August 27, 2024

Clerks' Office, California Air Resources Board
1001 I Street,
Sacramento, California 95814

RE: Low Carbon Fuel Standard Amendments (15-Day Changes)

Dear California Air Resources Board Members and Staff,

Thank you for the opportunity to provide feedback on the Low Carbon Fuel Standard (LCFS) 15-day Changes. We value the leadership of the California Air Resources Board (CARB) to support and advance the transition to zero emission freight. The undersigned companies (Forum Mobility, Einride, Volterra Power, Gage Zero, EV Realty, TeraWatt Infrastructure, Zeem Solutions, and Prologis) represent providers of charging infrastructure for heavy-duty trucks, including shared depots that serve multiple fleets at a single location.

California's LCFS remains one of the most important tools the state has to support the transition to zero emission freight. LCFS directly supports transportation electrification by facilitating infrastructure deployment, reducing fueling costs, and incentivizing the purchase of zero-emission vehicles. The proposed amendments build on this in many key ways. Most importantly, the proposed heavy-duty fast charging infrastructure (HD-FCI) program has the potential to be the single most important program in helping to deploy the charging infrastructure necessary for California to meet its zero emission transportation goals mandated by Governor Newsom's EO N-79-20 and furthermore advanced by recent regulations such as the Advanced Clean Trucks (ACT) and Advanced Clean Fleets (ACF) rules. As noted in our previous comments, the HD-FCI provision addresses utilization risk in the early phases of the market, providing an elegant way to solve the "chicken or egg" problem that is currently hindering infrastructure deployment. This is an innovative and groundbreaking proposal that will really help catalyze private sector investment.

We greatly appreciate the coordination and collaboration with CARB staff and Board Members throughout the LCFS amendment process. While there are lingering concerns regarding biofuel crediting and a resulting market imbalance depressing credit values, we support the 15-day changes and the overall LCFS program. Our coalition has provided extensive feedback throughout the process and we commend staff for making several important adjustments to help ensure that the HD-FCI program reaches its full potential. Below are comments on specific sections, including some areas where clarifications would be beneficial for all stakeholders as we look toward implementation early in 2025. Where relevant, our group has provided proposed language to help avoid confusion and to ensure the program is utilized to the maximum benefit.

Heavy-Duty Fast Charging Infrastructure

The 15-day changes added important flexibility to HD-FCI program parameters, helping better align the program with industry and fleet needs while maintaining appropriate guardrails to ensure the integrity of the program. We appreciate the thoughtful discussions throughout this process and applaud CARB staff for increasing flexibility on geographic location and site specifications (e.g., removing the 10 FSE cap and adjusting the minimum nameplate capacity) .These changes will make the program more effective. As a follow-up to our past communications with staff, we respectfully request the following confirmations, clarifications, and minor amendments for the HD-FCI provision:

1. **5 Mile Corridor Requirement**

We strongly support the proposed amendment to allow site eligibility within 5 miles from any ready or pending Federal Highway Administration (FHWA) Alternative Fuel Corridor. This added flexibility is essential to enable infrastructure deployment in key locations while avoiding the added costs, delays, and siting complexities that would be triggered by a more restrictive requirement. We appreciate CARB staff's clarification that it is 5 mile distance as measured on an aerial point-to-point radius basis or "as the crow flies" in our meeting on August 23, 2024 and respectfully request written clarification and confirmation of this interpretation in CARB's responses to comments.

If amendment language is needed, we recommend the following:

<u>Proposed Language</u>
Section 95486.4(a)(1): The distance requirement is limited to shared HD-FCI sites and extended to five mile~~s~~ <u>aerial point-to-point radius</u> from any ~~reading~~ <u>ready</u> or pending FHWA Alternative Fuel Corridor.

2. **Shared HD-FCI Site 12-hour Reservation**
We greatly appreciate CARB's recognition of the fact that shared, multi-fleet charging hubs will play an important role in meeting fleet charging needs. Including these sites in the HD-FCI program with appropriately tailored rules and requirements will drive private investment in infrastructure deployment and ensure the HD-FCI program meets fleet and industry needs across a broad spectrum of use cases. We applaud CARB for acknowledging that shared, multi-fleet sites will need access controls, reservations, and flexible payment and contracting arrangements. The proposed language appropriately sets different access and payment requirements for shared, private, and public sites in recognition of the inherent differences in fleet needs and business models. The draft regulations contain language ensuring that **sites** are in fact shared and open to multiple fleets, while enabling individual **stalls** to be reserved in a way that works for fleet operators. Per our meeting on August 23, 2024, we appreciate CARB staff's clarification that the prohibition on reservations over 12 hours at shared HD-FCI sites is at the multi-fleet depot site level and does not preclude longer reservations (i.e., more than 12 hours) for individual charging stalls. The ability to provide longer-term reservations for individual charging stalls is important for meeting fleet needs, but does not detract from the fact that sites overall will continue to be "shared," serving multiple fleets in one location. We respectfully request written confirmation and clarification that the 12-hour restriction is at the site level in CARB's responses to comments.

If amendment language is needed, we recommend the following:

<u>Proposed Language</u>
Section 95486.4(b)(4)(D): ~~The FSEs at a~~ <u>A</u> shared HD-FCI charging site cannot be reserved for one HDV fleet for more than 12 hours each day. <u>Longer reservations for individual FSEs are permitted so long as the site is shared and open to multiple fleets</u>.

3. **2.5% Program Cap for HD-FCI**
As per our original comments, we continue to believe that the needs of the heavy duty sector would be better served by a 5% program cap for HD-FCI. It is our understanding that the cap on the HD-FCI program is based on estimated potential FCI credits specifically in the HD-FCI program and that the LMD program has a separate 5% cap. We appreciate the clarification from staff that it is in fact CARB's intent to have separate 2.5% program caps for HD-FCI and LMD-FCI. While this is the most natural read of the language, written confirmation and clarification would help clear up any uncertainty among stakeholders.

If amendment language is needed, we recommend ensuring throughout the regulatory text that the generic term “FCI” (absent a program-specific prefix such as “HD”) is only used in reference to the “legacy” light duty program currently in place. When discussing HD-FCI or LMD-FCI, the full acronyms (e.g., with “HD-” and “LMD-” modifiers) should be used to avoid confusion. We also recommend the following to align with language in similar sections for HRI and LMD-FCI:

Proposed Language
Section 95486.4(b)(3)(A)(2): If estimated potential HD-FCI credits from all approved HD-FCI FSEs exceed 2.5 percent of deficits in the most recent quarter for which data is available, the Executive Officer will not approve additional HD-FCI pathways for HD-FCI FSEs and will not accept additional HD-FCI applications until estimated potential HD-FCI credits for approved HD-FCI FSEs are less than 2.5 percent of deficits.

In a similar vein, as CARB considers the application review and verification processes, we recommend designing safeguards to ensure that stations approved for the heavy duty FCI program are in fact primarily serving heavy-duty vehicles while retaining flexibility for sites that are mixed-use.

4. **Charging Station Verification**
The proposed verification requirements would add cost and administrative burden for modest benefit. We support CalETC’s proposed modifications and rationale on charging station verification via desktop review by third party verifiers.

Program Stringency and Sustainability

We appreciate CARB’s proposal to modify the 2025 carbon intensity target from a 5% to a 9% step down to help rebalance the market, address the oversupply of credits, and make additional progress toward California’s climate and clean air goals. We also acknowledge that there has been significant stakeholder concern and debate over the sustainability of certain biofuel pathways as well as the carbon reductions attributed to those fuels. The proposed limit on credits for biomass-based diesel produced from virgin soybean and canola oil is a step in the right direction on this front, and we commend CARB for taking an initial step to address stakeholder concerns. However, the market response to the stringency and sustainability provisions to date has been muted. We support the proposed amendments overall and look forward to program implementation in early 2025, but we also encourage CARB staff and Board Members to continue refining the program as needed to better support the State’s mandates for a transition to zero emission transportation.

Conclusion

The parties represented in this infrastructure coalition are appreciative of the opportunity to submit comments on CARB’s proposed 15-day changes. We acknowledge that the development process for this critical regulation has taken quite a bit of time and collaboration with the industry to ensure the program is crafted in a way that it will be successful and we have greatly appreciated the opportunity to provide our feedback. TheLCFS remains a vital tool for advancing our transportation electrification goals and regulations - particularly given current budget shortfalls and electricity rate affordability concerns - and we appreciate the opportunity to work with staff on updates and clarifications to align the program with state priorities.

Sincerely,

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