California Hydrogen Coalition

April 21, 2025

Dr. Steve Cliff
Executive Officer
California Air Resources Board
1001 I Street
Sacramento, CA 95864

Re: Third 15-day Changes to the Proposed Low Carbon Fuel Standard Regulation

Dear Dr. Cliff:

On behalf of the California Hydrogen Coalition (CHC), we respectfully submit these comments on the California Air Resources Board's (CARB) Third 15-Day Modifications to the proposed Low Carbon Fuel Standard (LCFS) amendments. We thank CARB staff for continuing to engage with stakeholders and for incorporating several critical changes that reflect the economic realities and policy imperatives of expanding hydrogen fueling infrastructure to meet California's climate and air quality goals.

We appreciate and support several revisions made in this 15-day package and applaud CARB for these changes. There are, however, outstanding concerns that, if left unresolved, will fundamentally hinder investment in hydrogen refueling infrastructure and slow the deployment of fuel cell electric vehicles (FCEVs) across both light-, medium-, and heavy-duty segments.

§ 95486.3(a)(4)(H) and § 95486.4(a)(4)(I) – Removal of 1.5x CAPEX Recovery Limit for Both HRI Pathways

We strongly support CARB's decision to eliminate the cap on credit generation at 1.5 times capital expenditure (CAPEX) for both light- and medium-duty (LMD) and heavy-duty (HD) hydrogen refueling infrastructure (HRI) pathways.

This restores the self-regulating nature of the HRI program, providing much-needed investment certainty for stations that must be operational ahead of vehicle demand.

Increased Capacity Factor for HD HRI and Clarification of the HyCap Model

We appreciate CARB's upward revision of the HD HRI capacity factor to 62.5%, a reasonable improvement from the prior 50%, and the continued commitment to refining and implementing the HyCap model developed by NREL.

HD hydrogen refueling stations are significant investments and aligning commercial fleets with take-or-pay agreements to ensure a return on capital at this point in the market cycle is exceptionally challenging. The 3rd 15-day changes provide the right policy signal to station developers (certainty of credits generated under potentially adverse market conditions) and helps solve the chicken-and-egg scenario HRI is designed to avert.

§ 95486.3 – LMD Capacity Factor Changes

This change reduces the maximum LMD HRI crediting from 1,200 kg/day to 750 kg/day under the 62.5% de-rate. It is unclear to CHC if this was an unintended change and would oppose the proposed edits to the capacity factor of LMD station capacity credits. Politics and uncertainty have stalled capital markets on decarbonization activities and regulatory changes like the derate to the LMD HRI credits will add additional headwinds to California's zero-emission vehicle goals.

CHC has been consistent in our request to maintain the existing 1,200 kg/day capacity in the LMD credit and worked with CARB to fix this when a 50% capacity factor was introduced in the 45-day draft. *"MD vehicles typically require larger stations, and their integration with LD fleets, as opposed to heavy-duty (HD), underscores the importance of incentivizing larger stations. Larger stations, proven to be more reliable, better align with California's policy goals and the current market dynamics.[1]"* We worked diligently with staff to fix this issue, and the 2nd 15-day changes provided the appropriate policy and market signal. It is unclear why this changed again.

The 3rd 15-day notice change to the LMD capacity factor discourages the construction of larger and more reliable stations at a time when auto manufacturers are planning to bring medium-duty fuel cell electric vehicles to market, which will require higher throughput infrastructure. Applying the same de-rate across both LMD and HD stations ignores the capital and operational differences and undermines investment in the only hydrogen infrastructure built without state grants. CARB should seek to incentivize larger stations that accelerate vehicle uptake pursuant California's goals and drive cost reductions. The LMD HRI pathway as proposed will not support California's ambitious goals or the vehicle types that these stations need to serve.

Conclusion

The LCFS has long served as a cornerstone of California's decarbonization strategy. With thoughtful revisions, it can continue to support private investment in zero-emission infrastructure. We urge the Executive Officer to finalize the LCFS by:

- Eliminating the LMD HRI de-rate
- Retaining the elimination of the 1.5x CAPEX cap for both HRI pathways
- Finalizing the HD HRI as proposed in the 3rd 15-day notice

We look forward to continuing our work with CARB to ensure the LCFS supports the buildout of the hydrogen economy and the success of fuel cell electric transportation across California.

Thank you,

/s/

Teresa Cooke
Executive Director
California Hydrogen Coalition

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[1] CHC, CHBC, and GHC 45-day Comments