Comments of Kia Corporation
to the
California Air Resources Board

RE: 15-Day Notice of Modifications to
Proposed Low Carbon Fuel Standard Amendments

August 27, 2024

The Kia Corporation (Kia) submits these comments to the California Air Resources Board (CARB) on the modifications of proposed Low Carbon Fuel Standard (LCFS) amendments issued on August 12, 2024. Kia appreciates this opportunity to provide feedback on these modifications which have potential to significantly contribute to California's LCFS goals. Kia supports the changes proposed by CARB, but we recommend a few revisions to provide more certainty for automakers.

Kia supports comments submitted by the Alliance for Automotive Innovation (AFAI). Kia supports AFAI's request for CARB to provide additional clarity on the definition of an "eligible OEM." Kia also supports more clarity on how this rule will impact the Clean Fuels Rewards program and the metrics that determine the allocation of "up to 45 percent" of base credits for residential EV charging.

Kia, part of the Hyundai Motor Group (HMG), is a dynamic part of the world's third largest automaker. Kia is committed to electric vehicles (EVs) and is investing $28 billion by 2027 into EVs and other advanced technologies. Kia is focused on popularizing EVs at all levels of the market and becoming a global leader in EVs and electrification.

As more states adopt similar clean fuel programs,[1] CARB's leadership in designing and implementing a market-based program that decreases transportation fuel carbon intensity (CI) can have a lasting impact on reducing greenhouse gas emissions nation-wide.

Kia appreciates the opportunity to collaborate with CARB in developing changes to the LCFS. Kia supports the proposal to allow the Executive Officer to allocate up to 45 percent of the base credits for residential EV charging to qualified Original Equipment Manufacturers (OEMs). Further, Kia supports CARB's proposal for a 9 percent increase in stringency of the CI target for 2025. This proposal will help ensure that California residents who purchase electric vehicles (EVs) realize the benefits of this program.

Residential Charging Base Credits

[1] Washington, Oregon, and New Mexico have adopted their own Clean Fuel Standards. New York and Minnesota are among states that have had Clean Fuel Standards introduced in the legislature.

Due to the recent and ongoing low prices for credits in the LCFS program, Californians who purchased EVs were unable to receive a rebate under the Clean Fuels Rewards program. Additionally, without the rebate, the higher purchase price could have turned consumers away from purchasing an EV. If OEMs are directly able to capture revenue from the base credits generated by their own vehicles, rebates for EVs would reach consumers under all LCFS credit market conditions and potentially in higher amounts.

Under current rules where electric distribution utilities (EDU) are allotted the entirety of base credits, the Clean Fuels Rewards program has been insufficiently funded. This represents a lost opportunity in advancing LCFS goals as well as other CARB priorities such as Advanced Clean Cars II's (ACCII's) Zero Emission Vehicle (ZEV) requirement. Incremental credit proceeds, while helpful, are insufficient to provide enough revenue for OEMs to meaningfully increase EV rebates or provide for any of the other proceed usage requirements detailed in the proposed section 95483(c)(1)(B).

Conversely, Kia routinely and extensively provides rebates on their vehicles for various reasons. Kia has the ability, the know-how, and the incentive to support customers with direct rebates. New proceeds from base credits will position Kia and other OEMs to increase their ability to provide rebates on EVs. This will reduce EV transaction prices; increasing EV adoption and the use of low-CI electricity as a transportation fuel. This is a double benefit to consumers as low-CI electricity is generally more affordable than gasoline and other liquid transportation fuels.

As part of our commitment to EVs, Kia is also working to expand EV charging infrastructure through our investment in IONNA[2] and other efforts. The National Renewable Energy Laboratory (NREL)[3] estimates that California will require 262,000 public level-2 charging ports and 29,100 public DC-fast charging ports by 2030. This is significantly higher than the current 32,667 level-2 ports and 10,677 DC-fast charging ports available in California.[4] Ongoing issues with charger reliability, siting and permitting, and grid connectivity and capability, present hurdles in growing the public charging network. This necessitates the use of all available tools to meet the challenge. The additional revenues achievable from base credits could help Kia overcome these challenges and continue to build out the infrastructure that is critical for wider adoption of EVs.

Kia strongly supports granting OEMs up to 45 percent of residential EV charging base credits. This increases the efficiency and efficacy of the LCFS by providing a more direct conduit for LCFS credit proceeds to support California consumers in making their low-CI fuels purchasing decisions. Kia encourages CARB to finalize language that ensures OEMs are better positioned to contribute to the continued success of the LCFS.

Carbon Intensity Targets

Kia supports CARB's proposal for a "near-term increase in stringency of 9 percent CI reduction in 2025" and the addition of the "Automatic Acceleration Mechanism" to help ensure the continued success of the LCFS. Appropriate CI targets that maintain adequate LCFS credit

[2] IONNA, "Automakers United to Revolutionize EV Charging", July 2023, https://ionna.com/news/seven-automakers-unite.
[3] NREL, "The 2030 National Charging Network: Estimating U.S. Light-Duty Vehicle Demand for Electric Vehicle Charging Infrastructure", June 2023.
[4] California Energy Commission, "Electric Vehicle Chargers in California", accessed August 2024.

pricing will support the continued growth of low-carbon fuels. We appreciate CARB recognizing the need to add these measures to advance adoption of low carbon fuels. Kia encourages CARB to continue to ensure a healthy credit trading market by monitoring program metrics.

Conclusion

Kia looks forward to participating in CARB's efforts to bring Californians more low-carbon fueling options. We appreciate the opportunity to provide comments on the proposed modifications and look forward to continued engagement with CARB on the LCFS.