August 22, 2024

**Subject: Comments on the Proposed Low Carbon Fuel Standard Amendments Related to Changes for Electric Forklift Operators**

My company is a small owner of electric forklifts that currently generates about 1,000 LCFS Credits a year. The following changes will significantly impact my and other small electric forklift credit generators’ ability to remain in the LCFS program and may force us to opt-out based on the following proposed changes:

* Requiring 3rd party verification of all electricity-based credits, which would increase compliance cost;
* Requiring direct metering of electricity supplied to forklifts by the start of 2026 which will significantly increase operating cost and potentially decreasing the number of credits generated;
* Decreasing the Energy Economy Ratio for electric forklifts from 3.8 to 2.4 for most of our electric forklift fleet, significantly decreasing the number of credits generated from most grid electric-powered forklifts by a factor of 2 or more;
* Decreasing the carbon intensity benchmarks for diesel, which would further decrease future LCFS credits generated from electric forklifts; and
* Not allowing any LCFS credit proceeds to offset the cost of verification and meter installation.

All these factors could decrease annual LCFS generated to the level that most of our proceeds would be used to pay for verification services. Many entities would have annual metering errors impacting more LCFS credits than an entity like ours could generate over a five-year period. We therefore suggest the following:

* Exempt verification for all entities that generate less than 1,500 LCFS credits a year;
* Require a less-intense verification requiring a simple statement without a report for all entities that generate between 3,000 LCFS credits to 3,000 LCFS deficits a year;
* Modify the requirements of the LCFS credit proceeds for credits from electricity-fueled equipment to allow costs for LCFS program operation to be excluded from proceeds required to promote electric vehicle use; and
* Ensure the requirements for direct metering of electricity used by forklifts is not cost-prohibitive.

If some of these proposed changes are not made to the regulation, it will drive my company as well as many other small owners of electric forklifts and associated fuel supply equipment to opt-out of the LCFS program, especially since it places an unnecessary regulatory burden on the small operators with respect to the impact on the total deficits and credits generated under the LCFS program.

Sincerely,

Tim Hellem

Head of EHS&S