PINESPIRE™

May 9, 2024

California Air Resources Board
Low Carbon Fuel Standard Program

Re: Comments on Proposed Amendments to LCFS Regulation

PineSpire appreciates the opportunity to provide the following comments on the proposed amendments to the LCFS Program and informaiton provided in the April 10, 2024 workshop.

Strengthen Carbon Intensity (CI) Targets and Auto-Acceleration Mechanism (AAM)

PineSpire appreciates the additional modeling and evaluations provided. In regards to the feedback requested on short-term vs. Long-term market conditions, we would like to emphasize the importance of nearer-term viability. Unless credit prices recover (through aggressive changes to the CI) and market stabilization can be improved (through the AAM process), it will decrease participation, investment, and additional innovations in low carbon solutions, making the long-term conditions moot for most parties that would otherwise participate. The existing credit bank is very robust and CARB will continue to have opportunities to fine tune the implementation to address long-term conditions. PineSpire strongly supports all of the measures to strengthen the program including more aggressive proposed targets and beginning the AAM immediately.

Creating a Phase-Out process in the Rule rather than adjusting Energy Economy ratio

CARB's proposal to modify the EER of forklifts is not consistent with the definition and purpose of an EER. While the SRIA points to some review of the original analysis, the discussion and methodology in the EER adjustment are not based on the technical parameters of the EER study (see previous comments from PineSpire including on the shortcomings of the explanation provided in the SRIA). It is recommended that rather than adjusting the Energy Economy Ratio, CARB take this opportunity to create a process in the Rule for determining when market saturation of a technology or fuel source has reached a point where it no longer qualifies for full participation in the LCFS program. Applying the reduction to reduce the EER for forklifts, but not to throttle participation by Renewable Diesel, for example, creates a confusing precedent and contributes to market uncertainty as well as undermining the State's push for vehicle electrification.

Phase In of e-Forklift Metering Requirements

We support the move to metering of forklifts; however, we urge CARB to consider the many complications of developing and deploying devices that can accomplish this and to allow a gradual timeline to transition from estimation method to metering, as Washington and Oregon have done.

e-Forklift Credit Generation issues

The proposal to shift credit generation from forklift owner to operator would not resolve the issues that currently create complex registrations but could have the opposite effect of increasing confusion and re-registrations. Further work is needed to find a solution that supports accuracy as well as aligning the incentives with the entity making the investment in the hardware.

Thank you for your consideration of our comments.
Sincerely

Ryan Huggins, Partner
PINESPIRE