August 27, 2024

Ms. Laine Randolph, Chair
California Air Resources Board
1001 I Street
Sacramento, CA 95814

Submitted Electronically: https://ww2.arb.ca.gov/lispub/comm/bclist.php

RE: Hyundai's Comments to the California Air Resources Board's Low Carbon Fuel Standard 15-Day Changes

Dear Chair Randolph:

Hyundai Motor North America ("Hyundai") appreciates the opportunity to comment on the California Air Resources Board's ("CARB") Low Carbon Fuel Standard's ("LCFS") 15-day changes that were published on August 12, 2024.

Hyundai offers a diverse line up of quality and affordable electric vehicles ("EV") which include battery, plug-in hybrid, hybrid, and fuel-cell electric (both light- and heavy-duty) vehicles. We are committed to innovative initiatives that propel forward the EV transition. For example, we are a proud member of IONNA[1], the joint venture of eight automakers to build out more than 30,000 chargers across the nation. As a key partner in the NorCAL ZERO demonstration project[2], we deployed 30 heavy-duty XCIENT fuel-cell trucks to support the world's most capable hydrogen refueling station in Oakland. Additionally, we seek to convert drivers to EVs by offering a hands-on experience with EVs through a low-commitment, "try-before-you-buy" subscription program, Evolve+[3]. We will continue to doggedly pursue innovative solutions to spur EV adoption among early majority buyers.

Hyundai recognizes CARB's hard work and dedication in revamping the LCFS regulation. We greatly appreciate the proposal for automakers to earn Base Credits for plug-in electric vehicles ("PEVs"). Automakers are best positioned to efficiently utilize proceeds to further advance the EV transition as automakers have the most at stake. Additionally, we support the 9% stringency increase in carbon intensity ("CI"), as well as the proposed automatic acceleration mechanism, in hopes these together will increase the LCFS credit prices.

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[1] *See* ionna.com.
[2] *See* Press Release, Hyundai Newsroom, Hyundai Motor Spearheads U.S. Zero-Emission Freight Transportation with NorCAL ZERO Project Launch (March 5, 2024), https://www.hyundai.news/eu/articles/press-releases/norcal-zero-project-launch.html.
[3] *See* Press Release, Hyundai Newsroom, Hyundai Announces Evolve+ EV Subscription Program at the Chicago Auto Show (February 9, 2023), https://www.hyundainews.com/en-us/releases/3763.

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However, significant investments are still needed for CARB to meet its environmental goals. California is behind in charging infrastructure to support the quantity of PEVs (aka ZEVs) required by CARB's Advanced Clean Car II (ACC II) regulation[4] and woefully behind in hydrogen infrastructure for both light-duty and heavy-duty applications[5]. For example, in Southern California, there are no performant heavy-duty stations publicly available. The existing three stations are not a viable option due to limited fuel and station reliability issues. Additionally, PEVs are facing headwinds in the market, resulting in a much slower adoption rate than anticipated. Therefore, significant incentives are needed to rebuild the momentum.

Below are specific requests that we kindly ask you to consider.

1. The existing monies that the utilities collected but did not allocate through the Clean Fuel Reward ("CFR") program should be divided among automakers who sold PEVs from the time the program expired, September 1, 2022 until the next iteration of LCFS is implemented next year. Unfortunately, the automakers experienced a lost opportunity during this timeframe that would have otherwise supported EV expansion investments.

2. The CFR program has been changed to be used only for medium- and heavy-duty vehicles. We request that proceeds from credits generated from light-duty vehicles be utilized for light-duty vehicles.

3. The proposal states that the light-duty fast charging infrastructure ("FCI") program sunsets at the end of 2030. We request that this program be extended to 2035 to align with CARB's ACC II requirement of 100% ZEV sales by 2035 model year.

4. We request that the final amendments allow hydrogen-powered fuel-cell electric vehicles ("FCEVs") to receive Base Credits or, at a minimum, Incremental Credits subject to the applicable requirements for PEVs. Like PEVs, these vehicles produce no tailpipe emissions and should receive the same benefits as PEVs.

5. We have strong concerns that hydrogen produced using fossil gas feedstock can no longer generate credits starting in 2031. The hydrogen industry is still in its infancy. By removing fossil gas as an allowed feedstock at such an early stage, it may undercut the market's development. While we understand that water electrolysis is the goal, without abundant

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[4] *See* CA AB 2127 Second Electric Vehicle Charging Infrastructure Assessment (updated March 6, 2024), located at https://www.energy.ca.gov/publications/2024/assembly-bill-2127-second-electric-vehicle-charging-infrastructure-assessment. The assessment states that 1.01 million chargers are needed to support 7.1 million light-duty vehicles by 2030, and 2.11 million chargers to support 15.2 million light-duty vehicles in 2035 to meet California's zero-emission vehicle targets. As of August 26, 2024, the California Energy Commission website shows 105,012 total public and shared private chargers (https://www.energy.ca.gov/data-reports/energy-almanac/zero-emission-vehicle-and-infrastructure-statistics-collection/electric).

[5] *See* CARB Hydrogen Station Network Self-Sufficiency Analysis per Assembly Bill 8 (October 2021), located at https://ww2.arb.ca.gov/sites/default/files/2021-10/hydrogen_self_sufficiency_report.pdf, p. 14 ("With respect to hydrogen, the EO tasks all State agencies to work with other organizations in the private and public sectors to support the development of 200 hydrogen stations by 2025."). Additionally, according to the Hydrogen Fuel Cell Partnership, there are a total of 55 hydrogen stations 18,729 FCEVs in California as of July 3, 2024. *See* Hydrogen Fuel Cell Partnership, FCEV Sales, FCEB, & Hydrogen Station Data (Numbers as of July 3, 2024), https://h2fcp.org/by_the_numbers.

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access to deionized water and more affordable green electricity – which will take considerable time to build out – hydrogen will not be cost-competitive. Meeting diesel Total Cost of Ownership is key to driving fleet adoption. We request that blended feedstock of bio and fossil gas be allowed in 2031 and beyond to generate credits until alternative technologies reach market readiness.

6. Though we are hopeful that the proposed CI standards will appropriately increase credit prices, we strongly encourage CARB to continue its dialogue with hydrogen refueling station operators. The current decline in LCFS credit values caused tremendous hardships on the operators, and this unfortunately resulted in a significant price increase at the pump. Appropriate LCFS credit values are imperative to maintain the affordability of hydrogen and ultimately drive FCEV adoption of all vehicle classes.

In closing, Hyundai appreciates CARB staff's efforts on these amendments. We also support the environmental goals that California's LCFS program strives to achieve. Hyundai is aligned with the comments submitted by the Alliance for Automotive Innovation. We are more than happy to discuss our comments further; please feel free to reach out to Gil Castillo at gcastillo@hmausa.com with any questions. Thank you.

Sincerely,

Olabisi Boyle
Senior Vice President, Product Planning & Mobility Strategy
Hyundai Motor North America

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