

May 10, 2024

Ms. Rajinder Sahota
Deputy Executive Officer, Climate Change and Research
California Air Resources Board
1001 I Street
Sacramento, CA 95864

Re: Comments on LCFS April 10, 2024, Workshop

Japan Hydrogen Forum (JH2F) is an organization formed in 2021 to contribute to the goal of decarbonization in the United States, consisting of 32 Japan-affiliated companies with hydrogen related technologies from production, carrier conversion, transportation, storage to utilization, including hydrogen fuel cell providers for heavy-duty (HD) truck and cargo handling equipment OEMs and retail hydrogen refueling station (HRS) providers in California.

JH2F is pleased to submit the following comments for consideration in response to the workshop held on April 10, 2024 (Workshop) on the Low Carbon Fuel Standard (LCFS). While acknowledging the continued improvements to the program, we would propose some critical refinements to ensure the success of hydrogen, and its necessary role in meeting California's 2045 carbon neutrality goal.

Increasing CI Targets and Market Stability

We support staff's recommendations to enact a higher Carbon Intensity (CI) step-down (at least 9% in 2025) and allow the Automatic Accelerator Mechanism (AAM) to trigger as early as possible (i.e., using the 2025 data after step-down implementation), and at a lower trigger level.

We are concerned that the historically low credit prices will continue through 2025, which has a chilling effect on providers' financing further hydrogen refueling stations and is increasingly discouraging FCEV OEMs from committing capital to Hydrogen fuel cell light-duty (LD) and HD vehicles. Unlimited biodiesel and renewable diesel supply has been one of the leading causes of the LCFS credit market's inability to effectively support other pathways. We therefore urge starting with tighter targets and policies that can result in the immediate recovery of credit prices.

Infrastructure Crediting

LD HRI program

We believe the light-duty (LD) hydrogen refueling infrastructure (HRI) program was working well before credit prices precipitously dropped in 2023. We urge you to maintain the program at the current 1,200 kg/day capacity cap and 15-year crediting, with no geographic requirements. The proposed restrictions will surely limit the number of hydrogen stations deployed and is the exact opposite of what is needed for the fuel cell vehicle market.

HD HRI program

We appreciate staff working with the hydrogen station developers to craft the program for heavy-duty (HD) HRI. However, we recommend allowing 15-year crediting and eliminating the geographic restrictions to attract the needed investment for stations.

80% Renewables by 2030

We agree that renewable hydrogen production is the ultimate pathway for transportation, however, the imposition of an 80% renewable content requirement exclusively for HRI may be premature and overly restrictive, particularly in comparison to Fast-Charging Infrastructure (FCI). We suggest staff to maintain the 40% renewable requirement for hydrogen and conduct annual reviews to determine if increased renewable content is warranted.

We appreciate your consideration and thoughtful feedback to address our concerns. We look forward to contributing to California's goal of zero-emissions transportation.

Sincerely,



Takehito Yokoo
Chairperson,
Japan Hydrogen Forum