

September 28, 2023

California Air Resources Board
1001 I St.
Sacramento, CA 95814

RE: 3Degrees Comments in Response to September 28, 2023 Board Meeting

Dear Air Resources Board (ARB) and Staff,

Thank you for the opportunity to provide comments during the September 28, 2023 meeting of the Board regarding potential changes to the Low Carbon Fuel Standard (LCFS).

3Degrees Group Inc. (3Degrees) is a global climate and clean energy solutions provider and is a strong supporter of the LCFS program. We participate in the program as a designated reporting entity on behalf of a variety of opt-in parties with light-duty electric vehicle (EV) chargers, electric forklifts, hydrogen forklifts, and heavy-duty EV fleets. We are also an active fuel pathway developer.

In response to the meeting, 3Degrees would like to briefly reiterate our position on some of the following key proposed changes. Detailed recommendations can be found in our previous comments submitted to Staff and we look forward to engaging on these topics during the formal rulemaking process.

- **CI Target:** 3Degrees supports an increase of the CI reduction target to at least 35% by 2035 and 90% by 2045. ARB should take all reasonable steps to introduce a lower CI target in time for January 1, 2024, implementation.
- **Auto-acceleration Mechanism:** 3Degrees is supportive of incorporating an auto-acceleration mechanism into the LCFS to respond to over-performance of the program.
- **Forklift Crediting:** 3Degrees recommends that ARB establish a standardized framework for assessing if, when, and how any technology should be phased out of the LCFS before considering removing any individual technology from opt-in eligibility.
- **Third-Party Verification:** Adding third-party verification requirements, including site visits, for most electricity- and hydrogen- based crediting, excluding non-metered residential EV charging, is likely to make the cost of participation in the LCFS unaffordable for many. If ARB moves forward with these additional requirements, we urge ARB to consider expanding the credit/deficit threshold for verification.
- **Medium- and Heavy-duty Infrastructure Crediting:** 3Degrees is supportive of infrastructure crediting for medium- and heavy-duty ZEV refueling infrastructure.

- **Crop-Based Biofuels:** We acknowledge that the potential adverse effects on land use from biofuels production are a serious concern. At the same time, we believe that one of the greatest strengths of the LCFS is that it is technology neutral. We recommend that ARB review the program rules to see if updates are needed that effectively mitigate adverse outcomes in a way that can be applied across fuel types.

We would also like to specifically reinforce our comments on the potential changes to avoided methane crediting and biomethane deliverability.

Avoided Methane Crediting

- We are concerned that phasing out the credit for avoided methane emissions would most likely result in the industry reverting to venting the methane unless and until a formal requirement is in place to capture methane, or another regulatory mechanism is in place to incentivize methane capture.
- We recommend that any changes to crediting for avoided methane be based on capturing fairly methane becoming a market norm and no longer meeting ‘additionality’ criteria.

Biomethane Deliverability

- We recommend that ARB not move forward with making changes to the geographic eligibility for book-and-claim at this time.
- From a credible claims perspective, national sourcing continues to be a logical geographic boundary. Once RNG enters a pipeline, it may essentially be delivered anywhere across the continent.
- If ARB seeks to move forward with biomethane geographic eligibility or deliverability requirements, we recommend implementing the proposal on at least a 9-year timeline.

3Degrees appreciates this opportunity to provide feedback and we look forward to continuing to work with ARB on the success of the LCFS program. Please reach out with any questions or for further discussion.

Sincerely,

/s/ Helen Kemp

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