

North American clean fuels markets are doubling in 2023 and demand dynamics will impact California's LCFS market

Washington CFS has gone live and Canada CFR is coming up. This will impact California's LCFS market as biofuel developers decide for the new markets.

CUPERTINO, CALIFORNIA, UNITED KINGDOM, March 14, 2023 /EINPresswire.com/ -- Washington Clean Fuels Standard (CFS) has gone live and Canada Clean Fuels Regulation (CFR) is coming up. This will impact California's Low Carbon Fuel Standard (LCFS) volume and prices as biofuel developers look at the trade-off for supplying Washington and Canada. With these 2 new markets going live in 2023, fuel for over 70 million vehicles will be covered by a clean fuels standard. This is literally doubling the market for clean fuels and alternate pathways overnight. Alternate fuel providers will have more alternatives and it remains to be seen how this will play out. Specifically, Renewable Diesel (RD) is likely to face a shortage. In California, we are expecting a continued rapid uptake of renewable diesel in the coming years with demand reaching around 3150 million gallon per year in 2030.

cCarbon analyzed the California LCFS performance until date, its current market dynamics, and its interplay with other clean fuel markets. The research indicates that the biggest driver in 2023 is going to be the carbon intensity target for 2030. California Air Resources Board's CATS modelling of a carbon intensity of 30% reduction scenario in 2030 predicts high rises in credit prices between 2026 and 2033, but a decline in the longer term. cCarbon has also run that scenario using the CFS.CarbonOutlook model and a 30% CI reduction outlines a more moderate price increase. Also, price dynamics from the near-term model shows a price of \$66.15 in 2023 and the long term model shows a \$139-200 price range in 2030 for different scenarios. Other factors that are driving the market are the new credit generation pathways and the current path of ZEV adoption in California to meet the Advanced Clean Cars II Targets.

cCarbon also analyzed the US-wide demand and composition of existing biofuels, and the possible effect of linkages and other markets like RINs and e-RINs.

To learn more: [California Low Carbon Fuels Standard Outlook on Demand, Supply and Pricing of Credits](#)

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