Sept. 30th, 2024

Mr. Adam Saul
Air Quality Planner / CFS Rule Lead
Washington Department of Ecology
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360-742-7998

RE: Proposed Third-Party Verification

Dear Adam,

Smart Charging Technologies LLC (SCT) is an active player in the Washington Ecology CFS program as a program administrator and credit aggregator for many companies using electricity to power fleets of forklifts, eTRU, eCHE, etc...

SCT is closely following the 2024 rulemaking process, especially the part related to third-party verification (3PV). SCT understands the drivers for such new rule, however we have the following reservations:

- The cost of 3PV of ~$10,000 is a significant financial burden. Even with the 6000 credits threshold and a 2-years deferral, it is still going to be very burdensome to most fleet electric operators, aggregators, and individual participants. Such burden only leads to electric fleet operators and individual participants to hold off any investment in the CFS program, and aggregators to stop their participation.
  - The credit price of last July dropped to $32, with the lowest price at $18. Such downward trend, that has been going on since the CFS program inception, is difficult to rectify, let alone reversing it. Such low returns make fossil fleets electrification a very unattractive investment.
  - In 1Q24, eForklifts reached 2971 credits. Using the credit price of $32 of last July, a total return comes up to ~$95K. Assuming a total of 5 aggregators in the CFS program, each having to pay ~$10K to 3PV, less program fees, less metering costs; this leaves a gross revenue of ~$3000 per aggregator per quarter, which by no means cover the aggregators' running cost, let alone making any gross profits.
  - Recently imposed metering rules have significantly increased the financial burden on electric fleet operators and led many of them to opt out. 1Q24 eForklifts credits dropped by &71% compared to 4Q23.
- In 1Q24, eForklifts credits ranked 5 among electricity categories, with 1.5% of total electricity credits, poses little risk compared to the 77% of Non-metered Residential EV Charging, and the 13% of the Onroad non-residential EV charging - LDV/MDV. For such low risk, 3PV is a costly restrictive regulation that is hardly justifiable.
- Imposing 3PV on electricity fleets this early in the CFS program has no precedence.
  - CARB LCFS is introducing 3PV on electricity, currently in the rulemaking, after 14 years of the program's inception.
  - DEQ CFP is introducing 3PV on electricity, currently in the rulemaking, after 9 years of the program's inception.

- Such late introduction by CARB and DEQ provided a low entry barrier for electric fleet operators, allowed them to recoup the initial electrification investment, and pushed eForklifts market share to over 50% of the total forklifts market.

- electric equipment (e.g. forklifts, eTRU, eCHE, etc…) are charged by DC charging stations that are exempt from the measurement accuracy and load test tolerance requirements under the NIST Handbook[i] until January 1, 2028. Further, the measurement accuracy and load test tolerance requirements under the NIST Handbook do not apply to charging stations that do not involve customer charges or compensation. The absence of a measurement accuracy reference, for DC chargers, renders verifying their accuracy pointless.

For all the above SCT urges postponing the proposed 3PV to keep a low entry barrier in the first few years. This would increase the chances of keeping/making the program a viable option for existing and future forklifts fleet operators, thus, help Ecology achieve the goals of the CFS program.

Respectfully,

Ma'n Altaher

Ma'n Altaher
Director, Regulatory & Program Management
Smart Charging Technologies LLC

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[i] National Institute of Standards and Technology, "Specifications, Tolerances, and Other Technical Requirements for Weighing and Measuring Devices" (15 November 2023) ["NIST Handbook"].