

August 8, 2022

Chair Randolph and Members of the Board
California Air Resources Board
1001 I Street
Sacramento, CA 95814

Re: Public Workshop to Discuss Potential Changes to the Low Carbon Fuel Standard

California Air Resources Board Staff,

I. INTRODUCTION

Advanced Energy Economy (AEE) appreciates the opportunity to submit comments in response to the California Air Resources Board’s (CARB) July 7 workshop to discuss potential changes to the Low Carbon Fuel Standard (LCFS). AEE is a national business association representing over 100 companies across the advanced energy sector, including electric vehicle (EV) manufacturers, EV charging hardware and software providers, aggregators, and other companies engaged in supporting transportation electrification.

For more than a decade, the LCFS has played a critical role in driving transportation sector decarbonization by encouraging investment in low- and zero-carbon fuels – including electricity. Since the LCFS was amended in 2018, California’s zero-emission transportation ambitious have only continued to grow with the adoption of the Advanced Clean Trucks rule, pending Advanced Clean Cars II and Advanced Clean Fleet regulations, and other related policies. AEE broadly supports efforts to modify the current LCFS regulation to ensure it drives accelerated investment zero-emission technologies at the scale necessary to meet state climate and air quality goals. AEE makes the following recommendations and observations:

- **A more robust 2030 carbon intensity (CI) adjustment and post-2030 CI targets will encourage incremental investment in zero-carbon technologies that align with California policy goals; and**
- **The inclusion of new regulated fuels in the LCFS merits further exploration;**
- **The LCFS should be modified to accelerate investments in medium- and heavy-duty (MDHD) charging.**

II. COMMENTS

i. A more robust 2030 carbon intensity (CI) adjustment and post-2030 CI targets will encourage incremental investment in zero-carbon technologies that align with California policy goals

AEE strongly supports a more stringent 2030 CI adjustment, including the 30 percent CI reduction target presented at the July 7 workshop. The LCFS has successfully encouraged investment in low- and zero-carbon fuels, and as CARB noted during the July 7 workshop, obligated parties are generally over-complying with the regulation. These dynamics have resulted in a material, sustained decline in LCFS credit prices over the last nine months. AEE asserts that LCFS credit price stability and gradualism are foundational for overall success of the program and encouraging adoption of zero-emission vehicles – particularly among MDHD fleets. A more robust CI adjustment can reduce credit price volatility and provide industry stakeholders with greater regulatory certainty needed to invest in EVs and charging infrastructure.

AEE also supports the adoption of post-2030 CI reduction targets. As CARB notes in its workshop, these post-2030 targets must consider alignment with Executive Order N-79-20 as well as current and pending CARB regulations with post-2030 compliance obligations. CARB should preserve the flexibility to increase the stringency of any post-2030 CI reduction targets in a manner that responds to market conditions, and AEE looks forward to discussing this topic further in forthcoming CARB workshops.

ii. The inclusion of new regulated fuels in the LCFS merits further exploration

During the July 7 workshop, CARB contemplated the phase-out of certain LCFS credit generation opportunities for certain vehicle classes while considering the expansion of the LCFS regulation to new fuels and vehicle classes. AEE supports additional exploration on how the inclusion certain maritime and aviation fuels in the LCFS regulation would further support the adoption of zero-emission and carbon dioxide removal technologies.

iii. The LCFS should be modified to accelerate investments in medium- and heavy-duty (MDHD) charging

A robust LCFS is particularly important for the electrification of MDHD fleets, and AEE supports amendments to the regulation that accelerate fleets' transition to EVs. Specifically, AEE encourages CARB to expand the Direct Current Fast Charging Infrastructure (FCI) pathway to charging infrastructure for MDHD vehicles. Infrastructure deployment costs and low charger utilization present near-term challenges that must be overcome to enable EV fleet adoption –

particularly for regional and long-haul vehicle vocations that cannot rely exclusively on depot charging. Extending the FCI pathway to MDHD charging infrastructure will provide critical support for new innovative business models and services aimed at scaling EV charging infrastructure while the MDHD EV market continues to mature. At the same time, credit opportunities must be balanced to limit the risk of stranded assets; AEE looks forward to further exploration of FCI credit generation provisions for MDHD infrastructure.

With regard to charging infrastructure eligibility requirements, CARB should seek alignment with existing MDHD charging infrastructure incentive programs administered by the California Energy Commission (CEC) and investor-owned utilities to minimize LCFS FCI pathway enrollment friction and increase fleet participation in the LCFS – especially if many MDHD EV chargers participating in the LCFS are incentivized through these programs. Sites that enable both light-duty and MDHD charging should also be eligible for the MDHD FCI pathway; to the extent that these charging sites see higher utilization relative to sites that are exclusively for MDHD use, their FCI credit generation opportunities will, appropriately, be lower than dedicated MDHD charging sites. Given the nascency of public charging operations for MDHD EVs, AEE maintains that CARB should not unduly limit the possibility for multi-purpose charging sites to be eligible for MDHD FCI credits and we recommend that CARB establish a stakeholder process to define the site requirements for infrastructure that can meet the diverse needs of MDHD EVs – including the potential for discrete requirements that vary by vehicle class or vocation.

III. CONCLUSION

AEE thanks CARB for the opportunity to submit comments on the July 7 workshop and looks forward to continued engagement in efforts to align the LCFS with California’s long-term goals.

Respectfully submitted,

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