

Low Carbon Fuel Standard Overview: How You Can Benefit



Introduction

The Low Carbon Fuel Standard (LCFS) is an important tool for helping California achieve its climate goals. However, it can also reward businesses, property owners, and other stakeholders for the installation and use of electric vehicle (EV) charging stations. This primer walks through the basics of the LCFS, how it can benefit you, and the steps you can take to participate. With the right information, you can contribute to cleaner air while generating revenue to lower the costs of EV adoption.

What is the LCFS?

Established by the **California Air Resources Board** (CARB) in 2009, the LCFS is a policy designed to reduce **greenhouse gas emissions** from transportation fuels in California. The policy **encourages** the use of **low carbon fuels** such as electricity, hydrogen and biofuels.

How can the LCFS benefit me?

The LCFS allows participants that own EV charging stations to generate **credits** on a quarterly basis and in proportion to the amount of electricity dispensed to fuel EVs. These LCFS credits can then be sold on a **credit market** to parties that need them for compliance with the regulation (e.g., refiners that produce petroleum fuels).

The amount of potential LCFS credit revenue generated is primarily dependent on how much energy is used at the charging station and the price for LCFS credits. The table below provides a range of potential revenue estimates across various station **utilization rates** and **credit prices** for a single station in 2021.

Potential Annual LCFS Credit Revenue per Charging Station (2021)

Electricity Dispensed	Daily Average Charging Equivalent ¹	LCFS Credit Price ²		
		\$150/credit	\$175/credit	\$200/credit
2,000 kWh	1.2 hours of charging per weekday	\$249	\$291	\$333
4,000 kWh	2.3 hours of charging per weekday	\$499	\$582	\$665
6,000 kWh	3.5 hours of charging per weekday	\$748	\$873	\$998

¹ Assumes the charging speed of a standard Level 2 charger at 6.6 kilowatts. For more information on Level 2 charging, visit: <https://calevip.org/electric-vehicle-charging-101>

² LCFS credit prices are market driven and past performance is not an indicator of future credit prices.

This revenue can then be used to offset the expenses associated with operating and maintaining EV charging equipment, thereby lowering the cost of transitioning to EVs. **Direct Current Fast Charging** stations may also be eligible to earn additional LCFS credits that can be monetized; for more information on how these credits are generated, visit the [CARB infrastructure crediting page](#).

How can I get involved in the LCFS?

Getting Engaged in the LCFS: Three Customer Profiles



I'm installing a large number of EV chargers and want control over my LCFS credits.

- Register with CARB to participate directly in the LCFS
- Generate and sell LCFS credits without aggregation



I'm installing one or more EV chargers and would prefer to minimize my involvement in the LCFS.

- Assign LCFS credits to your EV charging vendor
- In exchange, negotiate equipment and network agreement discounts with your vendor prior to executing a contract



I'm installing one or more EV chargers and would prefer to have my LCFS credits generated and sold on my behalf by a third party.

- Contract with an LCFS aggregator
- Receive LCFS credit revenue from the aggregator without having to directly participate in the LCFS

Unless you plan to install a large number of EV charging stations, entities installing EV chargers have often assigned their credits to **EV charging vendors** in exchange for discounts on EV charging equipment, network agreements, or maintenance contracts. Parties can negotiate with vendors before installation to ensure that the value of discounts or other benefits approximates the value of future LCFS credits. Alternatively, entities can participate in the LCFS via an **aggregator**. An aggregator pools and sells LCFS credits on behalf of entities that generate credits, returning credit revenue to those same entities. The amount of revenue generated is partially dependent on the market price for credits and the terms established between the aggregator and the participating entity. If you do not pursue these options, any potential LCFS credits and credit revenue that you could generate from EV charging may not be realized.

Next steps

The LCFS is an important policy to help California meets its environmental commitments and helps to generate revenue for EV charging station owners. For more information on the LCFS, visit [CARB](#).