January 30th, 2023

Comments on the Proposed Low Carbon Fuel Standard Amendments Related to CARB's CI Targets and the Proposed Ratcheting Mechanism

In response to CARB's proposed Low Carbon Fuel Standard Amendments, we would like to submit our opposition to the proposed ratcheting mechanism and the CI reduction schedules.

We have been investing heavily in deploying and financing EV fast chargers throughout California. To reduce the initial capital outlay by end users, we have developed a business model based on cost and revenue sharing, considering the projected charger use and the LCFS credit revenue that can be generated. However, the blow-up in the LCFS credit bank size and the significant drop in LCFS credit prices, down to the mid-50s, have greatly impacted our business model and eliminated our ability to finance future projects. How does CARB expect investors to invest in deploying new zero-emissions technologies if there is no way to ensure a minimum LCFS credit pricing and minimal returns?

The influx and unlimited supply of biodiesel and renewable diesel have destroyed the LCFS credit market. If no measures are placed, pricing and investors' confidence in the program will continue to erode. CARB will not, and cannot, meet any of its target CI reduction goals if no aggressive measures are adopted.

The proposed LCFS amendments are supposed to drive stronger target reductions and greater investments in new technologies. However, it has had the opposite effect as the market has reacted very negatively to these amendments, where the LCFS credit prices have fallen sharply, down to ~$55 /MT. At these price levels, many technologies can't be funded.

CARB proposed a soft approach to tightening targets if prices are too low, which is not working and may never work as the time lag to implement any ratcheting is too long. Instead, we strongly believe that CARB should reverse its strategy and start with tighter targets and tighter policies that can result in the immediate recovery of credit prices, which can be loosened if the prices become too high. This is the only way to save the LCFS program and allow new technologies to be funded.

To shore up the falling LCFS credit prices, we strongly recommend that CARB place a cap on biofuels and correct the oversized negative CI scores awarded to biogases. In addition, instead of raising the CI target by 5% in 2025, CARB should start by raising the 2024 CI target by 5%. CARB should also allow the ratcheting mechanism to be triggered annually while giving CARB the option to decide if ratcheting is needed or not.

We are committed to helping California reach its target CI reduction goals and hope the board will push CARB to address the above concerns to ensure the success of the LCFS program.

Respectfully.
/s/
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