30 deliver better carbon intensity reductions than electric vehicles
- Environmental organizations agreed to the following;
 1. Blending above E10 is essential to reduce GHG emissions
 2. Use of latest Argonne GREET model for lifecycle analysis
 3. Corn ethanol should get more credit than it currently does for GHG reductions (soil carbon credit)

Other Jurisdictions Considering CFS Policy

- Oregon, Washington, several Midwestern states
- Canada, Brazil
- U.S. Congress

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Questions?



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