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GlobalAutomakers

July 5, 2018

Clerk of the Board
Air Resources Board
1001 I Street
Sacramento, CA 95814

SUBJ: Low Carbon Fuel Standard – 15-Day Notice Proposed Amendments

The Alliance of Automobile Manufacturers[1] (Alliance) and Association of Global Automakers, Inc.[2] (Global Automakers), representing automakers that collectively produce over 99% of the new cars and light trucks in California, appreciate the opportunity to provide our comments on the Proposed Amendments to the Low Carbon Fuel Standard and the Regulation on Commercialization of Alternative Diesel Fuels, issued June 20, 2018 (hereafter, "LCFS 15-Day Notice").

The Air Resources Board's (ARB's) Low Carbon Fuel Standard (LCFS) represents a critical component of a comprehensive set of complementary measures that are necessary to meet the very aggressive Zero Emission Vehicle (ZEV) targets established by the Governor, legislature, and ARB and reduce the carbon intensity of transportation fuels. Properly structured, the LCFS program reduces the carbon intensity (CI) of gasoline either directly or by funding low CI alternatives, such as hydrogen fuel cell electric vehicles (FCEVs) and plug-in electric vehicles (PEV) vehicles and infrastructure.

We appreciate and support ARB staff's effort to continually update and improve upon the LCFS, and as described below, we support the changes in the latest update to the LCFS regulations, including many of those in the subject LCFS 15-Day Notice. In addition, we look forward to continuing to work with ARB on additional 15-day amendments that can help further the PEV market through, for example, potential point-of-purchase PEV rebates based upon credits generated from residential electric vehicle (EV) charging.[3]

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[1] Alliance members include BMW, Chrysler, Ford, General Motors, Jaguar Land Rover, Mazda, Mercedes-Benz, Mitsubishi, Porsche, Toyota, Volkswagen, and Volvo. Please visit www.autoalliance.org for further information.

[2] Global Automakers' members include Aston Martin, Ferrari, Honda, Hyundai, Isuzu, Kia, Maserati, McLaren, Nissan, Subaru, Suzuki, and Toyota. Please visit www.globalautomakers.org for further information.

[3] In response to direction from the Board, our associations are coordinating with CalETC and a broad group of California utilities to outline a point-of-purchase PEV rebate and detail a long-lasting rebate that can help support and increase PEV sales as we strive to meet the Governor's goals for PEV deployment. Details regarding this rebate will be shared in the near future, including addition of 15-day changes to the LCFS.

Comments on the LCFS 15-Day Notice

1. **EV Charging at Multi-Family Residences:** The LCFS 15-Day Notice proposes to differentiate between single-family residences (SFRs) and multi-family residences (MFRs) in assigning EV charging credits. Specifically, the proposed changes would assign all EV charging credits (base and incremental) to the owner of the fueling supply equipment at MFRs, rather than providing it to the Electrical Distribution Utilities (EDU). While we appreciate the intent of this change, which is to incentivize the installation of charging at MFRs, we believe it unnecessarily complicates the residential EV charging program and substantially dilutes the value of residential EV charging credits all to the determent of other programs that could have a more immediate and lasting impact on the PEV market. ***Consequently, we do not support this change and recommend eliminating it.***

2. **Calculation of Credits for EV Charging Using Fuel Pathways:** The proposed language, within the 15-Day notice under Section 95486.1, for Incremental Credits for Residential EV Charging utilizes the phrase "Residential EV Charging." Residential EV Charging stems from the draft language proposed by CARB in April but does not account for the revisions applied to the LCFS 15-Day Notice, which removes this phrase and subsequently uses new nomenclature titled "Charging at Single-Family Residences" (SFRs) and "EV Charging at Multi-family Residences" (MFRs). As noted above, we recommend deleting the distinction between multi- and single-family residences. However, if ARB proceeds with this distinction, this Section should be modified to specify SFRs and MFRs accordingly to convey the true scope of incremental credits.

3. **Hydrogen Refueling Infrastructure (HRI) Pathway**: The proposed changes would assign, with certain restrictions and requirements, LCFS credits for hydrogen refueling based on the capacity of the hydrogen refueling station. ***We support this change.***

   Despite the best efforts and intentions by the automakers, Energy Commission, ARB, Governor's office, and legislature, hydrogen refueling station deployment has progressed far slower than expected, with only 35 retail stations currently open in California. This delay in retail fueling stations has slowed deployment of FCEVs. Providing LCFS credits based on the capacity of a station could provide a substantial incentive for the fueling providers and significantly accelerate the hydrogen fueling infrastructure toward the goals established in Governor Brown's Executive Order S-01-07.

The HRI provision contains a significant number of detailed requirements, for which we offer no position, understanding that the FCEV manufacturers, station operators, and/or hydrogen providers are best poised to provide feedback on these requirements. Thus, we would support additional changes from these stakeholders to streamline the requirements, make the program more effective, and ultimately accelerate hydrogen fueling deployment.

4. **DC Fast Charging Infrastructure (FCI) Credits**: Our associations support efforts to help build a robust network of public direct current fast chargers (DCFCs) in the state of California. DCFCs – along highway corridors, near destinations, and to support transportation network companies – enable faster recharging where needed and longer distance travel. Fast charging is increasingly necessary as more long-range vehicles enter the market, and customers see greater opportunities to completely replace internal combustion engines with electric vehicles in travels throughout the state. However, DCFCs are more expensive to install and operate, and a robust business model has yet to be identified. Therefore, ***we support FCI credits***, understanding that such credits should incentivize and accelerate the installation of DCFC, provide more fast charging options for Californians, and ultimately support more PEVs on the roadways.

We sincerely appreciate your consideration and would be happy to discuss these recommendations further.

Sincerely,

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