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Lauren Sanner
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Lacey, WA 98503

RE: Tesla Comments on Washington Ecology Clean Fuels Standards (CFS) Rulemaking

Dear Ms. Sanner,

Thank you for the opportunity to submit feedback regarding Ecology's CFS rulemaking. In addition to joint comments submitted by Tesla alongside other automakers, we respectfully submit this letter to provide additional context on Tesla's early insights selling electric Class 8 vehicles to fleet operators. This perspective aims to guide potential revisions to Washington's CFS program to accelerate the nascent market for heavy-duty EVs.

In the last CFS rulemaking, Ecology staff expanded the capacity credit pathway to shared depot sites serving multiple heavy-duty fleets, with the explicit purpose of providing revenue certainty to operators for building infrastructure ahead of demand. Tesla encourages Ecology to build on the progress made in previous rulemaking and expand the capacity credit pathway to private depot charging, particularly for heavy-duty fleets.

Background
Capacity credits are a tool to motivate market actors to deploy charging infrastructure before utilization is sufficiently high to ensure financial viability. For public or shared-depot charging, the "chicken-and-egg" problem for infrastructure is caused by demand uncertainty due to a variable user base.

The previous rulemaking declined to allow private depots to access capacity credits on the basis that they're not needed to address the issue of demand uncertainty. With respect to managing uncertainty, it is true that fleet operators control the vehicles, schedules, and routing in a way that public charging stations cannot. Further, private charging depots can optimize charging asset utilization based on their own fleet expansion plans.

However, the previous rulemaking failed to consider that heavy-duty private depots have a chicken-and-egg problem, albeit with different contributing causes: (1) Power demands of private heavy-duty depots are much larger, and therefore more costly. (2) Fleets cannot feasibly electrify their entire fleet in one go. And (3) at this nascent stage of Class 8 electrification, operators are not yet operationally mature enough to maximize utilization of their assets.

The upfront costs of depot electrification for Class 8 trucks are extremely high because low-cost Level 2 chargers are not an option.
Since the last rulemaking, Tesla has gained significantly more experience working directly with fleet customers that are preparing to transition to electric Class 8 heavy-duty Semi

trucks. Private depot charging is proving to be critical for fleet electrification, much in the same way that private-home charging was critical for early adopters of light-duty EVs.

Due to high power needs of electric trucks, the upfront CAPEX costs of private depot chargers are much higher than on the light-duty side. Even long-dwell "overnight" charging for Semi requires at least 125 kW for a Class 8 truck. For comparison, 125 kW is over 10x the power level for overnight charging of a light-duty fleet vehicle, where reliable at-base depot charging may only need to 8-12 kW per vehicle. Heavy-duty truck operators do not have the option of relying on low-cost Level 2 to meet their overnight charging needs. To electrify even a portion of their depot, a heavy-duty truck operator faces much higher upfront costs, which creates a large upfront cost barrier.

Every fleet will have a multi-year phase-in of trucks, which means utilization is guaranteed to be low initially.
Tesla Semi customers typically begin with a small number of trucks (to get their operational feet wet) and plan to scale up across their fleet over multiple years. To support that growth efficiently, commercial trucking customers need to install substantial charging capacity upfront — multiple MW or more at a depot — long before utilization at any one charger reaches maximum throughput. Heavy-duty electrification requires megawatt-level charger installations, which unlike a light-duty fleet project, are essentially guaranteed to be multi-year projects due to the size of the power requests. For context, 6 MW is akin to the power demands of a sports arena but could become table-stakes to accommodate the electrification of a major depot.

Critically, depot chargers are needed *before* the trucks are delivered. Installing chargers incrementally as trucks arrive is both more expensive and disruptive due to repeated construction, electrical upgrades, and permitting that would be required for each subsequent truck delivery. Taken together, these factors mean that trying to install charging as it is needed will guarantee that infrastructure the bottleneck to truck electrification for commercial fleets. Any opportunity to electrify faster – i.e., a diesel truck breaks down ahead of scheduled replacement– becomes impossible to accommodate on the fly.

There are some natural limits to the amount of future-proofing a single site can accommodate. Specifically, coordinating power availability with the utility may impose multi-year phase-in for infrastructure projects. Because of the size of power requests and the lack of power availability without multiple years of upgrade, the potential for overbuilding is extremely low.

Utilization will increase over time for fleets.
In many cases, fleets are not planning for one stall to be dedicated per truck. Trucks with a slip-seat arrangement, where vehicle turnover is expected to occur from 30 minutes to two hours, are likely to rely on shared high-power chargers. In the early days, fleet operators will be conservative with how many trucks share a single charger, to gain operational experience and have some system slack to support their duty cycles. Over time, and as more trucks enter the fleet, they'll be able to increase utilization of existing assets and become more sophisticated with charger schedules, vehicle management, and routing to maximize

throughput beyond what a public charger could ever accomplish. But fleets are not in this position yet— they are placing their initial truck orders for delivery now.

Importantly, this is not a problem that will be solved for all fleet operators with greater industry maturity. Every fleet, as it begins to electrify, will have to go through their own learning curve, which brings us back to the "chicken-and-egg" problem for Class 8 fleets—depot customers installing heavy-duty chargers are guaranteed to have low utilization during the first few years of their electrification.

Capacity credits for private depots could level the upfront capital cost difference between diesel and electric trucks.
Tesla sells both trucks and charging equipment to fleet operators, who are eligible to generate capacity credits at their private depots. Much as in the light-duty space, Tesla's charging business exists to support and accelerate vehicle sales. A critical part of selling the Semi is minimizing the total upfront cost of depot charger deployment to compete with diesel. (Notably, replacing a diesel vehicle with another diesel vehicle does not require capital investment beyond the cost of the new truck itself).

To address this problem, in markets with clean fuels standards, Tesla has started to explore offerings that provide upfront equipment discounts to the fleet customer, in exchange for future access to customer fuel credits. That means in CFS programs with high credit value certainty, charging equipment may be provided to the customer with significantly reduced upfront costs. This framework puts electric Class 8 trucks on a more level playing field to be cost competitive with diesel.

In Washington, credit prices have fallen below $30 per credit in 2025. At these levels, and without revenue certainty, the potential to offer discounted equipment to private depot customers is limited. Allowing private depots to be eligible for capacity credits would establish greater long-term financial certainty and the potential for more aggressive discount pricing.

Tesla's early experience in California provides a promising outlook on how capacity credits modify the economics of a fleet depot charger, particularly when credit prices are unstable. On June 25, 2025, the California Air Resources Board adopted amendments to LCFS that unlocked capacity credit generation for private fleet electrification in two separate pools – light-medium duty (LMD) and heavy-duty (HD). In California, where credit prices are closer to $60 and with all else equal, the recent revisions to LCFS provide the financial certainty for Tesla to offer more aggressive equipment discounts.

Importantly, the LCFS program has guardrails to ensure that capacity credits do not exceed 150% of net capital cost recovery and do not accumulate after the full 10-year crediting period. That is, the long-term value of capacity credits is only available if chargers transition to high utilization via throughput (per-kWh) credit generation. To the extent that Ecology is concerned about overbuilding of fleet depot infrastructure, these guardrails put a check on ensuring the equipment that receives capacity credits today gets to be highly utilized tomorrow.

Conclusion

Fleets do not experience the same demand-side uncertainty as public or shared-private depots. However, the need to build infrastructure ahead of demand is exactly the challenge that fleets face during scaling and the challenge that capacity credits are designed to address. We urge Ecology to use this rulemaking to expand the capacity credit pathway to private depot charging.

Tesla views clean fuels standards as the most effective tool that states have at their disposal to accelerate investment in charging infrastructure. We applaud Ecology's work to-date to administer the CFS program, and we look forward to continued collaboration to achieve our shared goal of unleashing rapid electrification in Washington.

Sincerely,
Mal Skowron
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Tesla, Inc.