Clean Transportation Technologies and Solutions

www.calstart.org

May 10, 2024

California Air Resources Board
1001 I Street
Sacramento, CA 95814

SUBJECT: Low Carbon Fuel Standard Public Workshop, April 10, 2024

Dear CARB staff and Honorable Board Members,

CALSTART appreciates CARB staff's willingness and openness to continue a productive stakeholder engagement process as it relates to the proposed amendments to the Low Carbon Fuel Standard (LCFS). Since its initial implementation in 2011, the LCFS program has decreased carbon in the state's fuel pool, played a significant role in accelerating the use of alternative fuels, and has spurred ZEV infrastructure deployment. The LCFS program is critical to the State's overall air quality, climate, and electrification strategy, as reflected by CARB's 2022 Scoping Plan, which lays out the path for attaining the State's carbon neutrality goals, and explicitly relies on the LCFS program to support electrification.

Comments on April 10 Workshop and Proposed Amendments to the Low Carbon Fuel Standard

CALSTART strongly supports the LCFS program and the proposed amendments, which will expand the benefits of the program to better support medium- and heavy-duty zero-emission vehicles and infrastructure.

CALSTART appreciates the direction CARB staff is headed based on the April 10th workshop, where staff presented on alternative scenarios that contemplate the benefits of an increased Carbon Intensity (CI) stepdown from the initially proposed 5% to 9%. Increasing the stringency of the program translates into millions of additional tons of greenhouse gas emission reductions and strengthen the market in the process.

While we are glad to see this step in the right direction, we also want to take this opportunity to reiterate some of our initial recommendations, and focus in on issues raised by stakeholders at the workshop relating to the Fast Charging Infrastructure (FCI) provisions.

As we noted in our 45-Day comments, CALSTART is appreciative of the proposal to expand FCI infrastructure crediting provisions to the medium- and heavy-duty sector, however, there are areas where CALSTART believes the regulation needs additional modification to address grid constraints and best support infrastructure buildout consistent with the State's overarching climate strategy.

Since the release of the initial regulatory proposal, the Joint Office of Energy and Transportation released the National Zero-Emission Freight Corridor Strategy[1], which lays out a plan to prioritize and sequence the deployment of zero-emission medium- and heavy-duty infrastructure in and around key freight hubs and along freight corridors. The

[1] Joint Office of Energy and Transportation, "National Freight Corridor Strategy." National Zero-Emission Freight Corridor Strategy (driveelectric.gov)

strategy recognizes the need to build out infrastructure near highways, but also the need to buildout infrastructure in key freight hubs. Additionally, RMI recently released an analysis[2] on drayage truck charging needs, which recommended the strategic dispersal of charging locations further away from ports in order to alleviate port congestion and manage grid constraints as energization costs and timelines remain a barrier for rapid infrastructure buildout. RMI argues, "If stakeholders continue to prioritize installing chargers in these [high concentration] areas, power demand will put considerable pressure on local grids, which will likely not be able to reliably support trucks' growing charging needs, creating grid bottlenecks… Stakeholders can help relieve the strain on the grid by distributing chargers over a larger area and further away from ports, in places where there is already trucking activity."

The current LCFS proposal constrains FCI eligibility to projects, "within one mile of a readying or pending electric vehicle Federal Highway Administration Alternative Fuel Corridor or on or adjacent to a property used for medium or heavy-duty vehicle overnight parking, or has received capital funding from a State or Federal competitive grant program that includes location evaluation as criteria." This restriction is unnecessary as market forces will ensure investors make strategic choices that encourage utilization, and this restriction limits infrastructure providers' flexibility to align with the National Freight Corridor Strategy and is inconsistent with RMI's recommendations. CALSTART strongly recommends removing the geographic limitations as we believe this flexibility is needed to deploy charging infrastructure at the pace and scale needed to achieve the State's air quality and climate goals.

The proposed regulation also imposes a 10 Fuel Supply Equipment (FSE) per-site cap. This provision limits infrastructure providers' ability to cost-effectively deploy infrastructure charging hubs consistent with the national strategy. In response to California's policies to transform the transportation sector via the Scoping Plan and regulations such as Advanced Clean Trucks and Advanced Clean Fleets, the State has seen a growth in the charging-as-a-service (CaaS) business model. These businesses will play a critical role in the transition of the transportation sector and provide important equity benefits by serving smaller sized fleets that may not have their own on-site charging or are unable to install charging due to limitations outside of their control (i.e. They rent their depot/parking space, and the property owner does not wish to invest in the needed infrastructure). Placing a 10 FSE limit on eligibility impacts their business case which requires scale and diversity of chargers. CALSTART recommends that this limitation be eliminated. The power of the FCI provisions in the proposal is to harness and incentivize innovation, creativity, and investment that support a rapid ramp-up in medium and heavy-duty electric vehicles. The artificial constraint for 10 FSEs per site is at odds with the objectives of the Scoping Plan, Advanced Clean Trucks and Advanced Clean Fleets Regulations and should be removed or significantly increased.

Conclusion

The LCFS program continues to be one of the best drivers to incentivize and promote investments in zero-emission infrastructure. It is a necessary program to ensure the reduction of carbon intensity in the transportation sector while accelerating the adoption of ZEVs. We appreciate all of CARB staff's work on this regulation to date, and hope to

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[2] RMI, "The Case for Placing Drayage Truck Chargers Away from Ports." The Case for Placing Drayage Truck Chargers Away from Ports - RMI

see modifications in the rulemaking as laid out in our comments above, which reflect the needs of the unique CaaS business model and take into consideration grid constraints.

Thank you for your time and consideration. Please feel free to reach out if there are any comments or questions.

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