

March 15, 2023

Cheryl Laskowski, Branch Chief Low Carbon Fuel Standard Program California Air Resources Board 1001 I St., Sacramento, CA 95814

Sent via email to LCFSworkshop@arb.ca.gov

Re: February 22 Public Workshop to Discuss Potential Changes to the Low Carbon Fuel Standard

Ms. Laskowski,

EVgo appreciates the opportunity to comment on the California Air Resources Board's (CARB) February 22, 2022 Public Workshop to Discuss Potential Changes to the Low Carbon Fuel Standard (Workshop). Headquartered in Los Angeles, EVgo is the owner and operator of one of the nation's largest electric vehicle (EV) charging networks, with over 850 fast charging locations across 60 metropolitan areas and more than 500,000 customer accounts. EVgo also supports fleet electrification with tailored software and hardware solutions that meet fleets' evolving needs.

EVgo strongly supports California's zero-emission vehicle (ZEV) goals and recognizes the Low Carbon Fuel Standard (LCFS) as a critical tool for supporting investment in low- and zero-carbon transportation fuels. In response to new regulations and policies, including the adoption of Advanced Clean Cars II and Advanced Clean Trucks, it is critical that CARB strengthen the LCFS to ensure that it continues to support the decarbonization of California's transportation fuel pool in a manner consistent with its ZEV goals and CARB's 2022 Scoping Plan update.¹

To this end, EVgo makes the following recommendations:

1. CARB should maintain Fast Charging Infrastructure (FCI) credit availability for light-duty electric vehicle supply equipment (EVSE) through 2035 at the current 2.5% cap to align with state goals for direct current fast charger (DCFC) deployment.

During the Workshop, Staff suggested that 1) an increased need to support MHD ZEV deployment and 2) the pending near-term achievement of California's 10,000 DCFC goal – established in Executive Order (EO) B-48-18 – merited a modification of the light-duty FCI component of the LCFS.²

Accelerating light-duty and MHD ZEV infrastructure should not be mutually exclusive; ZEV infrastructure for all vehicle classes must scale at unprecedented levels to achieve widespread transportation decarbonization, and EVgo recommends keeping all available policy options on the table to support this transition.

Moreover, while achievement of EO B-48-18 goals will be an important milestone for California, the EO only established ZEV infrastructure targets through 2025. Analysis from the California Energy Commission's (CEC) *2022-2023 Investment Plan Update for the Clean Transportation Program* clearly

¹ https://ww2.arb.ca.gov/sites/default/files/2022-12/2022-sp.pdf

² Governor Edmund G. Brown, Jr. Executive Order B-48-18. Issued January 26, 2018. <u>https://www.ca.gov/archive/gov39/2018/01/26/governor-brown-takes-action-to-increase-zero-emission-vehiclesfund-new-climate-investments/index.html</u>.

demonstrates that these 2025 targets are far from sufficient to support the 8 million ZEVs that CARB anticipates will be on the road in 2030.³

Category	Level 2 Chargers	DC Fast Chargers	Hydrogen Fueling Stations
Existing Chargers/Open Retail Hydrogen Fueling Stations (Estimated)*	71,449	8,528	61
Number of Chargers/Fueling Stations for Which Funding Has Been Allocated (includes anticipated funding from Clean Transportation Program)**	195,080	10,323	139
Total	266,529	18,851	200
2025 Goal (Executive Order B-48-18)	240,000	10,000	200
Gap From 2025 Goal	0	0	0
AB 2127 Report's 2030 Estimate of Charging Needs	1,126,855	37,461	
Gap From 2030 Estimates	860,326	18,610	

Table ES-1: Progress Toward 250,000 Chargers and 200 Hydrogen Stations by 2025

Source: CEC

Even when considering the historic state budget commitments from 2021 and 2022, funding has been allocated to meet approximately *half* of anticipated 2030 DCFC needs and typically does not consider operations and maintenance (O&M) costs associated with operating an EV charging network. Levels of DCFC deployment needed to meet 2035 targets established in CARB's Advanced Clean Cars II regulation will also be significantly higher than in 2030. EVgo appreciates that CARB is considering the establishment of post-2030 carbon intensity (CI) targets and encourages CARB to similarly adopt a longer-term strategy for light-duty FCI credits.

2. LCFS and FCI are important tools to support ongoing operating costs of DCFC that help promote reliability and enhance customer experience.

While much conversation at the Workshop centered around how LCFS and FCI are deployed to incent further charging deployments, the reality is that FCI credits are also critically important for supporting ongoing operating costs for fast chargers that enhance reliability and customers' charging experience. With charger reliability gaining traction as a state and national issue necessary for bolstering consumer confidence in EV adoption, now is not the time to pull back on this critical source of funding for ongoing O&M costs.

Recognizing the importance of charger reliability in increasing consumer confidence in EVs, EVgo's recently-launched ReNew initiative seeks to replace, upgrade, or in some cases retire, hundreds of stalls

³ CEC, 2022-2023 Investment Plan Update for the Clean Transportation Program at 8, available at: <u>https://www.energy.ca.gov/publications/2022/2022-2023-investment-plan-update-clean-transportation-program0</u>

over the coming year.⁴ ReNew also outlines how EVgo's field operations, software, and hardware teams routinely collaborate to enhance charger reliability. FCI credits play a vital role in supporting operating costs and enhancing customer experience through programs like ReNew, which are necessary for maintaining a reliable public fast charging network. In this way, FCI is a critical complement to CEC-administered programs that accelerate charging deployments and an important funding source to ensure those sites are well-maintained over their operational life.

3. Flexibility should be maintained for FCI qualification, as built-in mechanisms around charger utilization already help phase out FCI credits and ensure they are only used for the sites that need them the most.

Instead of arbitrarily limiting the quantity and site eligibility of FCI credits starting in 2026, EVgo encourages CARB to recognize that FCI credit generation opportunities already decline as charging stations achieve higher levels of utilization. FCI credits are also currently limited to a five-year period. This relationship is captured in the illustrative graphic below as well as in the methodology used to determine quarterly FCI credits for eligible fueling supply equipment (FSE) in the LCFS regulation.



Source: CARB

In other words, an FCI credit "phase out" is already built into the existing LCFS regulation and FCI credit generation opportunities decrease as FSE utilization increases. EVgo recommends that CARB not prematurely limit the available pool of potential FCI credits and instead collect more data on how FSE utilization and FCI credit generation trends change over time. By asking electric vehicle service providers to build ahead of market demand to meet California's 2030 and 2035 goals, the reality is that charger utilization will be lower in the near-term. Maintaining FCI provisions in the LCFS remains critical for supporting network operations.

⁴ <u>https://www.evgo.com/press-release/evgo-launches-evgo-renew-to-enhance-and-improve-fast-charging-experience-nationwide/</u>

4. The proposed CI target step-down and acceleration mechanism will provide a near- and longterm investment signal to invest in low carbon fuels.

EVgo strongly supports CARB's consideration of a near-term CI target step down and an acceleration mechanism. Adopting a more stringent CI target starting in 2024 would create a more gradual glide path toward a more stringent 2030 CI target in the second half of the decade, reduce the risk of continued program overperformance, and amplify the market signal for continued investment in low carbon fuels. Similarly, an acceleration mechanism would help avoid persistent program overperformance that dilutes further investment in low carbon fuels, complement existing LCFS program provisions that provide regulated entities with flexibility in the event of tight LCFS credit market conditions, and put California in a stronger position to meet or exceed its ambitious yet achievable ZEV and climate goals. These provisions, in tandem, are critical for the longer-term success of the LCFS.

EVgo looks forward to working with CARB and other stakeholders to develop appropriate acceleration mechanism triggers and CI target adjustments in the event the acceleration mechanism is activated.

5. CARB should expand eligibility for medium- and heavy-duty (MHD) FCI credits beyond highway corridor sites and preserve flexibility at this nascent stage of the market.

At this nascent stage of the MHD ZEV market, EVgo encourages CARB to not overly prescribe the eligibility requirements for FCI credit generation opportunities. For example, CARB has proposed in draft regulatory text to limit FCI credit eligibility to sites that are within one mile of a Federal Highway Administration Alternative Fuel Corridor (AFC).⁵ While supporting corridor charging will be critical for enabling long-haul trucking operations, EVgo recommends that CARB expand eligibility to other potential sites. First, utility distribution system upgrades needed to energize large, multi-megawatt MHD corridor sites pose a challenge, and sites within one mile of AFCs may not always be feasible. Second, there may be other important highway corridors in the state beyond AFCs that support critical MHD operations. Finally, FCI credits can be useful for developing charging hubs that support non-corridor regional and local trucking operations. Many different charging configurations and business models will likely be needed to meet the charging needs of California's MHD fleet, and EVgo asserts that preserving flexibility and collecting more data at the stage will be valuable for vehicle manufacturers, EV charging service providers, and fleet operators.

Respectfully submitted on this 15th day of March,

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⁵ https://ww2.arb.ca.gov/sites/default/files/2023-02/LCFSRegulatoryText_02222023_0.pdf