

FIRSTELEMENT FUEL

FirstElement Fuel Inc. | 5151 California Ave, Suite 220, Irvine, CA 92617 | 949-205-5553

August 11, 2016

Sam Wade
Branch Chief, Transportation Fuels Branch
California Air Resources Board
Industrial Strategies Division
P.O. Box 2815
Sacramento, CA 95812
(916) 322-8263

RE: Support of proposed rule changes to the Low Carbon Fuel Standard regulation

Dear Sam:

I am writing on behalf of FirstElement Fuel Inc. in support of the proposed rule changes to the Low Carbon Fuel Standard regulation with respect to hydrogen as a transportation fuel. In particular, FirstElement strongly supports the clarification that *priority will be given to the station operator as the regulated party with hydrogen producer second in line.*

As the largest retailer of hydrogen as a vehicle fuel in California, FirstElement believes that there are several benefits to the overall goals of the California Air Resources Board that are achieved by giving priority to the station operator as the regulated party. First, by giving priority to the party closest to the point of retail, the consumer is more likely to benefit from the price reductions that could result from the credit. Second, the California Air Resources Board is likely to have more visibility into how the credits are being leveraged to reduce the cost of hydrogen as a low carbon fuel for the benefit of the public. And finally, the California Air Resources Board is more likely to have the visibility to confirm that the hydrogen is in fact being expended for transportation.

Furthermore, FirstElement Fuel is prepared to commit the administrative resources to define its hydrogen pathways, track usage, and report accordingly to the California Air Resources Board, and is in fact already working with LCFS staff to this end. FirstElement Fuel will also gladly offer these administration services to other hydrogen station operators to help assure that they are capturing and utilizing credits rather than letting them go unused due to a lack of administrative capacity.

Sincerely,



Dr. Shane Stephens
Founder & CDO
FirstElement Fuel Inc.