February 1, 2024

California Air Resources Board 1001 I Street
Sacramento, CA 95814

RE: CARB Proposed 2024 LCFS Amendments

In response to CARB's proposed Low Carbon Fuel Standard Amendments, we want to voice our concerns regarding the worsening level of LCFS credit prices and CARB's proposed ratcheting mechanism.

Motive Energy is a leading provider of energy management solutions, including solar energy systems, energy storage, and EV charging solutions. We are a leading installer of EV chargers (level 2 and level 3) throughout California. We have also financed many EV charger installations by leveraging the LCFS credits generated by these chargers. The program has been a win-win for both the state in meeting its CI reduction targets and end users who can reduce their initial capital investments.

However, the significant drop in LCFS credit prices has prevented us from financing further charger installations and is increasingly discouraging many end users from committing capital to charger installations. We have seen the credit prices collapse from the $200 level to ~$56 as of the last week of January 2024. CARB has not acted to provide any price support and has left many investors in deep red.

The proposed increase of the CI target in 2025 and the proposed ratcheting mechanism will not impact LCFS credit prices nor give investors or end users any confidence in the program.
The unlimited biodiesel and renewable diesel supply has destroyed the LCFS credit market. If no measures are put in place to cap the supply of biofuels, it will continue to erode pricing and investors' confidence in the program. CARB will not be able to meet any of its target CI reduction goals if no stringent measures are adopted.

While the proposed LCFS amendments are intended to drive stronger target reductions and greater investments in new technologies, they have the opposite effect as the market reaction has been very negative, where LCFS credit prices have fallen sharply (~$56 /MT). CARB's proposed amendments include no actions to support LCFS credit prices in 2024. This will further increase the size of the credit bank throughout 2024, which will further exacerbate the LCFS credit price. The proposed increase in CI target by 5% in 2025 will do very little against an oversized credit bank to recover credit prices. In addition, the proposed ratcheting mechanism will not be able to support the credit prices due to the long time lag before it kicks in and its bi-annual triggering nature.

CARB should start with tighter targets and policies that can result in the immediate recovery of credit prices. CARB can then loosen these targets if the prices become too high. Without that, new technologies cannot be funded, and CARB will not be able to meet its goals. To that end, we propose that CARB moves its 5% step up in CI target to 2024 and allow the ratcheting mechanism to be triggered annually.

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

Respectfully.
/s/
Robert Istwan
CEO
The Motive Companies