FIRSTELEMENT FUEL
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April 18, 2025

Ms. Rajinder Sahota
Deputy Executive Officer, Climate Change and Research
California Air Resources Board
1001 I Street, Sacramento
California 95814

Subject: LCFS Third15-day Notice Comments

Dear Ms. Sahota,

FirstElement Fuel (FEF) appreciates your and your staff's continued work in incorporating many of the comments from our industry, in particular, the increase of the heavy-duty Hydrogen Refueling Infrastructure (HD-HRI) derating factor from 50% to 62.5% to more accurately represent the credits for building large stations. We also appreciate removal of the 1.5 times cumulative capital expense cap, which was counterproductive to the intent of the capacity credit goals and building stations before vehicle deployment. There are two critical issues that remain, however, that will similarly derail our efforts to deploy stations. These two issues are prohibiting individual applicants from HRI if they exceed 1% of deficits and the derate applied to the light- and medium-duty HRI (LMD-HRI).

Penalizing Success

The current LD HRI program does not have an individual applicant prohibition. As we identified in our response to the first 15-day notice[1], limiting a single applicant to 1% of the deficit amount will keep us from deploying further stations, despite having California Energy Commission (CEC) and Alliance for Renewable Clean Hydrogen Energy Systems (ARCHES) grants for additional stations. With more and more companies exiting the hydrogen refueling market, we feel increasingly isolated with more responsibility to the automakers and existing drivers. As a first-mover, we have gained invaluable experience with our station equipment and operations, and our liquid stations now regularly exceed uptimes of over 92%. We are positioned to assist California meet it's zero-emissions and low carbon transportation goals but will be prohibited from doing so. This is especially critical as medium-duty trucks enter the market. We urge the removal of this 1% of the deficit limitation for both the LMD and HD HRI programs or at least waive this requirement for CEC or ARCHES funded stations.

Light- and Medium-Duty Derate

The revised language includes an increase of the HD-HRI derate from 50% to 62.5%, based on industry requests. This is a welcome change, however, the same derate is now applied to LMD HRI with a maximum station capacity remaining at 1,200 kg/d. This makes the available LMD-HRI credit only 750 kg/d, which encourages smaller not larger stations. As

[1] https://www.arb.ca.gov/lists/com-attach/7400-lcfs2024-VjBQMwNkVVkFMlRh.pdf

we had pointed out in our first 15-day comment letter[2], these neighborhood stations need to be larger to accommodate fuel cell pickup and work trucks being deployed by the end of the decade by the automakers. CARB staff had changed the maximum crediting for LMD-HRI to 1,200 kg/d in the 2nd 15-day notice. It is unclear why you have now gone back to a lower crediting amount unless there was an inadvertent omission of changing the maximum station capacity to 2,000 kg/d as was in the first 15-day notice. We urge CARB to remove the derate for LMD-HRI or make the maximum capacity 2,000 kg/d to incentivize larger stations.

We appreciate CARB staff's work on enabling zero-emissions transportation technologies, and our company was built to enable these same goals through infrastructure. However, constraining successful applicants within the HRI program and shrinking the LMD stations will not achieve the desired outcome of more ZE transportation and will actually have the opposite effect. We look forward to working with staff to implement these critical changes.

Respectfully,

Matt Miyasato, Ph.D.
Chief Public Policy & Programs Officer

[2] ibid