ALLIANCE FOR AUTOMOTIVE INNOVATION

April 21, 2025

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

Subject: Low Carbon Fuel Standard – Third 15-Day Notice Comments

The Alliance for Automotive Innovation (Auto Innovators)[1] and our members appreciate the opportunity to comment on the third proposed 15-Day changes to the Low Carbon Fuel Standard (LCFS).[2] We oppose the changes related to light-duty (LD) vehicles and continue to recommend using funding generated by LD electric vehicles (EVs) to promote and expand the LD EV market to all California communities, rather than using that funding for unrelated medium- and heavy-duty (MD and HD) and motorcycle EV projects.

In 2024, EV sales represented 26% of light-duty vehicles sales in California.[3] Far more EVs must be sold in the next few years to meet the growing EV regulatory requirements of 43% in 2027, 51% in 2028, or 68% in 2030. Reaching these levels requires sales far beyond the affluent single-family homeowners that currently purchase most EVs. The substantial resources associated with the LCFS program should promote EVs and expand the EV market to all communities. However, this is not the case with the proposed changes that use LCFS proceeds from LD EVs to fund MD, HD, and motorcycle EV projects.

We have continued to support regulatory provisions that allow up to 45 percent of the base credits generated by LD EV residential charging to the automakers (aka, "OEMs") producing

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[1] Auto Innovators represents the full auto industry, including the manufacturers producing most vehicles sold in the U.S., equipment suppliers, battery producers, semiconductor makers, technology companies, and autonomous vehicle developers. Our mission is to work with policymakers to realize a cleaner, safer, and smarter transportation future and to maintain U.S. competitiveness in cutting-edge automotive technology. Representing approximately 5 percent of the country's GDP, responsible for supporting nearly 10 million jobs, and driving $1 trillion in annual economic activity, the automotive industry is the nation's largest manufacturing sector. (www.autosinnovate.org)

[2] California Air Resources Board. (2024). *Third 15-day notice of public availability of modified text and availability of additional documents and information: Proposed amendments to the Low Carbon Fuel Standard regulation.* https://ww2.arb.ca.gov/sites/default/files/barcu/regact/2024/lcfs2024/3rd_15day_notice.pdf

[3] https://www.autosinnovate.org/posts/papers-reports/Get%20Connected%20EV%20Quarterly%20Report%202024%20Q4.pdf

those vehicles, since OEMs are in the best position to promote EV sales. Unfortunately, the latest 15-Day Notice has removed any opportunity for revenue generated by LD EVs to be used to promote the LD EV market. We oppose this change. Instead, to address the concern raised by the Office of Administrative Law (OAL) in its Decision of Disapproval,[4] we recommend modifying subsection (c)(1)(B) of section 95483 to read:

> *Base Credits to OEMs.* The Executive Officer ~~may~~ shall direct ~~up to~~ 45% of base credits to eligible OEMs of light-duty battery- electric or plug-in hybrid electric vehicles, if the statewide share of all new zero emission vehicle sales for model year 2024 zero emission vehicles certified under California Code of Regulations, title 13, section 1962.2 is less than 30 percent of total light-duty vehicle sales for all OEMs in California, based on data reported pursuant to that regulation. If the Executive Officer directs base credits to eligible OEMs, the requirements of section 95483(c)(1)(A)2. do not apply. The OEM is the credit generator for base credits for the portion of residential EV charging assigned to that OEM by the Executive Officer pursuant to 95486.1(c)(1)(A)1. The OEM must meet the requirements set forth in paragraphs (D)1. through 3. of this subsection 95483(c)(1) below, and 95491(e)(5).

Even with limited incremental LCFS credits, automakers have proven that the revenue generated is invested to advance electrification in California. Below is a sampling of projects that vehicle manufacturers have already invested in with LCFS funds.

- Installing DCFC stations in Baldwin Park and Sacramento.
- Subsidizing zero-emission car sharing fees for college students at California State University – Dominguez Hills.
- Returning proceeds directly to EV customers in the form of a digital Amazon gift card. At the peak of this program, nearly 4,000 customers were enrolled and received gift cards.
- Funding broader business initiatives like SmartCharge (a home charging demand response program for nearly 4,500 customers) and advancing technologies to help reach sustainability goals.
- Expanding the telematics capabilities of EVs to continue to evolve and innovate new energy management and charging solutions for our drivers.

[4] California Office of Administrative Law. (2025, February 3). Notice of disapproval of regulatory action: OAL Matter No. 2025-0103-01S. https://oal.ca.gov/wp-content/uploads/sites/166/2025/02/LINDSEY-2025-0103-01S.pdf

Additionally, below are some examples of how vehicle manufacturers could use base credits to support electrification:

- Support mobility hub initiative at California State University – Dominguez Hills as part of LA28 Olympics.
- Support funding of hydrogen-based community car sharing initiatives in Central / Southern California.

Instead of eliminating the opportunity for OEMs to generate base credits, Auto Innovators would like to work with CARB to develop metrics, tied to the Advanced Clean Cars II ZEV mandate, that would have provided clear reasoning for directing base credits to OEMs. For example, if ZEV sales are less than 75 percent of meeting the ZEV mandate, OEMs could receive 45 percent of the base credits. The percentage of base credits to OEMs would go down as ZEV sales moved closer to the ZEV mandate.

We appreciate the opportunity to provide the above feedback. Please don't hesitate to contact me if you have any questions or need additional information.

Sincerely,

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