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Mr. Floyd Vergara, Chief, Alternative Fuels Branch
California Air Resources Board
P.O. Box 2815
Sacramento, CA 95812

Re: San Diego Gas and Electric Comments on Staff LCFS Regulatory Amendments presented at July 22, 2011 Workshop

Dear Mr. Vergara,

Thank you for the opportunity to comment on the ARB staff proposed regulatory amendments presented at the July 22, 2011 workshop. SDG&E applauds staff's efforts in updating the regulatory language in section 95484(6) on regulated parties for electricity used as transportation fuel as they relate to:

- Assigning credits for single and multi-family residential electric vehicle charging to electric utilities;
- Assigning credits for public charging of electric vehicles to the party responsible for maintaining the charging equipment; and
- Assigning credits for fleet charging of electric vehicles to the fleet operator.

Although SDG&E acknowledges the ARB's efforts to create clarifying language to be responsive to the changes in the evolving electric transportation business landscape, SDG&E is concerned this current assignment of credits will not achieve ARB stated goals of simplicity in capturing and reporting electric vehicle charging, capturing all possible credits, and returning the value of the credits to electric vehicle owners.

As ARB staff acknowledged in its August 1, 2011 presentation at the workshop hosted by the California Public Utilities Commission (CPUC) to discuss utility cost and revenue issues associated with the CPUC's Greenhouse Gas Emissions Rulemaking, much has changed since the Low Carbon Fuel Standard was initially adopted in 2009. As electric vehicles are just beginning to re-enter the market, the expectation is that the market for electric vehicles, electric vehicle service equipment providers and charging equipment technology will continue to change and evolve for years to come. In light of the ARB's stated goals, SDG&E urges ARB to carefully consider how these expected changes will impact the stability and certainty of the electric vehicle and charging equipment market as it determines to whom the electric vehicle LCFS credits will be assigned, as well as how these credits will be captured and tracked. This market is still evolving, and as such, the providers of charging equipment and services for electric vehicles will change as they enter and exit the

market over time. The one constant in the market will be the electric utility companies providing the electricity for transportation fuel.

SDG&E's advocates that all LCFS credits for electric vehicle electricity use be assigned to electric utility companies. This approach would achieve ARB's stated goals of:

- Reporting simplicity. Electric utilities would be the only parties reporting electric vehicle charging. ARB will have a seasoned set of regulated parties to monitor under this approach, creating more certainty and providing more stability to the market.
- Maximizing credits. If electric utilities are the only parties reporting electric vehicle charging they can more accurately and efficiently gauge whether all electric vehicle charging in their service territory has been captured and reported. With a piecemeal approach of assigning credits it will be difficult, if not impossible for electric utilities to know which public charging stations and fleet operations related electricity fuel have been captured and reported. The administrative burden of sifting through these segments for unreported credits will likely outweigh the benefits of the additional credits.
- Returning value to the electric vehicle owners. In the Greenhouse Gas Emissions Rulemaking pending before the CPUC, all stakeholders, including ARB, will determine how the credit revenues are returned to utility customers. SDG&E recognizes the importance of returning the value of the LCFS credits to PEV consumers.

SDG&E understands and appreciates that the ARB endeavors to strike a balance in allocating the residential charging credits to the utilities and the commercial/public credits to EVSPs. SDG&E's concern is that this addresses only a near term condition of the market, and is less sensitive to the longer term changes contemplated in the market. The ARB staff's recommended approach of assigning LCFS credits is not SDG&E's preferred method of assigning credits, but if the ARB chooses to move forward with this recommendation SDG&E offers the revisions in Attachment A to clarify this approach.

Sincerely,

A handwritten signature in cursive script, appearing to read "Amara Rasby".

Attachment A

San Diego Gas & Electric Regulated Parties for Electricity - Regulatory Language Edits

(6) *Regulated Parties for Electricity.* For electricity used as a transportation fuel, the regulated party is determined as specified below:

(A) For transportation fuel supplied through Level II plug-in electric vehicle (PEV) charging equipment in single and multi-family homes, the Utility Distribution Company (as defined by the California Public Utilities Commission as an entity that provides regulated services to customers) is the regulated party in their defined utility territory. In order to receive credit for electricity supplied as a transportation fuel, the Utility Distribution Company must:

1. Provide PEV time-of-use pricing as a rate option that includes a discount for time differentiated rates to encourage off-peak charging, and
2. Provide a web-based user-friendly tool and/or similar customer service that allows PEV customers to compare PEV rate structure options and calculate bill impacts~~provides examples of one or more typical EV households.~~

(B) For transportation fuel supplied through public access PEV charging equipment, the non-utility Electric Vehicle Service Provider (EVSP) or Utility Distribution Company that has installed the equipment, or had an agent install the equipment, and who has a contract in place during the reporting period with

1. The property owner where the equipment is located to maintain or otherwise service the charging equipment, or
2. PEV owners

is the regulated party. The Utility Distribution Company is not obligated to become the regulated party if the EVSP, property owner, or PEV owners elect not to become the regulated party or opt-out of their role of regulated party.

(C) For transportation fuel supplied to a fleet of three or more PEVs, a non-governmental agency or company operating the fleet (fleet operator) may opt-in to the regulation to become a regulated party. If the fleet operator elects not to become a regulated party, the Utility Distribution Company may become the regulated party provided there is ~~a contract or other~~ written evidence of mutual agreement that the fleet operator has transferred regulated party designation to the Utility Distribution Company. The Utility Distribution Company is not obligated to become the regulated party if fleet operators elect not to become the regulated party or opt-out of their role of regulated party.

SDG&E supports the ARB Staff proposed language with the following clarifications:

Proposed Section A – Residential Charging

- Use the phrase “time differentiated” rates in place of rate “discount” to be consistent with the CPUC Phase 2 Decision in the Alternative Fueled Vehicles Rulemaking.
- Clarify that the web-based tool or similar form of customer service is required for PEV customers only and more clearly define the requirements of the tool or desired outcome. Generally customers are more interested in how changes impact their specific bill rather than typical or average bills.

Proposed Section B – Public Charging

- Clarify that a service contract must be in place during the reporting period for a party to claim the credits.
- Clarify that the Utility Distribution Company is not required to track and report electric vehicle charging for public charging facilities it has neither installed nor serviced where the owner/operator chooses not to opt-in as a regulated party or ceases to be a regulated party.

Proposed Section C – Fleet Charging

- Delete the requirement for a contract with the fleet operator as onerous and costly to administer.
- Clarify that the Utility Distribution Company is not required to track and report electric vehicle charging for fleet charging if the fleet operator chooses not to opt-in as regulated party or ceases to be a regulated party.