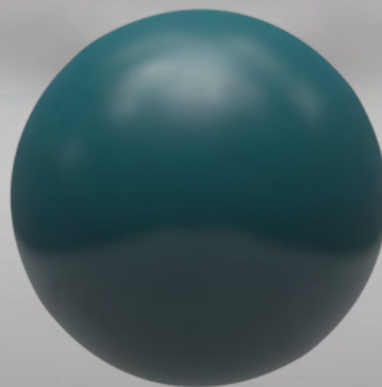


BC Low Carbon Fuel Market

**Generating Carbon Credit
Revenue from Electric Fleets**





Generating Carbon Credit Revenue from Electric Fleets

British Columbia's Low Carbon Fuel Standard (LCFS) and the new federal Clean Fuel Regulations (CFR) have created new carbon markets. These markets are intended to reduce the carbon intensity of transportation fuels by providing a financial reward for producing and using low-carbon alternatives such as renewable biofuels or electric vehicles. Unlike other climate policy instruments, LCFS and CFR programs do not use taxation to discourage the use of carbon-intensive fossil fuels. They also don't provide government funding for low-carbon alternatives. Instead, they establish a credit market with fossil fuel suppliers directly supporting the transition to low-carbon fuel alternatives.

Carbon Intensity (CI) refers to the amount of carbon dioxide equivalent emitted to the atmosphere per unit of fuel consumed. LCFS and CFR programs set annual CI targets that decline over time. Fuel suppliers earn credits for providing fuels with a CI below the target and incur debits for providing fuels with a CI above the target. Fuel suppliers holding debits must obtain an equivalent number of credits by the end of each year. **An entity holding excess credits can sell them to a fuel supplier.**

This document is intended to provide a brief overview of the requirements for credit generation under **British Columbia's LCFS program** through the provision of electricity for transportation applications.

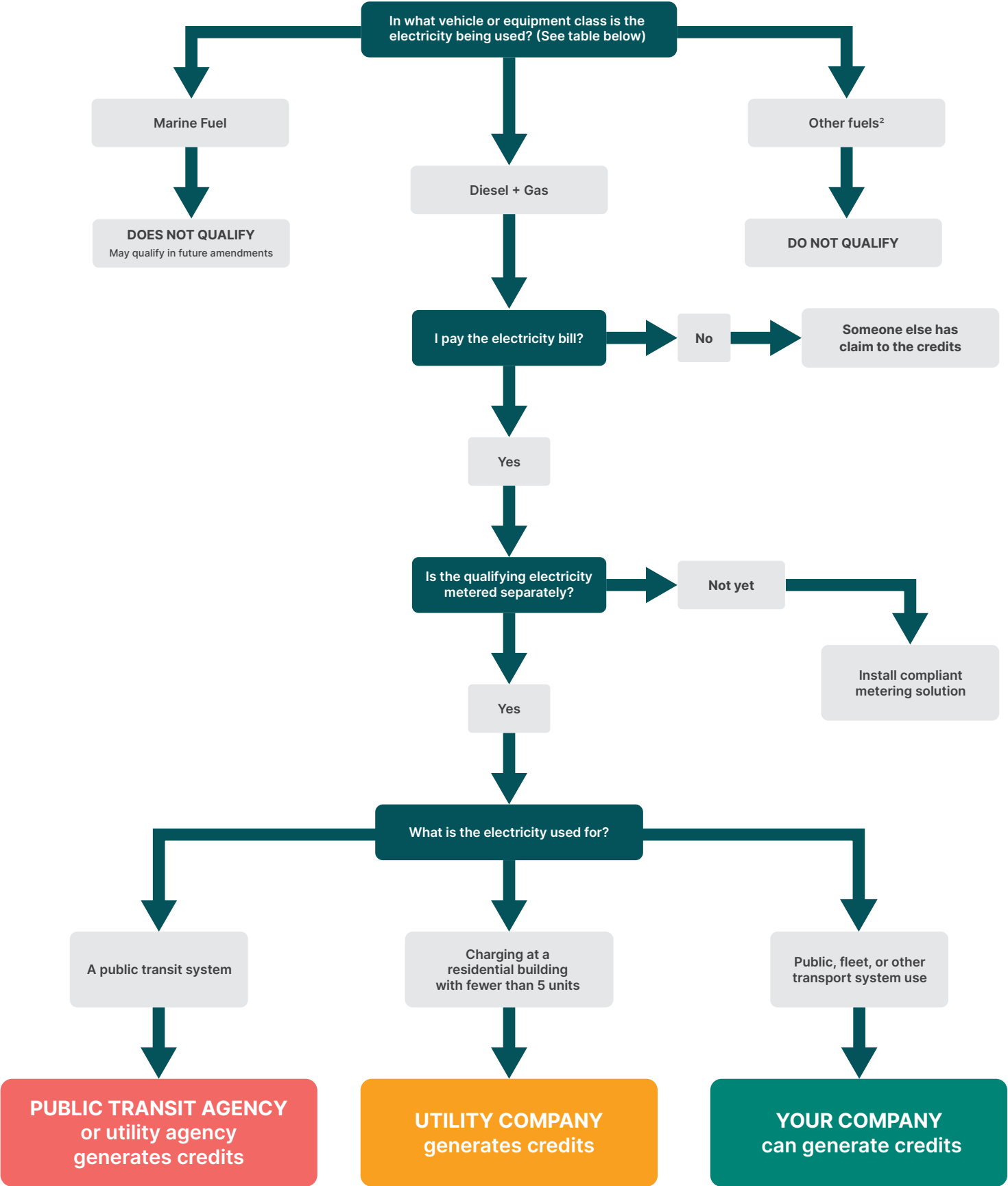
Electric Charging Equipment Eligibility

Under most LCFS and CFR programs, **electricity qualifies as a low carbon fuel when used to displace diesel or gasoline.** As of January 1, 2022, in British Columbia, the credit generator is the person or entity who provides the electricity through the final supply equipment (FSE). Examples include electric vehicle charging and some shore power.¹ See fig. 1 below to assess your potential eligibility as a supplier of electricity.

A non-exhaustive list of eligible vehicle and equipment types in British Columbia is also provided below (fig. 2).

¹The regulator (British Columbia Ministry of Energy, Mines, and Low Carbon Innovation) has the authority to modify program design elements and has some discretion over the details of program application for participants. BMO Radicle will work with the regulator on your behalf for your project.

Fig. 1 Eligibility for the British Columbia Low Carbon Fuel Standard program



²Aviation fuel is excluded from consideration here since electrification is not a viable option today.

Category	Equipment/Vehicle type	Class	Eligible
On-Road	Any (cars, vans, trucks, etc.)	Diesel/Gasoline	Yes
Marine vehicles	Ocean-going vessels (OGVs)	Marine	Not yet
	Tugboats	Regulator Approval	Case-by-case
	Harbour vessels	Regulator Approval	Case-by-case
Cargo-handling equipment	Aerial lifts	Regulator Approval	Case-by-case
	Cranes	Regulator Approval	Case-by-case
	Small forklifts	Gasoline	Yes
	Small forklifts	Propane	No
	Large forklifts ³	Diesel	Yes
	Reach stackers	Diesel	Yes
	Conveyor systems	Diesel	Yes
	Yard & other trucks	Diesel/Gasoline	Yes
	Positioning equipment	Regulator Approval	Case-by-case
	Rail transport	Switcher locomotives	Regulator Approval
Rail-car pushers		Regulator Approval	Case-by-case

Marine vehicles

Credits can only be generated using shore power or by charging electric or hybrid marine vessels that fall into a gasoline or diesel fuel classification, as determined on a case-by-case basis by the regulator⁴. The BC LCFS does not currently regulate marine fuels.



Cargo-handling equipment

Electricity supplied for cargo handling equipment that displaces diesel or gasoline is eligible for credit generation with regulatory approval.



Rail transport

Electricity supplied for rail transport that displaces diesel or gasoline is eligible for credit generation with regulatory approval.



³Forklifts with a 9-tonne lift capacity or larger are expected to fall in the diesel class, subject to the regulator's approval.

⁴The regulator has indicated its intent to include marine fuels in the scope of the program. For now, however, the electrification of vessels that would otherwise use bunker fuel, distillate marine diesel, marine fuel oil, or any other non-road fuel do not generate credits.

Why Work With BMO Radicle

The BC LCFS allows fuel suppliers to appoint a third party, such as BMO Radicle, to act on their behalf in dealings with the regulator. Our LCFS service provides a turnkey solution for credit creation, which includes:

- Assessment of program eligibility
- Monetization of credits to generate a revenue stream for your business
- Deployment of metering devices, where needed
- Compliance reporting, including measurement and monitoring requirements
- Registration into the program
- Set up and administer a BC Transportation Fuels Reporting System (TFRS)

BMO Radicle is one of the largest developers of compliance-grade credits in Canada, with over 14 years of experience developing regulatory-approved credits.

How Much Can You Earn?

Just a few qualifying vessels or electric vehicle chargers **could generate credits that lead to monetary gains**. And, the number of credits your business generates could increase as you replace more traditional transportation fuel with electricity—in most cases over 1 credit for every 1.4 MWh of electricity used for transportation. In the second half of 2022, each BC LCFS credit was worth between **C\$340-C\$490**.⁵

⁵BMO Radicle does not forecast market prices and makes no explicit or implied guarantee regarding monetary gains, credit prices, or volumes.

Ready to get started?

Our team of experts are eager to explore LCFS credit opportunities for your business. Get in touch to determine whether you qualify for the LCFS program in British Columbia or anywhere else.

Get in touch today.

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The RADICLE logo, with the word "RADICLE" in a bold, uppercase, sans-serif font. The letter "I" is stylized with a vertical line through it. The logo is positioned in the bottom right corner of the page, partially overlapping a large, semi-transparent red sphere.