

California LCFS Contracts on Nodal Exchange

The California Low Carbon Fuel Standard (LCFS) market for the transportation sector was implemented in 2011 and aims to reduce the carbon intensity of the state's transportation fuel pool. The reduction goals are set at 10% by 2022 and 20% by 2030. In 2019, the LCFS market was valued at almost \$3 billion with more than 14 million credits generated, each representing one metric ton of CO₂.

Key LCFS Producers

- Ethanol
- Biodiesel
- Compressed natural gas and biogas (CNG)
- Liquefied natural gas and biogas (LNG)
- Hydrogen
- Electricity for electric vehicles (EVs)

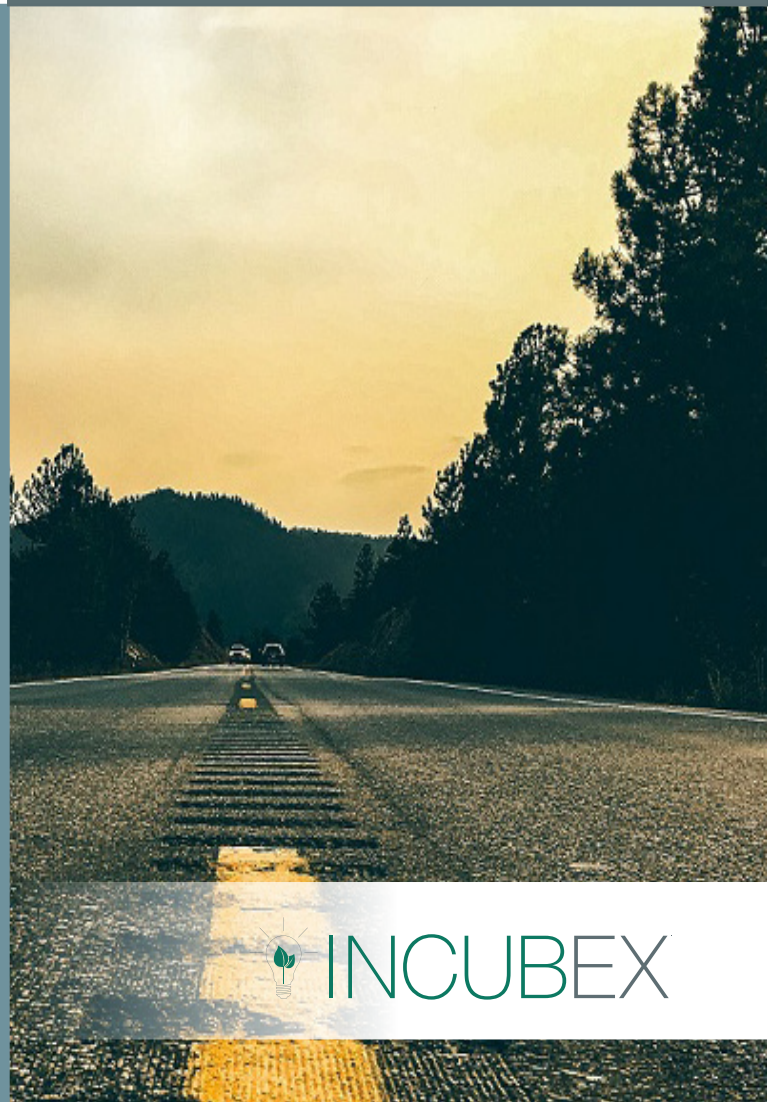
Contract Basics

- Physically Delivered LCFS Contract
- Contract Size: 100 LCFS Credits
- Contract Series: Monthly contract, plus December contracts out 10 consecutive years
- Minimum Tick Size: \$0.01
- Last Trading Day: Fourth to last business day of the month for expiring contracts
- Delivery: Last business day of the month
- Registry: Via the CARB LCFS Reporting Tool and Credit Bank and Transfer System
- Both futures and options contracts listed

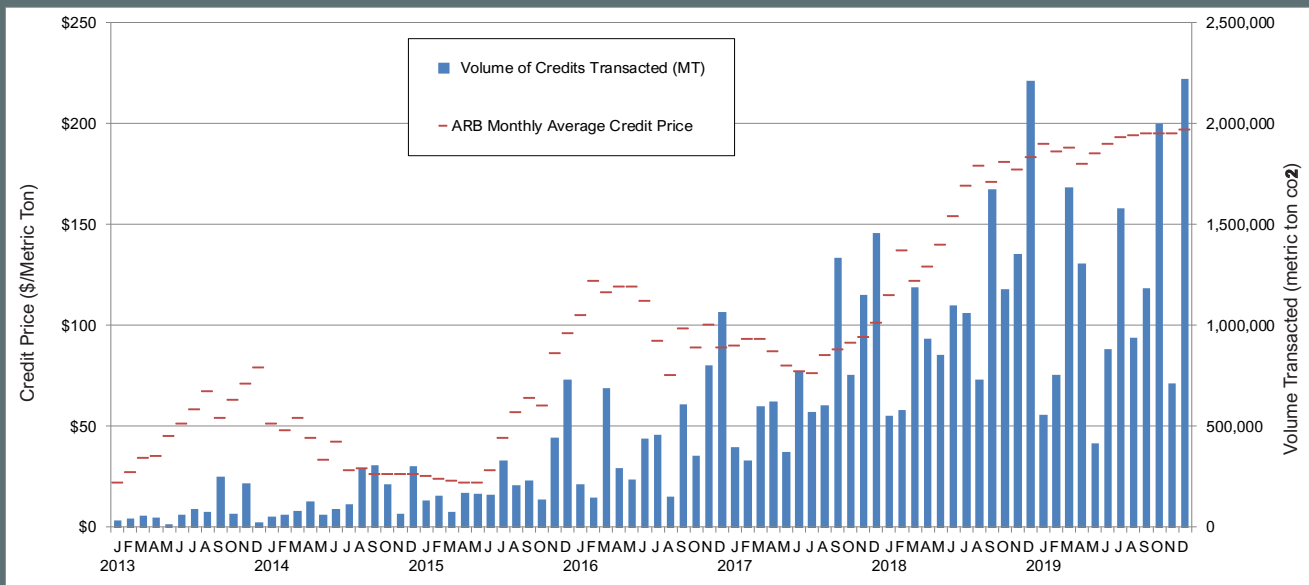
All Nodal Members are eligible to trade LCFS futures. For those Nodal Members who wish to engage in physical delivery of LCFS futures, deliverers (i.e. sellers in delivery) must meet the eligibility criteria established in the application to deliver.

Benefits of LCFS Futures on Nodal

- A dynamic hedging tool for LCFS participants
- First physically delivered LCFS futures
- Standardized contract size
- Competitive transaction costs
- No membership or data fees
- Experienced team dedicated to products and support
- Trades are cleared through Nodal Clear

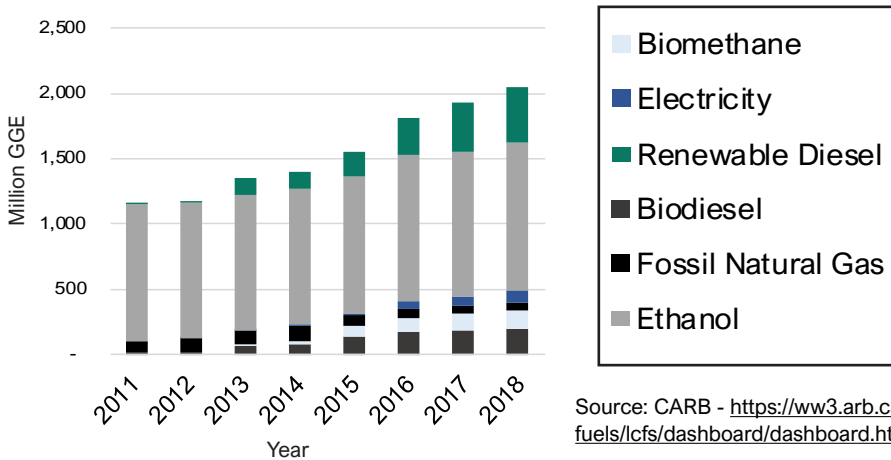


Historical Monthly LCFS Credit Price & Transaction Volume



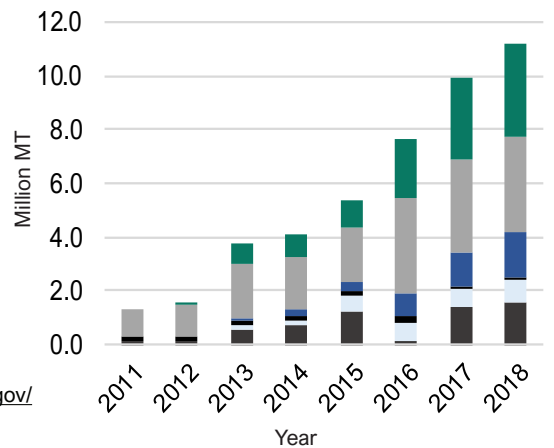
Source: CARB - <https://ww3.arb.ca.gov/fuels/lcfs/dashboard/dashboard.htm>

LCFS Fuel Volumes Generated



Source: CARB - <https://ww3.arb.ca.gov/fuels/lcfs/dashboard/dashboard.htm>

LCFS Credits Generated



Qualifying LCFS fuels generate different amounts of LCFS credits based on its carbon intensity score.

About Nodal Exchange

Nodal Exchange, headquartered in Tysons Corner, VA, is a CFTC-regulated derivatives exchange providing price, credit and liquidity risk management to participants in the North American commodity markets. Part of EEX Group, Nodal Exchange is a leader in innovation, having introduced the world's largest set of electric power locational (nodal) futures contracts and offers over 1,000 power and gas contracts, environmental futures, natural gas and freight futures, all cleared on Nodal Clear. IncubEx is partnered with Nodal on its North American environmental products.

Fees

Fee Type	Futures	Options
Screen	\$2.00	\$2.00
Clearing	\$2.50	\$2.50
Settlement	\$4.00	\$2.00

Contact

For more information, please contact IncubEx at info@theincubex.com