December 19th, 2022

Dr. Cheryl Laskowski
Chief, Low Carbon Fuel Standard
California Air Resources Board
1001 I Street, Sacramento, CA 95814
P.O. Box 2815, Sacramento, CA 95812
Submitted electronically via helpline@arb.ca.gov

RE: Support for continuation of crediting electric forklifts as currently stated in the regulations

Dear Dr. Laskowski,

We, the undersigned, a group of California businesses engaged in the manufacturing, warehousing, and logistics industries, that use industrial forklift trucks for all of our material handling operations. Industrial forklift trucks are critical in transporting goods and materials in factories and warehouses. According to a 2021 survey, over 52 percent of warehouse and distribution center operators in the U.S. were planning to invest in material handling equipment in the near future, while 56 percent had already invested in forklifts and lift trucks in 2018.

When it comes to forklift trucks, we have been investing heavily in electrification through the purchasing of new electric forklift trucks, converting from non-electric (LPG) trucks, and adopting new battery technologies, such as Li-Ion batteries, to improve energy efficiencies and reduce energy waste. The LCFS program has been instrumental in accelerating our electrification programs and allowing us to contribute to the state's goals to decrease the carbon intensity of transportation fuel.

We respectfully submit the following comments to California Air Resources Board (CARB) Staff with the hope of advancing the LCFS program in a way that protects existing investments and encourages new investments in equipment using clean energy. It is also our hope that the LCFS program remains the industry standard for all current and new low carbon standards in the U.S. and world-wide.

Our comments are related to phasing out electric forklifts proposed in the following workshops:

- November 9, 2022 Public Workshop to Discuss Potential Changes to the Low Carbon Fuel Standard, CARB Presentation, slide 35: "Other Modeling Assumptions Under Consideration", Component "Electric Forklifts": "Limited".

- July 7, 2022 Public Workshop to Discuss Potential Changes to the Low Carbon Fuel Standard, CARB Presentation, slide 20: "Electric Forklifts".

We are of the opinion that strongly oppose phasing-out crediting electric forklifts for the following reasons:

- Investors base their decisions on a stable regulatory regime. Introducing a sudden decision to phase-out crediting not only undermines their business plans, but also presents a precedence that negatively affect their confidence in the regime going forward. Investor confidence is a primary goal of any public program such as LCFS.

- Investing in clean energy equipment depends on credits offered by CARB LCFS to subsidize the cost of such equipment as it remains significantly higher than its fossil-fuel counterparts, especially when including the cost of heavy-duty charging infrastructure.

- Electric forklifts represent around 50% of all new forklift purchases. There is still a long way to go to electrify this segment.

- Given electric forklifts' significant contribution to the reduction of carbon emissions, phasing out credit for electric forklifts may start eating into the gains achieved, as investors will move into non-clean energy forklifts.

For all the above, Big Lots Management strongly recommends continuing crediting electric forklifts as currently stated in the regulations.

Thank you for taking our comments into consideration. We look forward to continued participation and discussion.

Sincerely,

By: X

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