Dear Ms. Laskowski,

In accordance with the California Air Resources Board’s (“ARB”) request for feedback regarding the Potential Future Changes to the Low Carbon Fuel Standard (“LCFS”) Program public workshop held on December 7, 2021, East Bay Community Energy (“EBCE”), Marin Clean Energy (“MCE”), Peninsula Clean Energy Authority (“PCE”), Redwood Coast Energy Authority (“RCEA”), Sonoma Clean Power Authority (“SCP”), San Diego Community Power (“SDCP”), and Silicon Valley Clean Energy Authority (“SVCE”) (collectively, the “Joint CCAs”) submit the following comments and recommendations.

The Joint CCAs appreciate the efforts of ARB staff to evaluate how the LCFS may be modified to continue to serve its mission to decrease the carbon intensity of California’s transportation and goods movement sector and provide an increasing range of zero and low carbon alternatives, thereby reducing petroleum dependency and improving air quality. As California’s clean transportation goals have become more aggressive in response to the climate crisis, the Joint CCAs support a reassessment of LCFS program rules to further align with the state’s greenhouse gas (“GHG”) emission reduction goals and maximize the benefits a clean transportation system can provide to all Californians.

As default Load Serving Entities (“LSE”) in our respective service territories and local public agencies, the Joint CCAs are tasked with reducing GHG emissions associated with the
electricity used by our communities. As such, the Joint CCAs are eager for the ARB to consider current aspects of the LCFS that limit the ability of Community Choice Aggregators (“CCAs”) to participate and thereby reduce the effectiveness of the overall program. Despite current limitations, as described below, CCAs have demonstrated a cost-effective and community-based approach to the design of our programs to provide local impacts and promote community equity and resilience among our customers. The changes proposed would better support state goals for LCFS funds by enabling the CCAs’ capacity to increase the adoption of light, medium and heavy-duty (“M/HD”) zero emission vehicles and necessary refueling infrastructure and ensure the collective success of the LCFS program. The Joint CCAs submit the following comments.

1. The ARB’s rules governing residential incremental charging credits should be modified to better allow the default LSE, such as a CCA, to claim credits associated with the electricity used by our customers as a transportation fuel;
2. Revise the Base Credits provision to identify the LSE serving generation to residential load— which may be an Electrical Distribution Utility (“EDU”) or a CCA— rather than solely the EDU, as the base credit generator;
3. LCFS rules should be changed to ensure that electric vehicle (“EV”) charging at multi-unit dwellings (“MUDs”) can be captured through the LCFS program to support broader access to clean transportation for these customers segments, which may be harder to reach;
4. The Joint CCAs seek clarification on how ARB staff propose to modify pathways for the M/HD sector to participate in the LCFS program using zero emission vehicles and electricity as a transportation;
5. The Joint CCAs support implementing declining Carbon Intensity (“CI”) targets post-2030 and strengthening interim pre-2030 targets; and
6. Recommend the creation of an Energy Economy Ratio (“EER”) application process.
CCAs are structured as not-for-profit public agencies (e.g. Joint Powers Authorities, or as a department of a city government) created by the cities, counties and towns the CCA serves as the default LSE. Each CCA is governed by a board composed of local elected officials including Mayors and City Council members. The Joint CCAs have a foundational mandate to advance the climate action goals of our local government constituents while prioritizing equitable participation for populations that are low-income, face higher energy or pollution burdens, or are otherwise disadvantaged. Since the LCFS rules were originally created, cities and counties have rapidly launched locally-governed CCA programs in order to provide local oversight and control over the electricity provided to residents and businesses. As the default LSE for more than 200 towns, cities, and counties across California, today CCAs provide nearly 10,000 MW of clean power and serve 11 million customers.\(^1\)

The Joint CCAs continue to develop new clean utility-scale energy projects to supply low carbon-intensity (“CI”) transportation fuels. A recent California Public Utilities Commission (“CPUC”) analysis of LSE Integrated Resource Plans (“IRPs”) highlighted that CCAs’ energy procurement planning includes more diverse resources and higher amounts of GHG-free resources, including renewables, than California’s Electric Distribution Utilities (“EDUs”).\(^2\)

The Joint CCAs’ mandate to advance climate action also lends itself to a shared transportation electrification (“TE”) philosophy that centers around broad access to TE solutions, especially for those facing significant barriers to adoption, while minimizing the cost to adopt TE technologies. And despite the current barriers the Joint CCAs have faced that limit the ability to access the incremental value of residential credits through the LCFS program, several CCAs are participating in other areas of the program to support near-term market adoption of EVs and infrastructure deployment where it’s needed most.

For example, EBCE was the first LSE in the state to register its Renewable100 electricity product with ARB as a zero CI fuel. MCE also registered a fuel pathway for its Deep Green product to enable customers to charge their EVs with zero-CI fuel. Additionally, MCE registered Fuel Serving Equipment (“FSE”) to earn credits through its MCE Solar Charge installation, which

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\(^2\) R.20-05-003, ACR dated August 17, 2021, p7-8, [https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M399/K450/399450008.PDF](https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M399/K450/399450008.PDF).
pairs solar photovoltaics with EV charging. MCE also has a pilot for non-residential customers on its Deep Green product whereby credits generated by EV chargers are assigned to MCE, who then administers and brokers them on behalf of the customers, ultimately sharing the LCFS revenues with customers. MCE recently launched a residential version of this program as well, which allows Deep Green customers to share telemetry data from their vehicles with MCE to generate credits that support expansion of TE programs. RCEA and SCP have also registered as FSEs to claim credits from the delivery of zero-CI products to charging stations in their service territories.

As not-for-profit public agencies with no shareholders, CCAs must reinvest LCFS credit revenue back into our local TE programs and communities to further accelerate market adoption of zero emission vehicles. LCFS credit revenue paired with our Board-approved TE program budgets enable public dollars to go further in creating access to TE solutions for our local communities, as is demonstrated in CCAs’ annual LCFS reports. And as public agencies with a focus on local data analysis to understand and address gaps and local barriers to adoption, CCAs are well positioned to develop solutions that benefit all customers including renters, residents in low-income and disadvantaged communities, residents suffering higher energy burdens, and businesses operating M/HD fleets that travel through our most vulnerable neighborhoods.

As previously noted, current LCFS rules limit the degree to which the Joint CCAs can participate in the program. In turn, these limitations stunt the benefits that the LCFS program could otherwise deliver to Californians.

1. The ARB’s rules governing residential incremental charging credits should be modified to better allow the default LSE, such as a CCA, to claim credits associated with the electricity used by our customers as transportation fuels.
The LCFS program is intended to reduce the carbon intensity of transportation fuel used in California, pursuant to the Global Warming Solutions Act of 2006. As the default LSE providing low and zero-CI electricity to the majority of electric customers in our service territories, the Joint CCAs propose that LCFS rules should permit CCAs to claim all incremental credits associated with residential charging in our service territories through the same process as the EDUs. CCAs provide the clean electricity for the EV chargers in our service territories and enable our communities to benefit from clean transportation options and therefore should receive the credits for the low-CI fuels we provide. This is the type of activity that LCFS program is intended encourage.

The current regulations ignore the growing diversity of electricity providers and further entrenches IOU market power so that IOU EV programs receive a competitive advantage over CCA programs. SB 790 (2012) specifically indicates that the exercise of market power can be a “deterrent to the consideration, development, and implementation of community choice aggregation programs.” Although the statute contemplated energy generation programs, the EV programs administered by the Joint CCAs are analogous.

In order to claim the incremental credits generated by residential EV charging resulting from an existing program funded by its generation revenue, existing rules and guidance require the CCA to collect and provide metered charging data from each charging session. Therefore, a CCA would have to collect hundreds of individual charging sessions each year, for each residential EV driver in its service area. Currently, this residential charging data may be collected from charging equipment (which is separately metered from other residential electric load) from networked L2 charging equipment, or using an EV’s telematics capabilities that record charging behavior. At best, this data collection requirement creates an administrative

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4 CCAs have made similar proposals to the ARB in the past that would greater access to LCFS credits in recognition of the low-CI fuels that we provide. See San Francisco Public Utilities Commission, Comments on LCFS Rulemaking, October 5, 2011, https://www.arb.ca.gov/lists/lcfs-regamend-ws/48-sfpuc_lcfs_workshop_9-14_comments.pdf; Smart EV Charging Group, Comments on the 2018 Proposed Amendments to the Low-Carbon Fuel Standard Regulation, April 23, 2018, https://www.arb.ca.gov/lists/com-attach/133-lcfs18-AHNcN1EvV3Z3SiFcl.pdf.

burden because the data are not always readily available and difficult to verify – and data collection will rapidly become even more difficult to perform as TE adoption grows across the state. More often though, these data are simply unavailable, such as in the common case where the EV does not have telematics capabilities and is charged on a non-networked L2 charger, or even more commonly, using an L1 charger and estimates are that around 53% of EV drivers use L1 charging at their home.\(^6\) This data requirement is even more of a barrier for EV charging programs targeting low-income drivers as used EVs tend to be older and not have telematics capabilities. In instances such as these, the data collection requirement becomes unworkable, effectively preventing the CCA from claiming credits for the clean transportation that resulted from the success of our TE programs.

However, EDUs seeking to claim residential credits are not subject to the same data collection requirements. EDUs are able to claim credits through a simple formula using the number of EVs registered in their service territories and are charged with the electric fuel they provide. This means that if customers take generation service from a CCA instead of an EDU, they are often no longer able to generate credits from the same clean-charging behavior simply due to the data collection requirement that the CCA faces. CCAs currently serve more electric load in PG&E’s transmission and distribution territory than PG&E does, a figure that continues to grow as more communities opt into an existing CCA or launch new CCAs. The end result is that an increasing amount of EV charging will not generate incremental residential LCFS credits, simply because of the additional rules that the load-serving CCA must follow. The award to the IOU of these unearned credits reduce the efficacy of the LCFS program and undermine the State’s clean transportation goals by rewarding LSEs with higher CI intensity fuel at the expense of LSEs actually providing the lower CI intensity fuel that is generating the credits.

Adjusting the rules would make participation in the LCFS program more equitable between CCAs and EDUs and enable broader program success by providing a pathway for the Joint CCAs to capture incremental credits associated with EV fueling by our electricity

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customers. In some CCA service areas this would be a significant opportunity. For example, six of EBCE’s local government JPA members voted to opt-in all residential and commercial accounts to receive its Renewable100 product in 2022, which EBCE has registered by ARB as a zero-CI pathway.\(^7\) As the default LSE serving the majority of residential and commercial electricity accounts, enabling EBCE access to the incremental value of residential credits with the same ease as the EDUs would allow EBCE to scale its TE programs and expand the use of electricity as a clean transportation fuel.

To remedy this critical issue, the Joint CCAs propose that, as the default LSE providing low and zero-CI electric fuel, we should be permitted to claim all the incremental credits in our service areas without being subject to the current data collection requirements. This would align the processes that CCAs and EDUs, both LSEs, must perform to claim credits and would provide recognition for the carbon reduction benefits that are due to the CCAs’ aggressive renewable and carbon-free procurement planning. It would also provide better access to LCFS credits that would be otherwise lost, capturing revenue that CCAs would then be able to use to expand CCA TE programs and increase the value of the LCFS program.

2. Revise the Base Credits provision to identify the LSE serving generation to residential load (which may be an EDU or a CCA), rather than solely the EDU, as the base credit generator

The current LCFS regulations grant EDUs as the exclusive credit generator of base credits for residential metered and non-metered loads. The Joint CCAs recommend that this approach be reexamined to reflect the current landscape, and that consideration be given to revising the Base Credits provision to identify LSE’s (which may be an EDU or a CCA) as the Base Credit generator.

As the LCFS is intended to lower the GHG intensity of transportation fuels, it is reasonable that the “fuel” provider – in this case, the electricity provider or LSE – should receive

the base credit for displacing diesel and gasoline. As discussed above, CCAs currently serve more load in PG&E’s transmission and distribution territory than PG&E does, and CCAs are currently offering many programs aimed at achieving California’s transportation electrification goals. Given this large load share and the continued expansion of program offerings among CCAs, it is inequitable and inaccurate to continue to assume that the EDUs will be the de facto providers of generation service to residential load, and the de facto administrators of programs aimed at expanding EV adoption. Instead, residential base credits should be allocated to the entity procuring energy for and serving the load.

The shift towards CCAs is a positive development for the complementary goals of increased EV adoption and charging from the cleanest sources possible. As LSEs, CCAs are taking increasingly active roles in stimulating first-time EV purchases. As not-for-profit institutions with focused territories and leadership elected by the communities we serve, CCAs have a uniquely strong understanding of and communication with our customers. Moreover, many CCAs were established with the specific charter of reducing community-wide GHG emissions, not just by reducing emissions intensity in the electricity supplied, but also by encouraging fuel switching from fossil fuels to clean electricity on a broad scale. Given the connection to local government, CCAs are best suited to administer the funds generated from the LCFS in furtherance of EV charging in the local communities. As not-for-profit agencies, CCAs have both the tools and motivation to tailor EV-related programs to the specific needs and barriers to EV adoption that occur in our communities.

Enabling CCAs to access LCFS credits associated with our residential customers’ full load (i.e., the base credit in addition to incremental low-CI credits) will enhance the CCAs’ ability to develop, market, and support EVs, EV charging programs, and EV public transit programs in our respective territories, and thus better support LCFS program goals. The Joint CCAs recommend providing the entire residential base credit to CCAs. The Joint CCA’s also understand that a portion of base credits for residential EV charging must be contributed toward the Clean Fuel Reward funded by LCFS credit proceeds.

The existing process wherein EDU applications and EV VIN numbers are used to verify and grant residential LCFS credits can be adapted to allocate residential base credits between
CCAs and EDUs. CCAs serve the vast majority (typically over 90%) of residential customers in our service territories, so a reasonably simple approach would be to assume every EV registered in that city or county takes residential generation service from the CCA. Alternatively, a very similar framework to what is used today could be used to verify which provider a specific customer takes service from.

3. LCFS rules should be changed to ensure that EV charging at multi-unit dwellings ("MUDs") can be used to collect LCFS credits and create broader access to clean transportation for these customers segments

ARB staff have confirmed in prior discussions with the Joint CCAs that charging that occurs at an MUD is to be treated as residential charging, making it subject to the same data collection requirements as other residential charging, as outlined above. However, requiring the Joint CCAs to collect and provide data in order to claim credits associated with charging at MUDs ("MUD credits") suffers even more complications than residential charging and is typically infeasible due to the unique nature of charging at MUDs. As a result, many MUD credits that would otherwise be available go unclaimed, undercutting the impact of the LCFS program to promote clean transportation among California’s renter communities. Changing the classification of MUD charging from "residential" to "non-residential" would better reflect real-world charging configurations and create more efficient pathways for the Joint CCAs to claim LCFS credits from renter-focused TE programs, the revenue from which would then be used to scale these programs and expand EV charging access for renters. It would also align the LCFS rules with how multifamily properties are understood generally as commercial properties, as they operate as commercial businesses, owned by a company or LLC, and earn revenue through providing housing to their residents.

Recent estimates indicate that reaching California’s ZEV targets will require an additional 395,000 Level 2 and 265,000 Level 1 charging stations located at MUDs. But

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currently, EV charging has achieved very little penetration among multi-unit dwellings, effectively excluding many residents from charging access where they live, making EV adoption more difficult for these Californians. A primary reason is the additional cost and complications associated with installing EV charging at MUDs when compared to single-family homes (“SFH”). MUDs suffer from split incentives between residents who would benefit from EV charging access where they live and the MUD property owners responsible for the capital upgrades necessary to provide that access. Additionally, many renters are low- or middle-income. Unfortunately, these and other barriers to access serve to reinforce the unfortunate reality that driving electric is in large part only available to single family homeowners. In recognition of the sizable renter populations in many of our service territories, the Joint CCAs’ TE programs prioritize charging access for renters to ensure these customers have the option to participate in and benefit from the state’s transition to a zero-emission transportation system. Yet the current LCFS rules limit the Joint CCAs’ ability to capture MUD credits because these credits are subject to the same data collection rules as traditional residential EV charging, effectively preventing the Joint CCAs from capturing these credits in order to scale our renter-focused programs.

However, typical MUD charging is more similar to non-residential charging than residential charging at SFHs. While SFH residential charging is associated with a residential meter that is tied to an individual customer and a limited number of EVs, MUD charging often occurs in parking lots and garages available to all the MUD tenants. The associated electricity usage is charged to the MUD owner or operator and not to individual residents, is captured on commercial meters, and billed using commercial rates. And tenants move in and out more readily over the life of the charging equipment. To claim these MUD credits, the Joint CCAs would need to gather vehicle identification numbers (“VINs”) for each individual EV using the charging infrastructure. And, unlike SFH charging, there are likely to be many EVs that use the

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9 For example, renters make up 47% of the residents in EBCE’s service territory, 36% of MCE’s service territory, and 42% of RCEA’s service territory.

10 R.18-12-006, Opening Comments of the Joint Community Aggregators on Section 10 of the Energy Division Staff Proposal for a Transportation Electrification Framework, Attachment 1 – CCA Transportation Electrification Initiatives: Examples of Existing Programs, September 11, 2020, https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M346/K827/346827200.PDF.
charging equipment, making it almost impossible to tie individual charging sessions to specific EVs, especially given that charging equipment cannot collect VINs on its own. Collection of the data is made even more difficult, or even impossible, due to how common it is for MUD residents to move in or out of a property, requiring regular, manual clean-up of any data. This is very different from SFH charging, where CCAs have standard touch points with a customer associated with an individual SFH meter, like when starting or terminating service.

The Joint CCAs propose that EV charging at MUDs instead be classified as “non-residential” when not tied to and billed using an individual resident’s meter. This would allow charging station owners or their designees to efficiently collect and utilize the credits associated with charging, adding further incentive for LCFS participants to invest in MUD charging. These credits would otherwise be lost because of the metering arrangement at the MUD and create opportunities for the LSE to reinvest those claimed credits into MUD charging programs, allowing the LCFS to provide greater charging access to all renters, and especially those who are low and moderate income.

4. The Joint CCAs seek clarification on how ARB staff propose to modify pathways for the M/HD sector using zero emission vehicles and electricity as a transportation fuel to participate in the LCFS program

The Joint CCAs seek clarity from the ARB with respect to comments made on M/HD credits. The Joint CCAs understand that M/HD fleets are eligible for multiple types of credits under the current program rules. For electrification, this includes credits for M/HD vehicle charging and DC Fast Charging Infrastructure (“FCI”) Pathways. The Joint CCAs specifically seek clarification from ARB on how it proposes to modify M/HD vehicle charging and FCI pathways, as well as other pathways related to electrification, and requests feedback on how ARB assumes such changes will impact M/HD fleet electrification.

ARB staff also presented a number of potential measures to incentivize the use of low-CI hydrogen as a transportation fuel. The Joint CCAs recommend that any increase in the number or value of hydrogen credits should also be matched with increased support for electricity as a
transportation fuel for the M/HD sector. The Joint CCAs recognize that hydrogen has a role to play in decarbonizing transportation, but as forecasts by State agencies have shown, battery electric M/HD vehicles will make up the majority of zero-emission vehicles in the sector. Executive Order N-79-20 set a 2045 target of 100 percent zero-emission M/HD vehicle operations (inclusive of hydrogen FCEVs, PHEVs, and BEVs) in the State.\textsuperscript{11} ARB estimates that reaching this goal will require 180,000 zero-emission M/HD vehicles by 2030. As reported in its recent AB 2127 Assessment, the California Energy Commission ("CEC") projects that to hit the 2030 targets, California will need nearly 157,000 chargers to support 180,000 zero-emission M/HD vehicles. The report goes on to conclude that the growth needed in the EV market to reach state goals will be dependent on continued public funding for charger deployment to ensure driver confidence on the availability of charging infrastructure.\textsuperscript{12}

With these aggressive zero-emission M/HD vehicle goals in mind, it is important that staff consider how to expand M/HD EV charging and FCI pathways, as well as other pathways related to electrification, to ensure that the LCFS provides sufficient opportunities for California to electrify its M/HD sector.

5. Support for implementing declining CI targets post-2030 and strengthening interim pre-2030 targets

Staff sought input during the workshop on the potential of setting declining CI targets post-2030 and potentially strengthening interim pre-2030 targets. The Joint CCAs support this suggestion. As staff correctly noted, this proposal would help provide investment certainty beyond the 2030 time period, therefore beyond the current timeline for the LCFS program, and lead to further reductions in the CI of transportation fuels. CCAs are already providing zero-CI transportation fuels and would encourage ARB staff to adopt proposals to reduce the CI of all fueling that participates in the LCFS program.

\textsuperscript{11} GO N-79-20
6. The Joint CCAs recommend creation of an Energy Economy Ratio ("EER") application process

Staff also sought input during the workshop on EERs. The Joint CCAs encourage ARB to consider developing an EER application process akin to the Tier 2 Pathway application process. Through this type of application, stakeholders could be eligible to file new or updated EERs for approval or denial by ARB’s Executive Officer. Such an approach would encourage stakeholders to update existing EERs with more frequency and promote opportunities to register new and innovative EERs. The Joint CCAs also encourage ARB to consider ways to create pathway granularity and promote innovative use of the LCFS program, which this proposed process would do.

Conclusion

As noted above, the Joint CCAs fully support the goals and objectives of the LCFS program to reduce the carbon content of the transportation fuels in California and have been an instrumental partner in reducing California’s greenhouse gas emissions. The Joint CCA recommendations to allow CCAs to claim credits associated with all electric transportation fueling in CCA service territories using the same formula as the EDUs will ensure that the LCFS program is equitable between LSEs and EDUs, and that the program is more effective for the State because it achieves what it is designed to do— incentivize lower CI fuels for EVs. The recommendations also enable the Joint CCAs to capture the credits associated with EV charging among residential CCA customers to further expand clean transportation access throughout our service areas. The Joint CCA request to reclassify MUD charging as “non-residential” will ensure that charging attributed to EV drivers who live at MUDs can be claimed in the LCFS by eliminating unworkable data collection requirements. The Joint CCAs also look forward to receiving clarity from ARB staff on how they plan to expand LCFS opportunities for zero-emission M/HD vehicle charging to ensure the state meets its aggressive targets. The Joint CCAs also support the suggestion to lower CI targets to ensure the program encourages
transportation fueling that has the most significant mitigation benefits. Finally, the Joint CCAs encourage the ARB to create an Energy Economy Ration application process to encourage the innovative use of EERs and encourage regular updating by applicants. The Joint CCAs thank the ARB for taking the time to consider its recommendations.

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