California Hydrogen Business Council

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California Air Resources Board
1001 I Street
Sacramento, CA 95814

Re: Low Carbon Fuel Standard 3rd Notice – California Hydrogen Business Council comments

The California Hydrogen Business Council (CHBC) submits these comments to the California Air Resources Board (CARB) on the 3rd Notice of Modified Text to the Low Carbon Fuel Standard published April 4, 2025. We support many of the modifications recommended, and we would also like to highlight two issues that still need improvement.

Areas of Support

- CHBC strongly supports the proposed modification of 95482(h) to allow hydrogen paired with carbon capture and storage (CCS) to count toward the 80% renewable hydrogen requirement by 2030 and the exclusion of hydrogen produced with accompanying carbon capture and sequestration technology from the existing phaseout of fossil hydrogen by 2035. These modifications respond to requests we made in commenting on previous versions of the rule, which we appreciate, as hydrogen production paired with CCS is a zero-carbon solution. This should significantly expand hydrogen production, which will facilitate cost reduction of hydrogen prices, and support the sector's growth. CARB acknowledged the need for significant growth of the hydrogen market in the 2022 Scoping Plan, stating the need for 1,700 times the amount of hydrogen available to meet the state's carbon neutrality goals. This change also aligns with the Biden Administration's revisions for eligibility for the 45V hydrogen production tax credit, which recognizes the value of low-carbon intensity hydrogen.
- CHBC also supports the proposal to remove language that limits the estimated cumulative value of Hydrogen Refueling Infrastructure (HRI) credits generated by a station to 1.5 times capital expenditure in sections 95486.3(a)(4)(H) and 95486.4(a)(4)(I). This is another modification we requested and are pleased to see included in this round of adjustments. By eliminating the 1.5X cap, the Hydrogen Refueling Infrastructure program will become more aligned with its purpose of

supporting early-stage infrastructure development and long-term market growth. It will reduce the financial uncertainty surrounding station operations, attract greater investment, and encourage the construction of stations designed for the future, all while allowing the self-regulating nature of the program to maintain balance between station capacity and vehicle rollout.

Recommendations for Additional Improvement

- In 95486.3(a)(2)(F), staff proposes to modify the derating factor for light, medium and heavy-duty (HD) HRI. The revised language includes an increase of the HD-HRI derate from 50% to 62.5%, and the same derate is now applied to light-and medium duty (LMD) HRI with a maximum station capacity remaining at 1,200 kg/d. This makes the available LMD-HRI credit only 750 kg/d, which encourages smaller, not larger, stations. These neighborhood stations need to be larger to accommodate fuel cell pickup and work trucks being deployed by the end of the decade by participating auto OEMs. CARB staff had changed the maximum crediting for LMD-HRI to 1,200 kg/d in the 2nd 15-day notice. It is unclear why this proposal reverts to a lower crediting amount unless there was an inadvertent omission to change the maximum station capacity to 2,000 kg/d as was in the first 15-day notice. We urge CARB to remove the derate for LMD-HRI or make the maximum capacity 2,000 kg/d to incentivize larger stations. Further, we do not see the need for a derating factor for either LMD or HD HRI investments.
- In subsection 95486.4(a)(1)(B)(1), staff proposes to clarify that the five-mile distance requirement for shared HD-HRI stations will be calculated based upon the shortest great-circle distance between the proposed site and an Alternative Fuel Corridor. We find this to be a missed opportunity. The requirement that HD-HRI stations must be located within five miles of any Federal Highway Administration (FHWA) Alternative Fuel Corridor is highly restrictive and overlooks critical freight routes such as drayage routes. This requirement could inadvertently limit the redundancy of the fueling network and eliminate high traffic points in the freight system which are essential for reliable service. There is no sound rationale for this restriction. While many refueling activities

occur near freight corridors,[1] not all refueling is near freight corridors, and refueling should not be constrained by proximity to these corridors. CARB staff currently has the authority to accept or reject HRI credit applications, which should be based on the merits of each proposal rather than an arbitrary distance requirement. For example, the Otay Mesa border crossing—one of the busiest freight corridors—is not within five miles of a designated clean corridor, yet it sees over a million truck crossings annually. This is a clear example of how such a rule could undermine the strategic placement of HRS. We recommend Executive Officer discretion on requirements for HD-HRI station placement outside of the five-mile limit.

CHBC appreciates CARB's attention to these comments and recommendations.

Sincerely,

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[1] See https://www.arb.ca.gov/lists/com-attach/8-lcfs-wkshp-aug18-ws-AmhVJlM+VnwHLABh.pdf