

Attachment A

PRELIMINARY DRAFT OF PROPOSED REGULATORY AMENDMENTS

5/27/2016

LOW CARBON FUEL STANDARD

§ 95481. Definitions and Acronyms.

(a) Definitions. For the purposes of sections 95480 through 95497, the definitions in Health and Safety Code sections 39010 through 39060 shall apply, except as otherwise specified in this section or sections 95482 through 95497:

(...)

(43.5) “High hazard zone feedstock” means a biomass feedstock that has been removed from a high or very high fire hazard severity zone as determined by the California Department of Forestry and Forest Protection.

(...)

(79.5) “Very low carbon intensity biomass power (very low CI biomass power)” means electricity that is verified as having been sourced from a biomass power producing facility and such electricity either is:

1. Generated using an approved LCFS pathway providing at least a 60% reduction as compared to the applicable petroleum diesel CI requirement for the year, or
2. Generated using an approved LCFS pathway providing at least a 25% reduction as compared to the applicable petroleum diesel CI requirement for the year and utilizing a minimum of 25% high hazard zone feedstock content measured on a quarterly basis.

(...)

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(...)

(e) Regulated Parties for Electricity. For electricity used as a transportation fuel, the party who is eligible to generate credits is determined as specified below:

(1) Except as provided by section 95488(c)(6)(G)(2)(a), for on-road transportation fuel supplied through electric vehicle (EV)

charging in a single- or multi-family residence, the Electrical Distribution Utility is the sole party eligible to generate credits in its service territory.

To receive such credits, the Electrical Distribution Utility must:

- (A) Use all credit proceeds to benefit current or future EV customers;
- (B) Educate the public on the benefits of EV transportation (including environmental benefits and costs of EV charging, or total cost of ownership, as compared to gasoline);
- (C) Provide rate options that encourage off-peak charging and minimize adverse impacts to the electrical grid; and

(D) Include in annual compliance reporting the following supplemental information: an itemized summary of efforts to meet requirements (A) through (C) above and costs associated with meeting the requirements. For investor-owned utilities, this requirement may be satisfied by supplying a copy of the annual implementation report required under Order 4 of Public Utilities Commission of California (PUC) Decision 14-12-083, or any successor PUC Decisions.

(2) For on-road transportation fuel supplied through public access EV charging, the Electrical Distribution Utility is eligible to generate credits in its service territory. Upon submittal to and approval by the Executive Officer of its written request to opt in and generate the credits under this provision, the third-party non-utility Electric Vehicle Service Provider (EVSP) that ~~has installed the equipment, or had an agent install the equipment, and who has~~ has a contract with the property owner or lessee where the equipment is located to monitor and verify the amount of electricity utilized for EV charging, or has a contract to maintain or otherwise service the charging equipment, ~~is~~ becomes the sole party eligible to generate the credits for the electricity. To receive credit for transportation fuel supplied through public access EV charging equipment, the EVSP or Electrical Distribution Utility must meet the requirements set forth in section 95483(e)(1)(B) through (D) and in section 95488(c)(4)(D)4.

(3) EV Fleets

(A) For on-road transportation fuel supplied to a fleet of EVs, the Electrical Distribution Utility is eligible to generate credits in its service territory, and must meet the requirements set forth in section 95483(e)(1)(B) through (D). Upon submittal to and approval by the Executive Officer of the fleet operator's or his/her designee's written request to opt in and generate credits associated with a specified fleet, the fleet operator or his/her designee becomes the sole party is eligible to generate the credits for the electricity. To receive credit for transportation fuel supplied to an EV fleet, an accounting of the number of EVs in the fleet must be included as supplemental information in annual compliance reporting and requirements set forth in section 95488(c)(4)(D)4. must be met.

(B) For on-road transportation fuel supplied through the use of a battery switch station, the Electrical Distribution Utility is eligible to generate credits in its service territory, and must meet the requirements set forth in section 95483(e)(1)(B) through (D). Upon submittal to and approval by the Executive Officer of the station owner's or his/her designee's written request to opt in and generate credits associated with a specific location or locations, the station owner or his/her designee becomes the sole party is eligible to generate the credits for the electricity. To receive credit for

transportation fuel supplied to an EV fleet, requirements set forth in section 95488(c)(4)(D)4.) must be met.

(4) For on-road transportation fuel supplied through private access EV charging equipment at a business or workplace, the Electrical Distribution Utility is eligible to generate credits in its service territory, and must meet the requirements set forth in section 95483(e)(1)(B) through (D). Upon submittal to and approval by the Executive Officer of the site host's or his/her designee's written request to opt in and generate credits associated with a specific location or locations, the site host or his/her designee becomes the sole party is eligible to generate the credits for the

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electricity. To receive credit for transportation fuel supplied through private access EV charging equipment at a business or workplace, the following requirements apply to a site host or his/her designee that opts in:

(A) Educate employees on the benefits of EV transportation (including environmental benefits and costs of EV charging, or total cost of ownership, as compared to gasoline) through outreach efforts directed to all employees, such as meetings, flyers, and preferred parking; and

(B) Include in annual compliance reporting the following supplemental information: a summary of efforts to meet the requirement in 95483(e)(4)(A), above, and an accounting of the number of EVs known to be charging at the business.

(C) Requirements set forth in section 95488(c)(4)(D)4 must be met.

~~(5) In the event that there is measured on-road electricity as a transportation fuel that is not covered in subsections 95483(e)(1) through (4) above, the Electrical Distribution Utility is eligible to generate credits for the electricity with Executive Officer approval, and must meet the requirements set forth in section 95483(e)(1)(B) through (D). [NOTE- THIS DELETION IS UNRELATED TO PROPOSAL BUT IS INCLUDED BECAUSE THIS PARAGRAPH APPEARS TO BE DUPLICATIVE OF PARAGRAPH 7 BELOW.]~~

(5) For transportation fuel supplied to a fixed guideway system, the transit agency operating the system or its designee is eligible to generate credits for electricity used to propel the system including credits generated pursuant to §95488(c)(6)(G)(2)(b). Upon submittal to and approval by the Executive Officer of the transit agency's written acknowledgment that it will not opt in and generate credits under this provision, the Electrical Distribution Utility is becomes the sole party eligible to generate the credits for the electricity, and must meet the requirements set forth in section 95483(e)(1)(B) through (D).

(6) For transportation fuel supplied to electric forklifts, the Electrical Distribution Utility is eligible to generate credits for the electricity, and must meet the requirements set forth in section 95483(e)(1)(B) through (D). Upon submittal to and approval by the Executive Officer of the electric forklift fleet operator's written request that it will opt in and generate credits associated with a specified fleet, the fleet operator becomes the sole party eligible to generate the credits for the electricity. To receive credit for transportation fuel supplied to an electric forklift fleet, an accounting of the number of electric forklifts in the fleet must be included by the fleet operator as supplemental information in annual compliance reporting.

(7) In the event that there is measured on-road electricity as a transportation fuel that is not covered in subsections 95483(e)(1) through (6) above, the Electrical Distribution Utility is eligible to generate credits for the electricity

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with Executive Officer approval, and must meet the requirements set forth in section 95483(e)(1)(B) through (D).

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§ 95488. Obtaining and Using Fuel Pathways.

(...)

(c) Specific Requirements and Procedures. Any person may apply to the Executive Officer for the establishment of a transportation fuel pathway under the LCFS.

(...)

(6) Relationship of Pathway Carbon Intensities to Units of Fuel Sold in California.

(...)

(G) Indirect accounting mechanisms for renewable energy generation, such as the use of renewable energy certificates, cannot be used to reduce an energy source's CI. Renewable energy sources that may be used to reduce CI are limited to renewable electricity from a dedicated (non-grid) form of generation, such as wind turbines and photovoltaic arrays.

1. Notwithstanding the above, renewable electricity sources that meet one of the following requirements may be used to reduce the CI of pathways for hydrogen fuel produced by

electrolysis and electricity used for electric vehicle charging at dedicated, metered charging stations. Such electricity:

a. Is obtained through a program with eligibility requirements that match or are more stringent than the Green Tariff Shared Renewables program under California Public Utilities Code Section 2831, or

b. Is grid-connected, located at a site owned by the hydrogen producer or EV charging station owner, meets renewable electricity eligibility requirements under California Public Utilities Code Section 399.12, and produces no additional renewable attributes such as renewable energy certificates.

2. Notwithstanding the above, very low CI biomass power that meets one of the following requirements may be used to generate LCFS credits:

- a. For on-road transportation fuel supplied through EV charging in a single- or multi-family residence, the EVSP is eligible to generate LCFS credits based on the incremental CI reduction provided by the very low CI biomass power as compared to California grid mix electricity, if the EVSP complies with heightened LCFS credit verification requirements and exclusively contracts with the very low CI biomass power facility to obtain all of the environmental attributes of the electricity; or,
- b. For transportation fuel supplied to a fixed transit system, the transit agency operating the system or its designee is eligible to generate credits for electricity to propel the system based on the CI of the very low carbon biomass power if the transit system exclusively contracts with the very low CI biomass power facility to obtain all of the environmental attributes of the electricity.