

EPA / Industry Ultra Low Sulfur Diesel Workshop II

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Clean Fuels Clearinghouse

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Astor Crowne Plaza Hotel

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Presentation Overview

- Credit Trading in General
- ULSD Credit Trading Basics
- Non-road Credit Trading Basics
- Key Considerations for Optimization
- Compliance vs. Commercial View
- Biggest Opportunities

Credit Trading in General

- Objective: Most cost effective cleaner fuels to the consumer.
- Performance better than the standard, then generate credits.
- Extends an opportunity for industry to optimize across the system.

ULSD Credit Basics

- Generated 6/1/06 through 2009
- May be used through May 31, 2010 to comply with §80.530
- Generate against a 15ppm standard
- Temporary Compliance Option - 80/20 limitation, CTA limitation

NRLM Credit Basics

- Generate HS NRLM Credits 6/1/06
- HS NRLM Credits apply 2007 - 2010
- Generate 500 PPM Credits 6/1/09
- 500 PPM NRLM Credits used 2010 - 2014
- Generate HS Credits against 500 PPM –
500PPM Credits against 15 PPM
- Credits do convert

Key Considerations

- Industry's conservative nature
- Factors affecting liquidity
 - Qualified participants
 - Regional considerations – CTA's
 - Limitation on transfers
 - Buyer Beware
 - Lead time from generation to use

Commercial / Compliance

- Compliance Approach
 - Credits generated are a windfall
 - Balance internally
 - Credits provide for a safety-net
- Commercial Approach
 - Capital optimization
 - Feedstock optimization
 - Strategic integration

Opportunities

- Early adaptation results in commercial opportunities.
- Biggest Opportunities
 - Buyer's market*
 - Engage early
 - Integrate credits into business plans

*Base on information from the U.S. EPA, "Summary and Analysis of the Highway Diesel Fuel 2004 Pre-Compliance Reports", September 2004.