

Electric Lift Truck California Carbon Credit Prospectus



Eco Credit Traders

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LCFS Credit Process Basics

The California Air Resource Board Low Carbon Fuel Standard credit program was once exclusive to road use vehicle fuels. It began with credit producers making biodiesel, ethanol, CNG, hydrogen, or road EV chargers.

The credit generation opportunity is now available to owners of charging stations for off road vehicles also. This makes warehouse operators using electric material handling equipment a new beneficiary of the program.



Credits are allocated quarterly by CARB.



Once acquired, credits can be sold to regulated parties with a deficit in credits (oil companies).



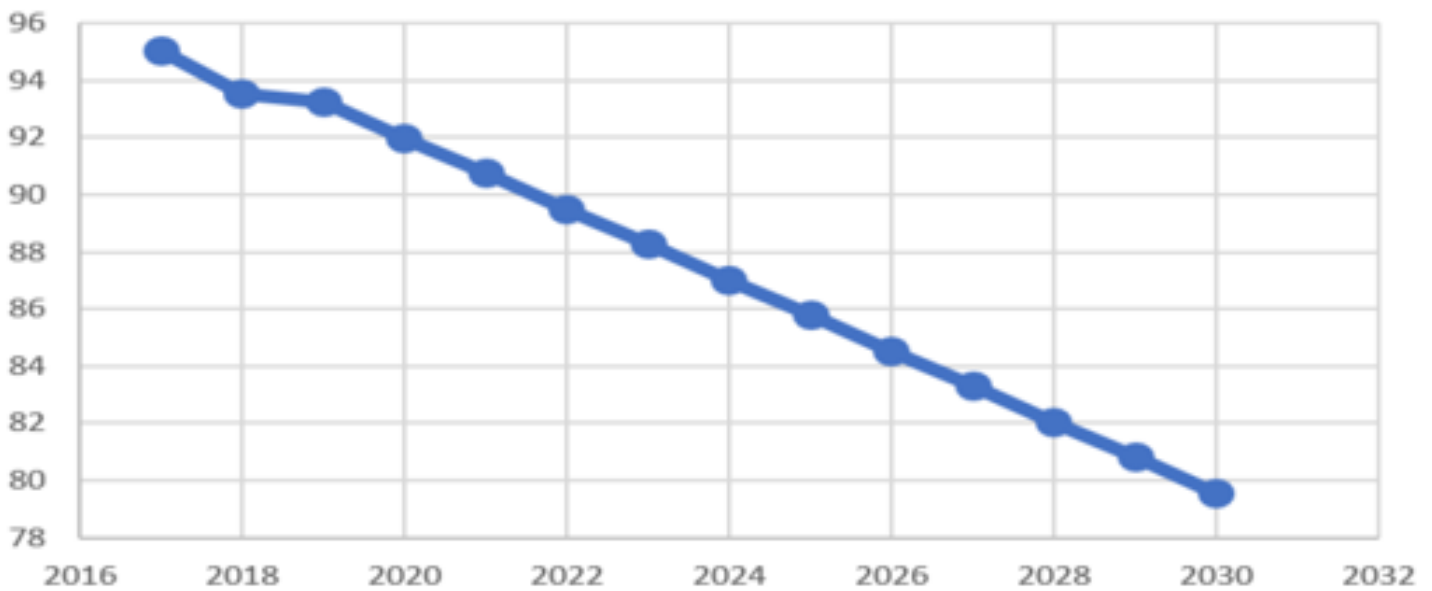
If credits go unclaimed each quarter by charging equipment owners, the electric utility claims them.

The opportunity to claim credits for charge station fuel production is available quarterly to owners of electric lift truck chargers. Charger efficiency, battery size, and fleet usage data is used to calculate metric tons of CO₂ saved by the low carbon fuel alternative being utilized.

This information is delivered to CARB for review and credit assessment. After the CARB 90 day review period credits are allocated and deposited to trading accounts and are then available to be sold to regulated parties who have a deficit due to high carbon fuel production.



Carbon Intensity (gCO₂e/MJ)



The LCFS program is scheduled to be in effect until 2030, with diminishing annual carbon intensity targets for total fuel production.

Intent of the CARB LCFS Program

The purpose of the program is to motivate a transition to lower carbon intense fuels by driving up the cost of high carbon fuels while simultaneously subsidizing the production of low carbon fuels.

LCFS Program Management

Eco Credit Traders LLC (ECT) are engaged exclusively in pursuing the generation and sale of California Air Resource Board (CARB) Low Carbon Fuel Standard (LCFS) Credits on behalf of electric warehouse vehicle fleet owners.

Owners of charging infrastructure for electric MHE are now eligible to apply for and receive LCFS credits from the CARB program. Through the program, MHE charging is classified as low carbon vehicle fuel generation.

The reduction in carbon output can be characterized by charger model, battery type, vehicle type, and operational cycle. This provides a calculable reduction in carbon emission over combustion alternatives and is eligible to generate LCFS credits.

Once ECT have acquired LCFS credits on a clients behalf they can be sold to producers of high carbon emission fuel who carry deficits under the program.

REGULATED PARTIES

Petroleum fuel importers, refiners, and wholesalers in California are required to reduce carbon intensity.



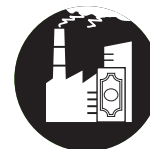
Petroleum Fuel Importers



Petroleum Fuel Producers



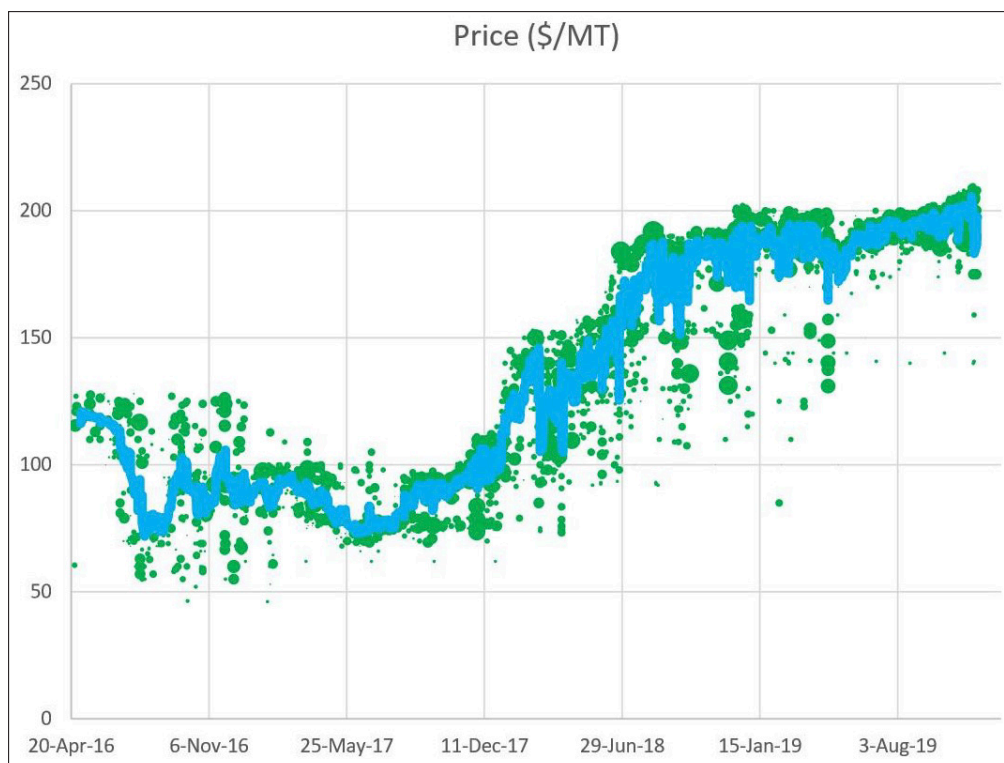
Petroleum Fuel Wholesalers



Petroleum Refiners

The historical transaction data below highlights how LCFS credit trading represents an opaque, inefficient, and volatile market. The distance between the high and low transactions each day represents a 25% or greater variance.

This extreme volatility requires industry leading knowledge and expertise in order to maximize transaction value which is provided at zero out-of-pocket cost to our clients.



To operate effectively in this dynamic market, ECT utilizes numerous strategies to maximize value for its clients. ECT's LCFS management program includes the following elements:

- 1 Pooling** large lots of credits from multiple clients to maximize leverage
- 2 Monitoring** the market price trends to optimize monetization timing
- 3 Forecasting** the market demand for credits through transaction volume to date vs estimated oil producer credit deficiency

Case Study Data

Take a look at these real-world examples of revenue generated by LCFS credits.

Electronics Distribution **Client**

75

eligible stand-up trucks
and order picker vehicles

\$38,368

LCFS credit revenue
earned last quarter

Grocery Distribution **Client**

462

eligible stand-up trucks
and rider triple pallet jacks

\$421,658

LCFS credit revenue
earned last quarter

Beverage Distribution **Client**

105

eligible 5,000 lb. sitdown
trucks and walkie pallet jacks

\$32,817

LCFS credit revenue
earned last quarter

In order to succeed as a fiduciary partner Eco Credit Traders LLC strives to facilitate the best financial interests of our clients. Four key operating principles provide the road map to this pursuit.

1 Minimize the client effort required for program management

We recognize that the core business' of our lift truck fleet owner clients are in logistics, retailing, wholesaling, and manufacturing. At ECT we strive to manage the LCFS program available to electric MHE owners without ever making it a distraction from their core business.

2 Maximize the value of transactions for client credits

Maximizing transaction value means knowing when and how to sell LCFS credits. This requires analyzing historical transactions, trends, and estimating outstanding credit deficits of high carbon fuel producers. It also requires large lot selling of aggregated credits to increase the transaction appeal to fuel producers with credit deficits they are seeking to make up.

3 Provide complete transparency into the value of transactions

Many alternative LCFS generation and brokering services available offer a mysterious quarterly check representing an unknown share of transaction value, based on an undisclosed fee structure. ECT instead expose the transaction value for our clients to help them better understand the LCFS marketplace. In exposing the value and charging a fair and reasonable predefined percentage fee against the transaction value ECT ensure clients are informed and comfortable with the service.

4 Ensure the added value ECT services provide exceeds service fees

This is the primary core principle which propels ECT into the position of the material handling industries preeminent source for LCFS services. By maximizing transaction value in a volatile trading market and charging only a nominal % fee after transactions close, ECT can provide more revenue after service fees to lift fleet owners of all sizes.



Eco Credit Traders

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