SRECTrade

Get Paid via California LCFS

with Zero Out-of-Pocket Cost

LEARNING OBJECTIVES

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Define environmental commodities

Explain California LCFS and how to participate

Project the future of LCFS and clean fuel programs

Outline strategies to maximize your return

SPEAKER INTRODUCTION

Mike Saxton

Managing Director, Clean Transportation at SRECTrade

- DOE Power Plant Engineer and Operator
- Leading practitioner in use of incentives and TCO to fund EV solutions
- Formerly Chief Commercial Officer for Orange EV, HDEV OEM
- Deployed first commercially successful electric Class-8 trucks to 16 states and 3 countries

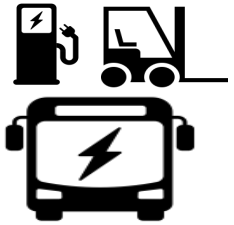
Evan Rosenberg

Senior Manager, Client Development & Policy at SRECTrade

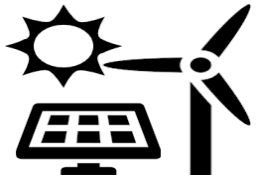
- Built and managed LA Metro's LCFS program and credit portfolio
- Transacted ~$100m in revenue from LCFS credits
- Oversaw transition of 2,200+ bus fleet to 100% renewable natural gas (RNG)
- Supported public EV charging deployment and bus electrification efforts

ENVIRONMENTAL COMMODITIES

A class of tradeable commodities that take the form of intangible energy credits. The markets for these products are formed by regulation specifically to help reduce greenhouse gas emissions (GHGs). Some more directly impact transportation. We will focus on these compliance-related environmental commodity programs.



LOW CARBON FUEL STANDARD (LCFS)



RENEWABLE ENERGY CREDITS (RECs)

ENVIRONMENTAL COMMODITIES HAVE BEEN AROUND

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SRECTrade is:

- 100% focused on environmental commodities
- Clean energy asset management experts
  - ✓ Largest agent manager for EV assets for California LCFS
  - ✓ > 99% annual customer retention
  - ✓ 54,000+ clean energy assets under management
  - ✓ Platform used by 2.3 Gigawatts of renewable generation & 150,000+ total assets
  - ✓ 10 compliance markets
  - ✓ 20 unique commodities
- Environmental commodity regulation and market advisors
- Enabled by SRECTrade's proprietary platform

DIVERSE INDUSTRIES AND ASSET TYPES

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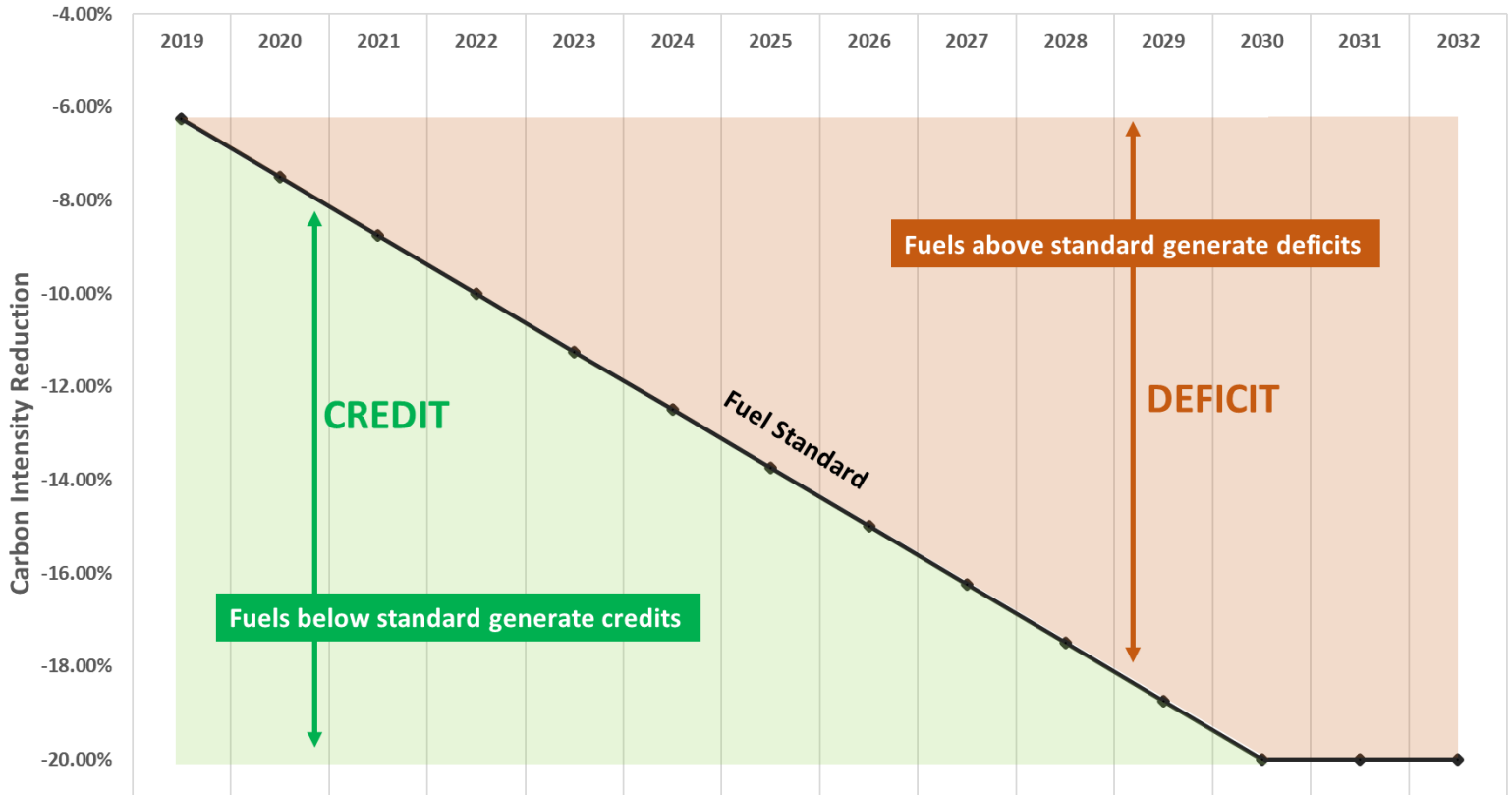
SRECTrade manages assets across fuel and equipment types in industries both public & private. You may be eligible to use LCFS.

- Contract Logistics
- Trucking Companies
- Distribution Centers & Warehouse Operators
- Vehicle & Equipment OEMs
- Manufacturing Plants
- Delivery/Parcel
- Transit Agencies
- Municipalities
- Charging Networks
- Agriculture (farms, dairy, processors)
- Developers & Real Estate Management Firms
- And more…

CALIFORNIA LOW CARBON FUEL STANDARD

- **Goal:** Reduce carbon intensity (CI) of transportation fuels in California by 20% by 2030 (fm 2010 baseline)
- **Regulator:** California Air Resources Board (CARB)
- **Mechanism:** LCFS Credit = 1 metric ton of CO_2 reduced.
- **Credit Sellers:** Clean fuel generation unit owners (EV charging infrastructure, biofuel, ethanol, CNG, etc.)
- **Credit Buyers:** Petroleum & Oil Refiners. They buy your credits to comply with LCFS obligations.



WORKFLOW

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Credit Generators/Sellers
(Clean fuel vehicle infrastructure)

Credit Buyers
(Oil Refiners/Importers)

3. Credits purchased

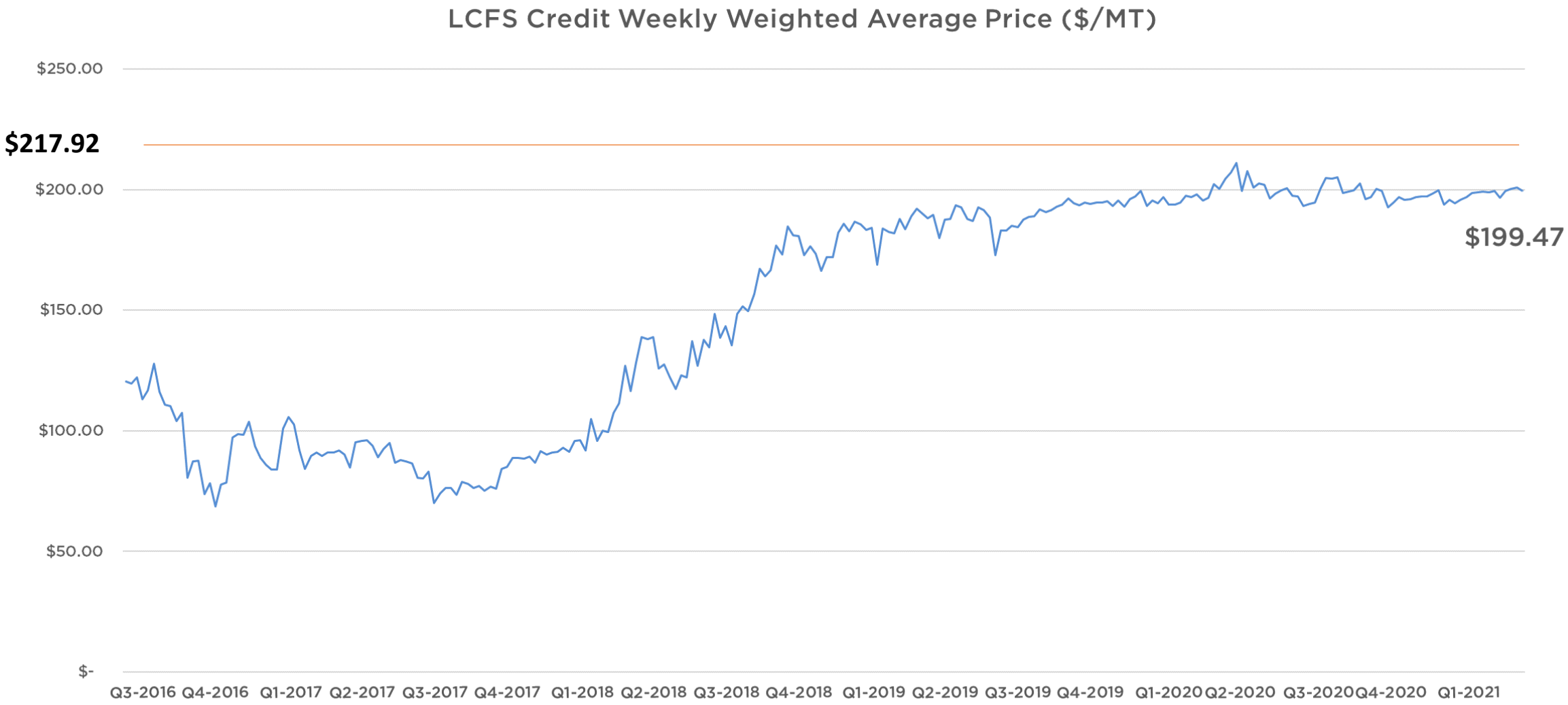
1. Fuel data reported

2. LCFS Credits Granted

CARB

LCFS rewards investments in low carbon fuels with an **ongoing revenue stream**

MARKET DRIVEN PRICE AND VALUE



Source: California Air Resources Board – Weighted Average Settlement Price by week for April 2016 through November 2020. Pricing based on date of settlement in LRT. Can vary from current spot pricing.

REGULATION AND MARKETS ARE QUICKLY EXPANDING

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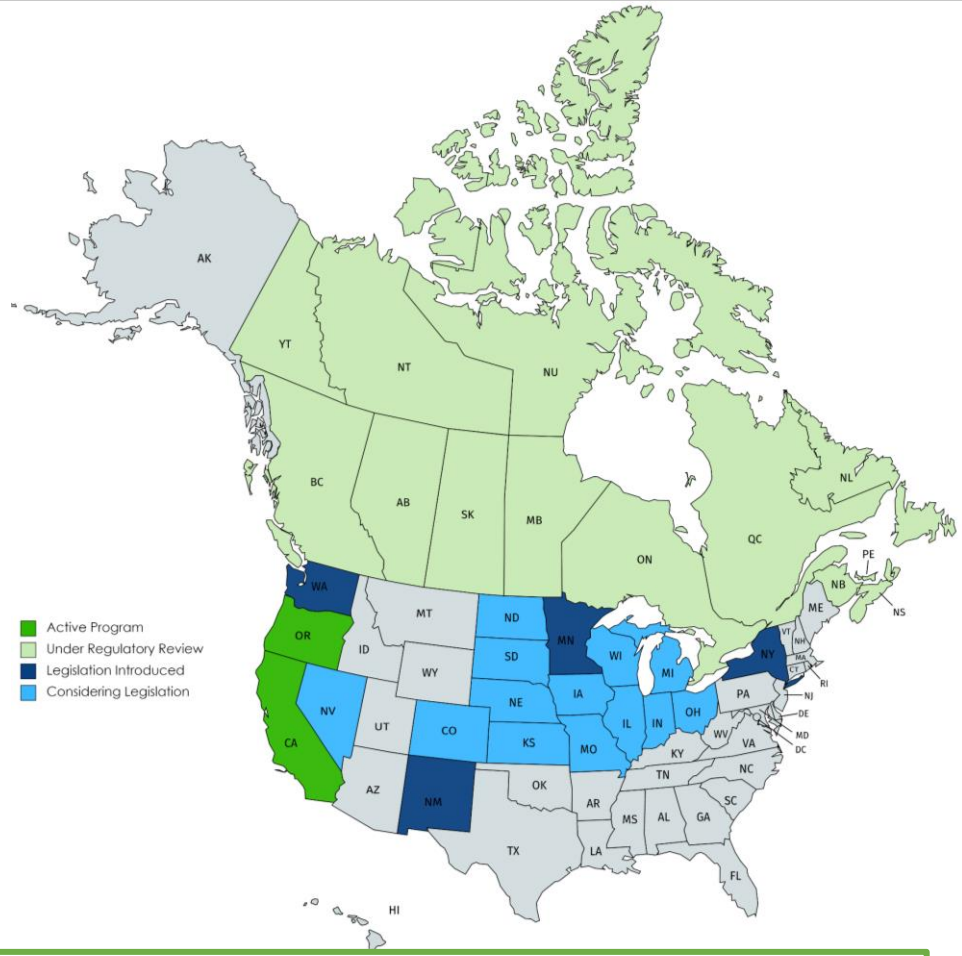
Clean Fuel Programs

- Active in Oregon, California, and British Columbia
- Regulatory review in Canada.
- Legislation proposed in MN, NM, NY and WA.
- Expect continued trend across northeast, Midwest, and elsewhere



SRECTrade ensures clients and stakeholders are represented in and benefitting from current and emerging markets/programs.

THE DRIVER – GETTING PAID ON CORE ACTIVITIES

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Campus Fleet
- 30+ electric buses (light use due to COVID)
- 1Q Paid > 33,000. > **$130,000 annualized.**

Agriculture
- 150+ electric forklifts. Five electric trucks
- 1Q Paid > $200,000. > **$800,000 annualized.**

Transit Agency
- 7 electric transit buses (light use due to COVID)
- 1Q Paid > $9,000. > **$38,000 annualized.**

Warehousing Facility
- 50+ electric forklifts. Two 2 electric trucks.
- 1Q Paid > $19,000. > **$75,000 annualized.**

Municipality
- 10 electric transit buses. 1 CNG fueling station for CNG bus fleet (light use due to COVID)
- 1Q Paid > $15,000. > **$60,000 annualized.**

Grocery Distribution
- 80+ electric forklifts & pallet jacks. 2 EV trucks
- 1Q Paid > $50,000. > **$200,000 annualized.**

LCFS credit volumes grow with adoption and make a large $ impact

STRATEGY 1: MASTER THE PROGRAM

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Right to Credits

- Eligibility vs. assignment
- Innovative deployment structures
- Data access

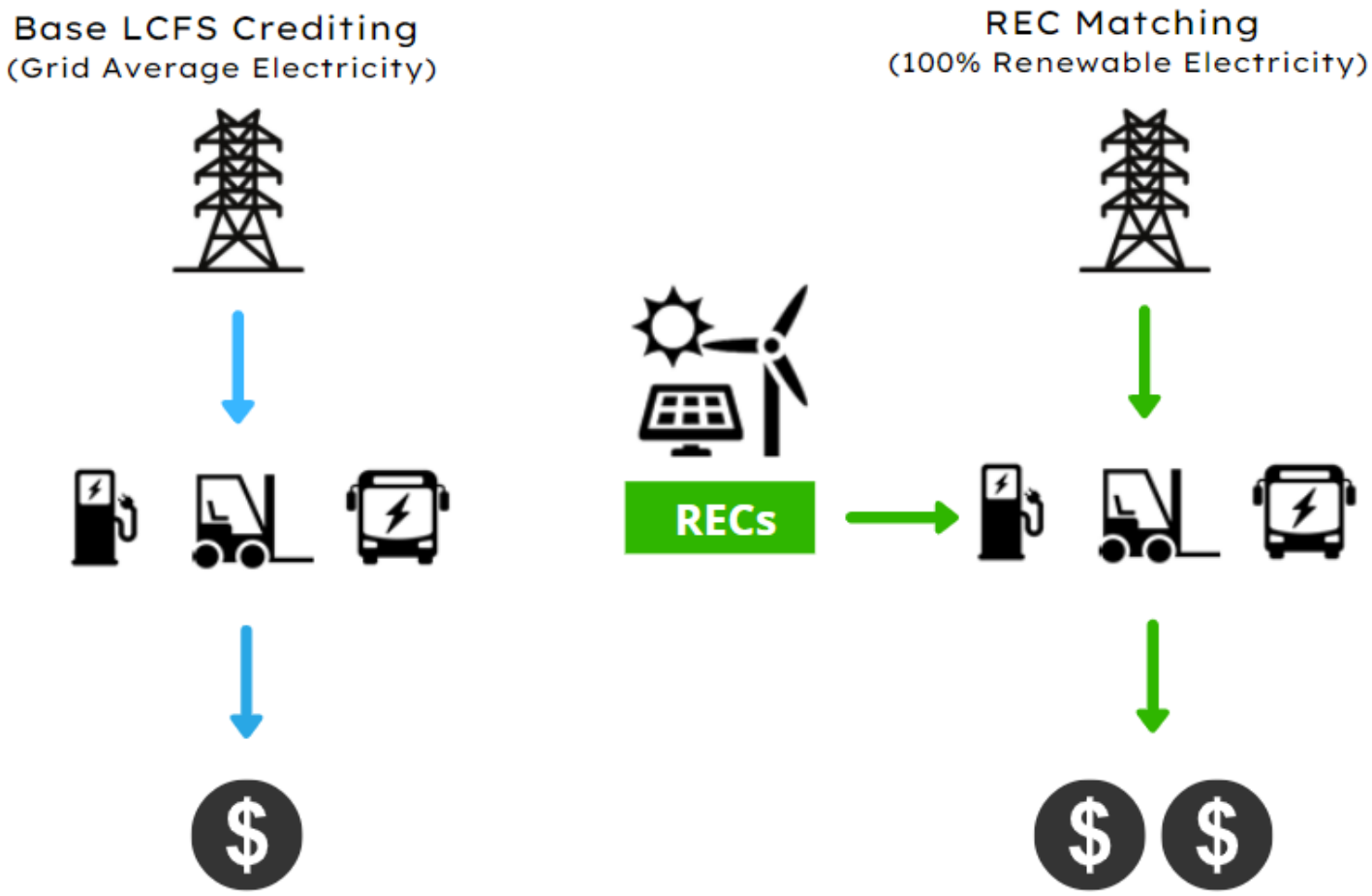
Lower Carbon = more revenue

- Book-and-claim accounting
- Onsite solar

Regulatory Engagement

- CARB considering changes to data requirements, validation, revenue use restrictions, post-2030 CI reduction.
- Interaction with other incentive or regulatory programs

HIGHER CREDIT VALUES VIA RENEWABLES



More credits and proceeds with 100% renewable electricity via SRECTrade

STRATEGY 2: MANAGE YOUR PORTFOLIO

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Asset registration & tracking

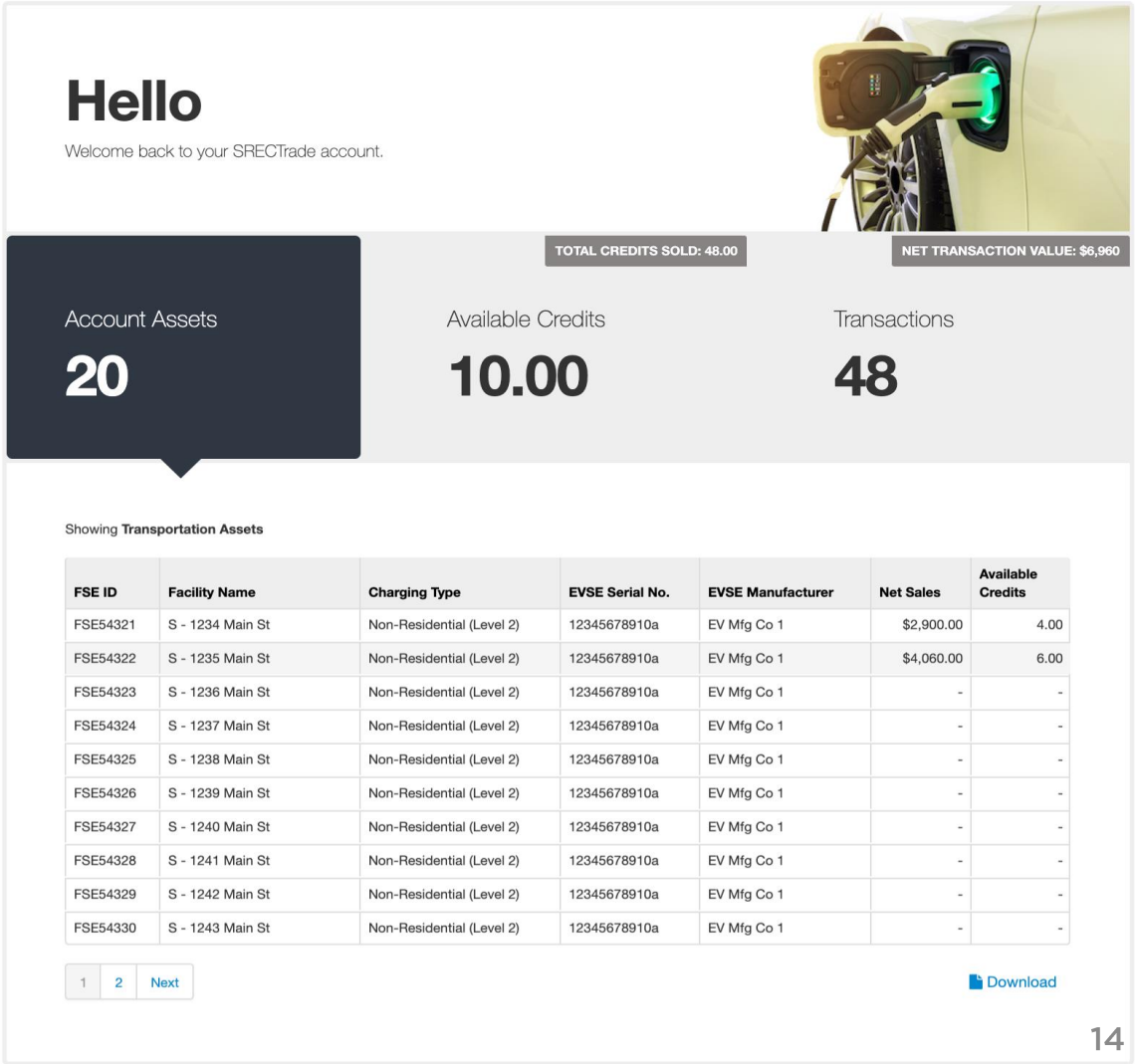
- Plan for scale

Streamline reporting

- Managing your data

Portfolio Management

- SRECTrade's web-based platform



FSE ID	Facility Name	Charging Type	EVSE Serial No.	EVSE Manufacturer	Net Sales	Available Credits
FSE54321	S - 1234 Main St	Non-Residential (Level 2)	12345678910a	EV Mfg Co 1	$2,900.00	4.00
FSE54322	S - 1235 Main St	Non-Residential (Level 2)	12345678910a	EV Mfg Co 1	$4,060.00	6.00
FSE54323	S - 1236 Main St	Non-Residential (Level 2)	12345678910a	EV Mfg Co 1	-	-
FSE54324	S - 1237 Main St	Non-Residential (Level 2)	12345678910a	EV Mfg Co 1	-	-
FSE54325	S - 1238 Main St	Non-Residential (Level 2)	12345678910a	EV Mfg Co 1	-	-
FSE54326	S - 1239 Main St	Non-Residential (Level 2)	12345678910a	EV Mfg Co 1	-	-
FSE54327	S - 1240 Main St	Non-Residential (Level 2)	12345678910a	EV Mfg Co 1	-	-
FSE54328	S - 1241 Main St	Non-Residential (Level 2)	12345678910a	EV Mfg Co 1	-	-
FSE54329	S - 1242 Main St	Non-Residential (Level 2)	12345678910a	EV Mfg Co 1	-	-
FSE54330	S - 1243 Main St	Non-Residential (Level 2)	12345678910a	EV Mfg Co 1	-	-

STRATEGY 3: EXECUTE A MONETIZATION PLAN

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Frequency

- LCFS is an on-going revenue stream

Volume

- Power in numbers

Sale Mechanisms

- Counter-party (buyer-seller) management

Innovative Financing & Use of Funds

- Plan & prepare now as financial tools becoming available

CONSIDERATIONS

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Success requires investment and management of new capabilities

- Become experts on the unique regulations for each market.
- Build and maintain relationships with regulators and teams for each market/program.
- Learn how to interpret the regulation and apply to your situation.
- Build the processes and tools to manage the day-to-day activity.
- Learn to use the tools and registry/management systems provided by regulators.
- Technology platform to manage activity, across markets, at scale.
- Monitor and adapt to regulation changes. Maintain/update knowledge, tools, technology.
- Determine how to sell credits. SRECTrade has the scale to interest buyers and the LEAP agreements in place to assure ready buyers.
- Manage REC sourcing. We help source and then manage Book & Claim where possible.
- Maintain processes across market / program where there is no single approach or standard.
- Be prepared for regulatory inspection in such a way to avoid penalties & credit invalidation.

Things to consider when thinking "let's do this ourselves"

KEYS TO A SUCCESSFUL LCFS PROGRAM

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Strategy 1: Master the Program

- Who is getting the credits? Who has the data?
- Zero-CI with book-and-claim accounting
- Ongoing regulatory engagement

Strategy 2: Manage your Portfolio

- Streamline asset and data management

Strategy 3: Execute a Monetization Plan

- Ongoing revenue stream
- Relationships & agreements with credit buyers

Consider a proven partner for credit management & monetization:

- Participating across North America
- Strategies to optimize decision-making and revenue generation
- Scalable and transparent management & reporting
- Engaged in regulation, program, policy development
- Right-sized fees. No out-of-pocket

CONTACT US

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