May 9, 2024

Rajinder Sahota
California Air Resources Board (CARB)
1001 I Street
Sacramento, California 95814

RE: Electrify America comments on California Low Carbon Fuel Standard (LCFS) Workshop

Dear Ms. Sahota:

Electrify America appreciates the opportunity to comment on the April 10, 2024, California LCFS Workshop. Electrify America is the nation's largest open network of DC fast chargers for electric vehicles (EVs), with over 3,900 ultra-fast chargers across 898 locations around the country, and over 1,100 chargers across more than 250 locations open to the public in California.

A strong LCFS is needed to support the electric vehicle market in California

The electric vehicle sector is at a critical time in California. The market for new electric vehicles was highly successful in 2023, with approximately one quarter of new vehicles deployed in the state being electric. The result has been a surge in demand for public charging that necessitates a rapid expansion of charging infrastructure. In November 2023, Electrify America reported to CARB that dozens of stations in the state are experiencing above 40% utilization, with multiple sites exceeding 50% utilization for the quarter. At 50% utilization, all charging ports at a station are in use, on average, more than 12 hours per day, or essentially during all daylight hours. Now, more than ever, it is critical that California support the installation of additional charging ports to meet the rising customer demand for clean vehicles.

The LCFS has historically been one of the State's most powerful tools for supporting clean transportation in California, including electric vehicles and charging infrastructure. As a leading charging infrastructure developer, Electrify America can attest that every dollar generated from LCFS credits goes directly back into operations and efforts to expand access to affordable, reliable EV charging. As highlighted in the workshop slides and the SRIA, the LCFS is poised to add nearly $100 billion in value to the EV ecosystem over the next two decades.[1,2]

However, at a time when charging infrastructure and the EV market more broadly needs to expand rapidly to achieve California's clean air, climate change, and transportation

[1] Staff presentation, slide 9.
[2] SRIA, Table 24.

electrification goals, LCFS credits have rapidly declined in value, with credit generation substantially exceeding deficits over the past several years, leading to a reduction in credit prices. Specifically, after many years of relative stability, the excess of banked credits began increasing rapidly around Q3 2021 and continues to accumulate. As of May 2024, spot prices for LCFS credits descended to historic lows in the $51/MT range, their lowest levels in nearly a decade.

An increase in the step-down of at least 9% is needed

The most important thing CARB can do to stabilize the program is to quickly amend the LCFS to appropriately strengthen targets, reverse the trend of accumulating excess credits, and return the program to a state where it continues to drive investments in a broad array of low carbon fuels and infrastructure, including EV charging. Electrify America has supported the findings of the ICF analysis and in previous comments, urged CARB to propose 15-day changes to the regulation that would increase the step-down to 20-25%, and have it take effect as soon as the regulation does in 2024.

We appreciate CARB re-evaluating the magnitude of the step down in this workshop. Given the market response to the April Workshop (prices have not rebounded), the increasing likelihood that amendments do not take effect before 2025, and the fact that even a 9% step down would not clear the credit bank over the duration of the regulation,[3] we believe a step down at the higher end of this range – at least 9% – is needed. We hope CARB will further evaluate the step down and even consider an 11% reduction, which would take the program to approximately 25% stringency in 2025.

A re-evaluation of 2030 targets should coincide with consideration of an increased step-down

Electrify America has participated in the coalition group working with ICF to analyze market appetite for low carbon fuels and associated appropriate targets for the LCFS. We support the overarching finding of the analysis, that a 2030 target of greater than 40% is appropriate and can be readily supported by the market. A target of at least 40% by 2030 is likely necessary to align with California's climate change goals and Scoping Plan outcomes, as well, which calls for a 40-48% reduction in greenhouse gas emissions by 2030. Given the fact that transportation fuel pathways account for about half of California's greenhouse gas emissions, LCFS targets that align with statewide greenhouse gas reductions are reasonable.

If nothing else, we suggest maintaining the current annual reductions from 2025-2030 envisioned in the proposed amendments (that is, 2.25 percentage points per year), *in addition* to an increased step down in 2025. With a 9-11% step down taking 2025 stringency to 22.75-24.75%, this would translate to a 2030 target of 34-36%. As indicated by the ICF analysis, this target is readily achievable, and we believe it is necessary – coupled with a stronger step-down

[3] According to the staff presentation, slide 47, a 9% step-down would draw the bank down by 27 million credits from 2024-2046. This is likely less than the credit bank that will exist by the end of 2024.

and more responsive auto acceleration mechanism – to maintain a healthy LCFS market to support the state's transportation electrification goals.

The auto acceleration mechanism (AAM) is an important element of a strengthened LCFS, and should be made more responsive to market conditions

We agree with the sentiment expressed at the workshop that CARB should aim to get the targets correct in their own right, rather than relying on the AAM to "find" the right target. As described above and in previous comment letters, we firmly believe getting the targets right requires an approximately 9-11% step down in 2025 and 2030 targets on the order of 35-40%. The AAM should serve as an *additional* element to support the program, should innovation or other market developments that cannot be currently forecast lead to greater credit generation than anticipated.

We appreciate the workshop (slide 49) requesting additional feedback on potential changes to the trigger mechanism for the AAM. Per our previous comments, we encourage 15-day changes that would modify the AAM so that it:

- Would be triggered when banked credits exceed 2-2.5 times quarterly deficits.
- Can apply to calendar year 2025 data, potentially be triggered in 2026, and the compliance schedule can be potentially pulled forward starting in 2027.
- Can be triggered in consecutive years if market conditions warrant.

These changes would allow the AAM to be more responsive to market conditions that warrant ratcheting program stringency, without creating undo risk for the program.

Comments on additional elements to support transportation electrification

Finally, we reiterate our previous comments on other aspects of the Proposed Amendments:

- We support the proposed capacity crediting provisions for zero emission vehicle infrastructure, including shifting FCI crediting proposals to medium and heavy-duty vehicles (MHD-FCI) and targeted deployments for light-duty vehicles (LD-FCI).
- We support amendments to clarify that the owner of EVSE at multi-unit dwellings that is not serving a dedicated or reserved parking space is eligible to generate credits.

Thank you again for the opportunity to comment on the April 10 workshop, and for considering revisiting the step down. We hope CARB will also revisit the 2030 target and AAM triggers, in order to ensure a strengthened program that supports the state's climate change and clean transportation goals in the near-term, and beyond.

We appreciate CARB's efforts to support the transition to EVs in California and look forward to continuing to work with CARB through the LCFS amendment process and in other forums to advance the State's transportation electrification and climate change goals. Please do not hesitate to reach out with any questions.

Sincerely,

/s/

Rhiannon Davis
Director of Government Affairs
Electrify America, LLC