September 6, 2017

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Subject: Comments of the Silicon Valley Clean Energy Authority ("SVCE") on the ARB Pre-Rulemaking Public Meeting to Discuss 2018 LCFS Amendments (August 7, 2017)[1]

The Silicon Valley Clean Energy Authority ("SVCE") supports the proposal put forth by the Smart EV Charging Group[2], particularly Section 3 entitled "EV Charging from Verified Lower Carbon Intensity Electricity Supply Sources." Allowing LSEs to earn LCFS credits for reducing the carbon intensity (CI) of electricity used to charge EVs is a fair acknowledgment of where mitigation is happening. This proposal would also benefit ratepayers by making more funds available for EV incentives and programs. However, SVCE proposes that in addition to the credits proposed by the Smart EV Charging Group, LSEs become eligible to receive all or a portion of the EV-related credits previously allocated to electric distribution utilities (EDUs). This change would more accurately reflect the incentives now driving marginal EV adoption in California, and also allow LCFS funds to be returned to ratepayers through institutions with lower overhead costs and closer ties to their communities than the EDUs.

Allowing LSEs to earn credits for reductions in the CI of electricity is a fair and necessary step, but it still fails to reward LSEs for their role in driving marginal EV adoption. Across the state, community choice energy (CCE) LSEs are taking an increasingly active role in motivating first-time EV purchases. Through rebates on vehicles, provision of public and/or discounted charging infrastructure, and community relationships that help overcome information and trust barriers, CCE LSEs are increasingly taking on a role historically played by the EDUs. CCE LSEs can arguably play this role even more effectively, because their local, not-for-profit governance structures and relatively small territories give them a stronger connection to and understanding of their customers than is displayed by the EDUs. Sonoma Clean Power's 2016 EV incentive program put over 200 new EVs on the road, with a goal of 1,000 EVs by 2020. SVCE, though young, is currently in the process of developing similar programs. However, as long as EDUs maintain their monopoly on credits representing the CI difference between gasoline and the EDU electricity portfolio, the LCFS program is implicitly awarding all responsibility for marginal EV adoption to the EDUs. This provides no incentive – aside from altruism – for non-EDU LSEs to invest in programs and infrastructure to increase EV adoption.

This problem could be fixed by transferring a portion of the per-EV credit eligibility from EDUs to the CCE LSEs in whose territories the EVs are registered. SVCE proposes that EDUs be able to continue earning credit for EVs registered before the relevant CCE LSE went into service. Prior to CCE LSE operation, it is reasonable to assume that the EDU was the only eligible opt-in entity helping to drive marginal EV adoption. However, for vehicles adopted after the CCE LSE in-service date, the CCE LSE should be eligible for credits covering the full CI difference between gasoline and the CCE LSE electricity portfolio. This would be an accurate reflection of the role CCE LSEs now play in driving marginal replacement of gasoline vehicles with EVs that run on electricity cleaner than the EDU portfolios. Another option would

[1] "The Silicon Valley Clean Energy Authority" and "Silicon Valley Clean Energy" are both valid names for our institution that have appeared in the regulatory record at one point or another. Both names refer to the same institution, which uses the acronym "SVCE".
[2] SVCE is itself a member of the Smart EV Charging Group

be to split the per-vehicle credits currently granted to the EDUs on a percentage basis, granting most to the CCE LSEs but leaving with the EDUs a portion corresponding to the percentage of customers who opt out of CCE LSE service.

SVCE recognizes that the LCFS credits currently allocated to the EDUs are returned to ratepayers through EV incentive programs open to both bundled and unbundled customers. SVCE understands the desire not to interrupt the continuity of these programs, but we would argue that CCE LSEs could play this administrative role even more effectively. CCE LSEs have very close ties to the communities they serve, and multiple avenues for listening and customer feedback built into the foundations of their institutional structures. SVCE exists because of community interest in climate mitigation, and both we and other CCE LSEs have a unique ability to design EV programs and incentives tailored to the needs of our communities. With access to even a portion of the LCFS credits currently allocated to our regional EDU, we could identify which of the many potential barriers to EV adoption are most salient to our customers, and design programs targeted to alleviate them. Moreover, CCE LSEs are in most cases smaller organizations with lower overhead costs than EDUs, so more of the revenue from the sale of credits could be returned directly to ratepayers.

Thank you for this opportunity to provide comments on the Public Meeting and accompanying Pre-Rulemaking Concept Paper. We appreciate ARB's interest in continuing to improve the LCFS policy, and look forward to continued collaboration on this very important topic.

About the Silicon Valley Clean Energy Authority

The Silicon Valley Clean Energy Authority ("SVCE") is a Joint Powers Authority formed in 2016 to implement a Community Choice Energy (CCE) program for electric customers within the jurisdictional boundaries of its members. SVCE's members include the County of Santa Clara and eleven cities within the county.[3] Through its CCE program, electric customers receive generation services from SVCE and receive transmission, distribution, billing, and other services from Pacific Gas & Electric Company. SVCE launched on April 3, 2017 as the sixth operational CCE program in California. SVCE completed the final phase of its rollout in July 2017, and now serves approximately 248,000 customers. SVCE has a peak electric demand of about 650 megawatts, and annual energy consumption of approximately 3,500 gigawatt-hours.

[3] The member agencies include the County of Santa Clara, and the cities of Campbell, Cupertino, Gilroy, Los Altos, Los Altos Hills, Los Gatos, Monte Sereno, Morgan Hill, Mountain View, Saratoga, and Sunnyvale.