May 6, 2024

Ms. Liane M. Randolph
California Air Resources Board
1001 I Street
Sacramento, CA 95814

RE: California Air Resources Board's Potential Changes to the Low Carbon Fuel Standard

Dear Chair Randolph,

Iwatani Corporation of America (ICA) would like to thank the California Air Resources Board (CARB) for the opportunity to comment on the potential changes to the Low Carbon Fuel Standard (LCFS) program. ICA owns and operates several hydrogen refueling stations across California and is rapidly expanding to serve the fast-growing hydrogen market in California and the U.S. Although the plans are not public yet, we are working on some very large heavy-duty projects that are expected to be shared in the near future. Since 1941, Iwatani has regarded hydrogen as the ultimate clean energy source and have consistently engaged in initiatives to encourage its widespread use. ICA is committed to support the zero emissions vehicle (ZEV) market by expanding the fueling infrastructure and supplying hydrogen to both light-duty and heavy-duty vehicles. Under the corporate slogan "A world where all enjoy true comfort – this is Iwatani's desire," we strive to solve environmental concerns with the aim of achieving a carbon free society through the use of hydrogen.

Iwatani has submitted multiple comment letters asking CARB to increase the stringency of the CI reduction targets through 2030 which will balance the demand and supply of LCFS credits in the market and increase the LCFS credit price. We want to reiterate that the revenue from the LCFS credits plays a critical role in economic feasibility of operating ZEV infrastructure and with the current LCFS credit price, it is very challenging to make an investment case for building and operating a hydrogen station for both light-duty and heavy-duty vehicles. Developing and expanding ZEV infrastructure requires time and we strongly believe that the investment in ZEV infrastructure should happen now to make sure we achieve the ZEV mandate goals. Hence, strengthening carbon intensity targets and providing long-term price signals from CARB will create stability in the LCFS credit market and bring more investment into ZEV infrastructure expansion. ICA believes that the proposed CI reduction target (i.e., 30%) will not be enough to restore and stabilize the LCFS credit price and appreciates the opportunity to revisit the CI reduction targets to ensure the proposed amendments by CARB staff will actually make the change and restores the LCFS credit price. Based on our internal modeling as well as ICF's study[1] the CI reduction target of 30% by 2030 will result in significant oversupply of LCFS credits and overflowed credit bank which will eventually result in fairly unstable and low credit prices. Therefore, ICA urges CARB to consider a greater CI reduction target, at least 40% by 2030, implements a higher CI step down (9%), and enable auto acceleration mechanism (AAM) to restore and stabilize the LCFS credit price faster and jumpstart the investment in production of clean fuels and expansion of ZEV infrastructure.

Sincerely,

Hossein Tabatabaie
Director of Product Management

[1] ICF (2023). Analyzing Future Low Carbon Fuel Targets in California. https://ww2.arb.ca.gov/form/public-comments/submissions/4306 [accessed 4.29.2024]