

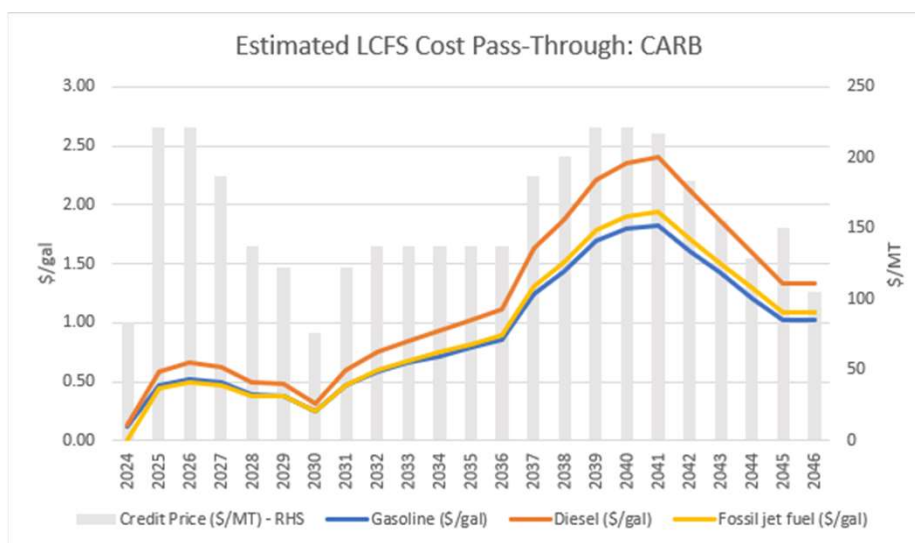
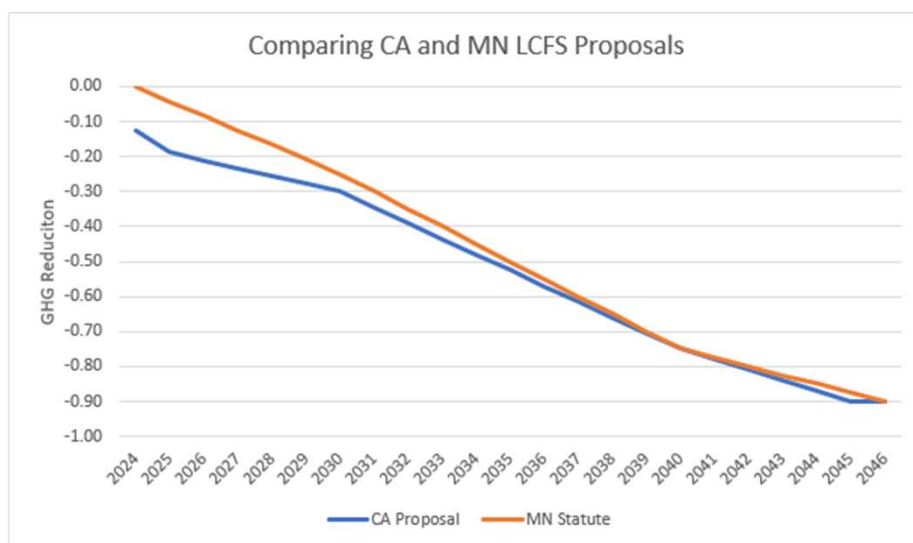
CALIFORNIA AIR RESOURCES BOARD

LOW CARBON FUEL STANDARD ANALYSIS

In September 2023, as a part of the proposal to amend its Low Carbon Fuel Standard (LCFS), the California Air Resources Board (CARB) released a 175-page [Standardized Regulatory Impact Assessment](#) (SRIA).

In the “direct costs” section of its report, CARB estimates costs of the amendments on a typical business, small business, and on individuals. The new standards proposed by CARB are similar to Minnesota’s statutory requirements (as demonstrated in first chart below).

CARB’s analysis estimates the credit price that would be required to meet the standard. It then translates the credit price from \$/MT (metric ton) and shows what it would mean in terms of \$/gal of gasoline, diesel, and jet fuel. The results, according to CARB, show nearly \$0.50/gal for the years 2025-2029, rising to over \$2/gal for diesel and over \$1.50/gal for gasoline and jet fuel in later years (second chart below).



CARB’s SRIA is available at https://ww2.arb.ca.gov/sites/default/files/2023-09/lcfs_sria_2023_0.pdf (last visited Mar. 4, 2024). Table 22 of the SRIA (at pages 57-58) presents a range of potential LCFS credit price pass-throughs for gasoline, diesel, and fossil jet due to the proposed amendments relative to the baseline. The values in Table 22 are presented above right in chart-form for ease of review. The range is based on CARB staff’s analysis presented in the SRIA. Once the proposed amendments are implemented in 2024, CARB estimates the price of gasoline will increase in California by an average of \$0.37 per gallon, the price of diesel will increase by an average of \$0.47 per gallon, and the price of jet fuel will increase \$0.35 per gallon based on the average change in estimated annual LCFS credit price and annual deficits from 2024 through 2030. On average, from 2031 through 2046 the amendments are projected to increase the price of gasoline by \$1.15 per gallon, the price of diesel by \$1.50 per gallon, and the price of jet fuel by \$1.21 per gallon. The chart at above left is not part of the SRIA but shows how the Minnesota proposal matches the California LCFS program on a year-by-year basis.