February 20, 2024

Rajinder Sahota
California Air Resources Board (CARB)
1001 I Street
Sacramento, California 95814

RE: Electrify America comments on Proposed Low Carbon Fuel Standard (LCFS) Amendments

Dear Ms. Sahota:

Electrify America appreciates the opportunity to comment on the Proposed Low Carbon Fuel Standard Amendments. Electrify America is the nation's largest open network of DC fast chargers for electric vehicles (EVs), with over 3,900 ultra-fast chargers across 887 locations around the country, and over 1,100 chargers across more than 250 locations open to the public in California.

The electric vehicle sector is at a critical time in California. The market for new electric vehicles was highly successful in 2023, with approximately one quarter of new vehicles deployed in the state being electric. The result has been a surge in demand for public charging that necessitates a rapid expansion of charging infrastructure. In November 2023, Electrify America reported to CARB that dozens of stations in the state are experiencing above 40% utilization, with multiple sites exceeding 50% utilization for the quarter. At 50% utilization, all charging ports at a station are in use, on average, more than 12 hours per day. Now, more than ever, it is critical that California support the installation of additional charging ports to meet the rising customer demand for clean vehicles.

The LCFS has historically been one of the State's most powerful tools for supporting clean transportation in California, including electric vehicle charging infrastructure deployment. As a leading charging infrastructure developer, Electrify America can attest that every dollar generated from LCFS credits goes directly back into operations and efforts to expand access to affordable, reliable EV charging. As highlighted in the SRIA, the LCFS is poised to add nearly $100 billion in value to the EV ecosystem over the next two decades.[1]

However, at a time when charging infrastructure and the EV market more broadly needs to expand rapidly to achieve California's clean air, climate change, and transportation electrification goals, LCFS credits have rapidly declined in value, with credit generation substantially exceeding deficits over the past several years, leading to a reduction in credit prices. Specifically, after many years of relative stability, the excess of banked credits began

[1] SRIA, Table 24.

increasing rapidly around Q3 2021, more than doubling to a total of over 18 million banked credits by Q2 of last year. Furthermore, independent analysis by ICF demonstrates that the proposed amendments to the program may be insufficient to reverse this trend, resulting in a protracted situation of credit oversupply and low credit values that reduces a critical funding stream for development and operations of charging infrastructure.[2]

The most important thing CARB can do to stabilize the program is quickly amending the LCFS to appropriately strengthen targets, reverse the trend of accumulating excess credits, and return the program to a state where it continues to drive investments in a broad array of low carbon fuels and infrastructure, including EV charging. To achieve these goals, and based on the analysis by ICF,[3] we believe that a 40% reduction target by 2030 is the minimum necessary to stabilize the credit market and ensure that the LCFS program supports a successful transition to electric transportation in California. Given that sentiment and premise, we appreciate your consideration of our comments below.

CARB should propose 15-day changes to align with findings from the ICF analysis

Electrify America has participated in the coalition group working with ICF to analyze market appetite for low carbon fuels and associated appropriate targets for the LCFS. We support the overarching finding of the analysis, that a 2030 target of greater than 40% is appropriate and can be readily supported by the market. A target of at least 40% by 2030 is likely necessary to align with California's climate change goals and Scoping Plan outcomes, as well, which calls for a 40-48% reduction in greenhouse gas emissions by 2030. Given the fact that transportation fuel pathways account for about half of California's greenhouse gas emissions, LCFS targets that align with statewide greenhouse gas reductions are reasonable.

In fact, at least as it relates to electricity-related pathways, we have reason to believe that the assumptions in the ICF analysis are conservative. For example, while the assumptions assume minimum compliance with the Advanced Clean Cars II sales, in fact, EV sales in California consistently outperform regulatory requirements, and we expect that to continue into the future. Already, zero emission vehicle sales comprise about a quarter of California's new vehicle market, a market share not anticipated until the 2026 model year under the Advanced Clean Cars II rules. We also anticipate further innovation and efforts to reduce the carbon intensity of electricity used as transportation fuel in California. For example, Electrify America's network in California is backed by 100% renewable electricity. We expect others will increasingly do the same, reducing the carbon intensity of power for EV charging well below the grid average, and delivering additional LCFS credits into the market.

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[2] ICF (2024) Analyzing Future Low Carbon Fuel Targets in California: Response to Staff Report, ICF Resources, LLC, February.

[3] ICF (2023) Analyzing Future Low Carbon Fuel Targets in California: Initial Results for Accelerated Decarbonization, Central Case, ICF Resources, LLC, June. https://ww2.arb.ca.gov/system/files/webform/public_comments/4306/Analzying%20Low%20Carbon%20Fuel%20Targets%20-%20Central%20Case%20Draft%20FINAL%20%28submit%29.pdf

Following the release of the Proposed Amendments, ICF conducted additional analysis to incorporate updated market data, evaluate CARB's proposed targets, and adjust assumptions into the scenario analysis to reflect prevailing assumptions from CARB. Their analysis reinforces their earlier findings that CARB's proposed targets are too low, and that the step-down and auto acceleration mechanism as proposed in the 45-day regulatory package are insufficient to flatten or reverse the credit bank and restore market conditions that support ongoing investments in EV charging and other low carbon fuels.

Electrify America supports the findings of the ICF analysis and urges CARB to propose 15-day changes to the regulation that would do the following:

- Increase the step-down to 20-25%, and have it take effect as soon as the regulation does in 2024.
- Increase the 2030 target to at least 40%, in line with Scoping Plan targets.
- Modify the AAM so that it:
    - Would be triggered when banked credits exceed 2-2.5 times quarterly deficits.
    - Can apply to calendar year 2025 data, potentially be triggered in 2026, and the compliance schedule can be potentially pulled forward in starting in 2027.
    - Can be triggered in consecutive years if market conditions warrant.

Comments on additional elements of the Proposed Amendments

Electrify America offers the following comments on other aspects of the Proposed Amendments:

- We support the proposed capacity crediting provisions for zero emission vehicle infrastructure, including shifting FCI crediting proposals to medium and heavy-duty vehicles (MHD-FCI) and targeted deployments for light-duty vehicles (LD-FCI).
- We support amendments to clarify that the owner of EVSE at multi-unit dwellings that is not serving a dedicated or reserved parking space is eligible to generate credits.

Thank you again for the opportunity to comment on the Proposed Amendments. We appreciate CARB's efforts to support the transition to EVs in California and look forward to continuing to work with CARB through the LCFS amendment process and in other forums to advance the State's transportation electrification and climate change goals. Please do not hesitate to reach out with any questions.

Sincerely,

DocuSigned by:
Andrew Dick
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Andrew Dick
Business Development Manager, Incentives