



November 7, 2024

California Air Resources Board
1001 I Street
Sacramento, CA 95814

Submitted electronically via: <https://ww2.arb.ca.gov/lispub/comm/bclist.php>

RE: Proposed Amendments to the Low Carbon Fuel Standard (LCFS) Program

The California Manufacturers & Technology Association (CMTA) respectfully submits the following comments on the California Air Resources Board's (CARB) Proposed Amendments to the Low Carbon Fuel Standard (LCFS). Specifically, CMTA is strongly opposed to the expanded provisions regarding third-party validation standards to verify electricity-based transactions.

CMTA represents many industry leaders who are aggressively advancing and transitioning their commercial fleets and other equipment to zero-emission technologies. These companies continue to demonstrate their respective commitments to meet California's climate goals and advance the utilization of innovative technologies. CMTA continues to advocate for reasonable and cost-effective regulation that provides enhanced flexibility for our membership to invest in innovative zero-emission technologies and further demonstrates our mutual commitment to environmental sustainability. As currently proposed, however, the regulation incorporates an expansive third-party verification requirement that fails to produce any enhanced accountability and will only further increase compliance costs for companies who are already aggressively transitioning to zero-emission.

The Proposed Amendments to the LCFS Program are perhaps one of the most complex rulemakings promulgated by CARB in the past several years. Driven by several factors, including the 2022 Scoping Plan Update, the passage of Assembly Bill 1279 (Muratsuchi, Chapter 337, Statutes of 2022), and Executive Order N.79.20, California will reshape the entirety of the state's transportation sector on a pathway to achieve carbon neutrality in 2045. The challenge of such sweeping changes is that specific provisions of the proposed rulemaking have not been afforded the same level of vetting. While CMTA is supportive of greater transparency and accountability, there must be a demonstrable level of benefit to support the added compliance costs of expanding third-party validations. Specifically, the modifications to §95500 will serve as a disincentive to companies looking to further incorporate zero-emission technologies for their respective operations.

CMTA members have expressed significant objections to the proposed modifications to third-party validations of electric-powered equipment. Our members have identified new estimated third-party verification costs ranging from hundreds of thousands of dollars to multiple millions based on the number of facilities or sites subject to verification. These costs vary based on whether verification can be accomplished via electronic or computer-based systems or whether these require in-person visits. These new and significant costs will discourage participation and slow the transition to zero-emission vehicles. CARB and the State of California should be

providing mechanisms that encourage the sustained deployment of these technologies, especially given the increasing costs of infrastructure and electricity rates. There are embedded costs beyond the purchase of a zero-emission vehicle or piece of equipment, and placing additional cost burdens on verification programs and expanding bureaucratic oversight will not result in a net positive for emission reductions in this state.

We urge CARB to reconsider the third-party verification requirements for both on-road and off-road electric equipment applications. The current proposal lacks any demonstrable benefit, drastically increases compliance costs, and will slow future growth and deployment of electrified technologies. It does so without further examination of other compliance tools that may reduce cost burdens and improve reporting efficiencies. A more balanced and flexible approach to verification is needed, as is an in-depth workshop with impacted stakeholders to better inform the direction of third-party verification requirements.

CMTA appreciates CARB's consideration of our comments, and we look forward to further discussions on this matter.

Respectfully,

A handwritten signature in black ink, appearing to read "Robert Spiegel", with a stylized, flowing script.

Robert Spiegel
Vice President, Government Relations
California Manufacturers & Technology Association (CMTA)