



SILICON VALLEY  
LEADERSHIP GROUP

Ahmad Thomas, CEO  
Silicon Valley Leadership Group

Jed York, Chair  
San Francisco 49ers

Eric S. Yuan, Vice Chair  
Zoom Video Communications

James Gutierrez, Vice Chair  
Luva

Aart de Geus  
Synopsis

Vintage Foster  
AMF Media Group

Paul A. King  
Stanford Children's Health

Alan Lowe  
Lumentum

Dr. Rao Mulpuri  
View

Kim Polese  
CrowdSmart

Sharon Ryan  
Bay Area News Group

Tom Werner  
Mainspring Energy

**September 18, 2023**

Clerk of the Board  
California Air Resources Board (CARB)  
1001 I Street  
Sacramento, CA 95814

**RE: Low Carbon Fuel Standard: Silicon Valley Leadership Group Comments**

Dear Chair Randolph,

Thank you for the opportunity to comment on the pending Low Carbon Fuel Standard (LCFS) rulemaking process.

Silicon Valley Leadership Group (SVLG), founded in 1978 by David Packard of Hewlett-Packard, represents hundreds of Silicon Valley's most respected employers on issues that affect the economic health and quality of life in Silicon Valley. Our membership includes many key players in this arena—from companies transitioning to clean fleets, to those producing zero-emission vehicles (ZEVs) and developing innovative new zero-emission technologies. At a high level, our organization believes CARB should employ flexible, market-based and technology-neutral policies that achieve maximum greenhouse gas (GHG) emissions reductions at the lowest cost.

We appreciate the Board and staff's diligence in drafting a thoughtful staff proposal for the Low Carbon Fuel Standard. However, we would urge a timely resolution to the rulemaking process to revitalize the LCFS credit market as soon as possible. Imbalances to the market caused by an overabundance of credits have tanked credit value. Banks can no longer finance projects based on anticipated income from credits, significantly diminishing the ability of companies to provide and install clean energy solutions and zero-emission vehicle technologies. This is no small problem for the state as regulators, advocates, and industry alike work to meet California's ambitious climate and air quality goals for the deployment of passenger vehicles and clean trucks. SVLG would ask CARB to correct the oversupply of credits and increase program stringency to 30% by 2030 in as timely a manner as possible.

Our following comments reflect the overall changes SVLG members would like to see made to the LCFS program.

**Adopting an Acceleration Mechanism**



2460 N. First Street, Suite 260  
San Jose, California 95131



(408) 501-7864



svlg.org



SILICON VALLEY  
LEADERSHIP GROUP

Ahmad Thomas, CEO  
Silicon Valley Leadership Group

Jed York, Chair  
San Francisco 49ers

Eric S. Yuan, Vice Chair  
Zoom Video Communications

James Gutierrez, Vice Chair  
Luva

Aart de Geus  
Synopsys

Vintage Foster  
AMF Media Group

Paul A. King  
Stanford Children's Health

Alan Lowe  
Lumentum

Dr. Rao Mulpuri  
View

Kim Polese  
CrowdSmart

Sharon Ryan  
Bay Area News Group

Tom Werner  
Mainspring Energy

SVLG supports continuing discussion on incorporating an acceleration mechanism to automatically increase carbon-intensity benchmarks when credit values fall too far. A mechanism of this type would protect against the collapse in credits that we are seeing today, ensuring the continuation of a robust and healthy marketplace.

### **Crediting Light-Duty Vehicles**

SVLG supports extending infrastructure capacity crediting for light-duty vehicles (LDV) to 2035 while maintaining the current cap of 5% (2.5% Fast Charging Infrastructure and 2.5% Hydrogen Refueling Infrastructure). This reflects increasing demand for light-duty zero-emission vehicles (ZEVs) and the need for refueling capacity across the state. These credits should not be constrained to infrastructure projects in disadvantaged communities, as the appropriate locations for ZEV corridors and future vehicle traffic are still being determined.

SVLG also encourages CARB to routinely update the Energy Economy Ratio (EER) for LDVs and fueling, as vehicle and charging technologies continue to evolve and improve efficiency.

### **Capacity Credits for Medium- and Heavy-Duty Vehicles**

SVLG supports the inclusion of capacity credits for medium- and heavy-duty zero emission vehicle fueling within LCFS to further enable the deployment of infrastructure needed to serve clean trucking fleets throughout the state. These credits should be provided through 2035 with a cap of no less than 2.5% of prior quarter deficits. SVLG would ask that CARB provide maximum flexibility for where eligible fueling infrastructure is located. As public and private parties work together to determine the best suitable locations for ZEV trucking corridors and fueling stations, it is imperative that maximum flexibility be granted to ensure as smooth and efficient a rollout as possible.

### **Obligating Jet Fuel**

SVLG appreciates the Board's goal of reducing GHG emissions associated with air travel, and is supportive of increasing the production and use of sustainable aviation fuel (SAF). SAF is by far the most efficient alternative to jet fuel currently available, presenting an 80% reduction in lifecycle emissions in comparison. However, current SAF production is insufficient to meet market need.

SVLG is concerned that obligating jet fuel under an LCFS pathway at this time would present enormous and excessive cost implications for all airlines and airports that operate in-state, without effectively supporting production of the tools and fuels needed to reduce emissions. In



2460 N. First Street, Suite 260  
San Jose, California 95131



(408) 501-7864



svlg.org



SILICON VALLEY  
LEADERSHIP GROUP

Ahmad Thomas, CEO  
Silicon Valley Leadership Group

Jed York, Chair  
San Francisco 49ers

Eric S. Yuan, Vice Chair  
Zoom Video Communications

James Gutierrez, Vice Chair  
Luva

Aart de Geus  
Synopsis

Vintage Foster  
AMF Media Group

Paul A. King  
Stanford Children's Health

Alan Lowe  
Lumentum

Dr. Rao Mulpuri  
View

Kim Polese  
CrowdSmart

Sharon Ryan  
Bay Area News Group

Tom Werner  
Mainspring Energy

turn, these cost impacts would be felt by all consumers and businesses that rely on airline services for travel and commerce. SVLG encourages CARB to continue working with industry to instead develop an incentive-based framework to ramp up both production and use of SAF. This approach would be the most time-efficient and cost-effective way to support California's emission reduction goals without imposing burdensome costs on consumers in and beyond California.

### Summarizing Thoughts

California leads the nation in light-duty ZEV adoption, surpassing our goals of selling 1.5 million electric vehicles and installing 10,000 fast chargers ahead of schedule. Thanks to the Advanced Clean Fleets regulation, zero-emission medium- and heavy-duty trucks are not far behind. While SVLG has been proud to support the state and our diverse membership in achieving these goals, much more progress needs to be made to further reduce the GHG emissions and air pollution associated with transportation.

In summary, SVLG urges the board to increase the stringency of the program and resolve credit oversupply in a timely manner. In the long-term, SVLG also supports extending capacity credits to 2035 light-duty vehicles with a cap of 5%, creating capacity credits for medium- and heavy-duty vehicles, and promoting flexibility in the deployment of charging and refueling infrastructure projects.

A robust LCFS program is essential for building the infrastructure necessary to support ZEV deployment, and is critical for meeting the targets outlined in the Board's 2022 Scoping Plan. SVLG welcomes the opportunity to partner with CARB to support a thriving Low Carbon Fuel Standard. We look forward to working with you further.

Sincerely,

Tim McRae

SVP Sustainable Growth



2460 N. First Street, Suite 260  
San Jose, California 95131



(408) 501-7864



svlg.org