CalETC
California Electric Transportation Coalition

January 12, 2022

Sent via email to LCFSworkshop@arb.ca.gov

Re: December 2021 workshop on Low Carbon Fuel Standard (LCFS) amendments

Dear Ms. Laskowski:

CalETC appreciates this opportunity to comment on the December 2021 workshop on the Low Carbon Fuel Standard (LCFS). CalETC supports and advocates for the transition to a zero-emission transportation future as a means to spur economic growth, fuel diversity and energy independence, ensure clean air, and combat climate change. CalETC is a non-profit association committed to the successful introduction and large-scale deployment of all forms of electric transportation including plug-in electric vehicles (EVs) of all weight classes, transit buses, port electrification, off-road EVs and equipment, and rail.

CalETC supports increasing the stringency of the LCFS in both the pre-2030 and post-2030 time frames. The LCFS has been a very successful program as part of a broad package of regulations and incentives to address climate change. For the LCFS program to continue to be successful the annual compliance requirements on regulated parties should be strengthened and extended. Currently, the LCFS credit market suffers from market oversupply issues. When the 2030 standard was adopted, the California Air Resources Board (CARB) Board made it clear the standard could be adjusted if market circumstances supported an adjustment. CARB must expeditiously address this market supply issue; increasing the overall stringency of the LCFS regulation is one way to accomplish this.

CalETC supports having two rulemakings to address LCFS modifications. CalETC believes that more complex program modifications, such as increasing the stringency of LCFS on regulated parties, could be addressed in a later rulemaking. Modifications to the LCFS regulations have typically been made every one to three years. Now is the time to address those issues that are less controversial, and/or which have been under discussion over the previous two to three years. More complicated or controversial modifications may need additional time for regulatory development, and those issues can be heard at a subsequent Board hearing. Listed below are some of the amendments we recommend be considered in a 2022 rulemaking.

Recommendations for a 2022 Rulemaking:

CalETC supports expanding capacity credits to truck and bus fleets of fuel cell, battery electric and plug-in hybrid vehicles. Staff's current proposal inexplicably applies only to fuel cell EVs. CARB has a long history of being fuel neutral on zero-emission vehicles (ZEVs), and this should continue with the staff's proposal for a new LCFS capacity credit program to incentivize fleets who want ZEVs.

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If CARB believes third-party verification for metered non-residential electricity credits is necessary, CalETC recommends working closely with credit generators to avoid substantially increasing the cost of compliance unnecessarily. Metered electricity fuel credit generators are widely distributed, unlike other fuel providers that generate LCFS credits. Electricity is also economically regulated, unlike other transportation fuels. Thousands of entities, varying greatly in size, own metered electricity fueling charging stations, whereas infrastructure for other fuels tends to be centrally held by a smaller number of large companies. Complying with LCFS credit generating requirements for electricity fuel is already challenging for entities like small fleets, adding a requirement for third-party verification for data that is already metered may cause them to forego participating in LCFS at all. CARB must avoid duplicative regulations and requirements that do not meaningfully increase the veracity of the electricity fuel credits but do increase compliance costs or disrupt the market for electricity fuel credits.

Improvements to the California Clean Fuel Reward (CCFR). CalETC recommends that the steering committee for the CCFR be allowed to include equity components in the CCFR program. In addition, Class 2b trucks, most of which are used as passenger or single-truck owned consultant vehicles, should be included in the CCFR incentive program if they are for residential or individual use.

Changes to the Energy Economy Ratio (EER) process for transportation electrification end uses. CalETC supports CARB adding new EERs in the regulation for ZEV end uses that currently do not have one. CalETC also recommends adding the following two new options for any ZEV end uses: 1) similar to the development of new pathways, CARB's executive officer would approve new EERs submitted by proponents or industries, and 2) a conservative default EER should be established in the regulation that can be used by for any remaining end uses that do not have an EER (possible examples include truck stop electrification, electric recreational boats, electric agricultural and mining equipment, electric sweepers/scrubbers, electric tow tractors, electric planes, electric locomotives and other electric off-road or marine equipment). ZEV fuels are the only type of credit-generating fuel in the LCFS where some end uses of the ZEV fuel are not eligible to earn credits. This oversight should be fixed.

Updating of EERs should consider the practical needs of fleets. Light-, medium-, and heavy-duty EVs often use the same charging station in both private and public access locations. Today's LCFS with separate EERs for light-, medium, and heavy-duty EVs is unnecessarily complicated for fleets. Modifications are needed to simplify and strengthen generation of electricity fuel credits for fleets.

Thank you for your consideration and CalETC looks forward to working with staff on this important regulation.

Regards,

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California Electric Transportation Coalition

cc: Rajinder Sahota
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