PineSpire

November 4, 2020

California Air Resources Board
Transportation Fuels Branch

Re: Comments on Low Carbon Fuel Standard: Potential Regulation Amendments, Public Workshop 10/14/2020

Dear Air Resources Board:

We appreciated CARB's workshop and public outreach on proposed regulation amendments. PineSpire is providing the following feedback from our perspective of working in small-scale agricultural operations and small municipalities in California. For background, PineSpire was founded in 2020 to enable more diverse businesses and operations to participate in the LCFS market. We have seen the financial benefits of LCFS credits have a real impact on our partners' decisions to electrify fleets.

Electricity Credit Proceeds Spending Requirements

PineSpire supports CARB's intent to provide clarifications of 'eligible costs'. The current lack of clarity is an issue that can keep electric equipment owners from enrolling due to concern around compliance. For example, it would be helpful for the regulation to be explicit on costs of electricity bills and the cost of acquiring Renewable Energy Credits for generation of incremental credits eligibility for demonstrating compliance.
At the same time, we urge CARB to be cognizant of the administrative burden of compliance. For example, participants that are providing Proof of Ownership or Proof of Lease with their equipment registration should not need to submit additional reporting as it would be redundant the information already provided to CARB. As with many regulations, it is the smaller businesses and participants that would be most burdened by extensive reporting requirements.

Electricity Dispensed for Electric Forklift Fueling

PineSpire finds that this proposal could deter end-users from adopting electric forklifts due to the additional cost and complexity of metering. In our experience with agricultural processors and packers, their facilities are operating at a frenetic pace, 24/7 during the harvest and packing season; any additional complexity to operating their critical forklifts is a non-starter. The cost of installing and maintaining metering in areas that have limited (or no) connectivity and could need maintenance during facility operations, is a non-starter for many potential participants.

If CARB does move forward with the proposed regulatory change in forklift fueling measurement, PineSpire suggests considering a minimum fleet size threshold to avoid overly burdening smaller operations, and to provide clarification on the method of metering (e.g. allowing on-vehicle telematics).

Clarifications for Uses of On-Vehicle Telematics

Allowing other equipment to use on-vehicle telematics is consistent with existing LCFS regulations and removes redundant and costly metering requirements. While not all vehicles will have telematics, this option is important as future electric vehicles become 'smarter' and increasingly incorporate telematics capability.

Additionally, CARB grant-funded initiatives to promote EV adoption (such as the Clean Off-Road Equipment Voucher Incentive Project) already rely on vehicle telematics for data reporting to comply with the grant requirements. It is common sense to use the same CARB-approved telematics to complete LCFS reporting.

First Fuel Reporting Entity for eOGV, eCHE, eTRU and eForklifts

PineSpire strongly supports this proposal and ensuring it is consistent with the new eTRU regulations in development with CARB. The proposed regulatory clarity will improve the current lack of certainty of roles and responsibilities for eTRU charging. Many of our agricultural customers who operate loading and cold storage facilities will be significantly impacted by complying with the new eTRU regulations. The facilities facing the financial costs of installing charging infrastructure should have priority for monetizing the LCFS value. Additionally, they are in the best position to manage and report their charging compared to individual eTRU owners.

Other eligible equipment, such as eForklifts, will also benefit from the proposed clarity as it will put the actual electric vehicle adopter in control of choosing how to register their equipment and ensure they are receiving benefits rather than component manufacturers or other service providers claiming the credits as a default. One important clarification that PineSpire suggests including is to allow for entities *leasing* equipment to be the first fuel reporting entity to ensure they receive the financial benefit from the LCFS Credit.

Third-Party Verification of Electricity Transactions

Ensuring the integrity of reporting and the market is important, and PineSpire supports CARBs intentions to do so with further verification. However, we also strongly support consideration of a verification exemption for smaller electricity credit generators to avoid overly burdening smaller operations and disincentivize broad participation. Some entities are only receiving a small financial gain from participating, and additional compliance time or staff resources to engage with a verifier may deter them from enrolling and adopting low-carbon vehicles. Additionally, we suggest that the cost of verification, when required, should be excluded from the administrative cost calculation, as the cost is not within the control of the credit generator required to hire a verifier.

Thank you for your consideration

PineSpire appreciates CARBS inclusive efforts to continually improve regulations and adapt to new technologies and market participants. We see the LCFS market is playing a large role in electric vehicle adoption and carbon emission decrease, even in non-traditional markets such as rural and agricultural areas. We look forward to continued engagement and refinement of proposed amendments.

Thank you for consideration of our comments.

Patrick Dawson and Ryan Huggins
Managing Partners
PineSpire, LLC