



Pico Rivera Innovative Municipal Energy

November 30, 2017

Sam Wade
Fuel Division Manager California Air Resources Board
1001 I Street
Sacramento, CA 95814

Subject: Comments of Pico Rivera Innovative Municipal Energy (PRIME) on California Air Resources Board's (CARB) 2018 Low-carbon Fuel Standard Proposed Amendments

As an emerging Community Choice Aggregation program in Los Angeles County, Pico Rivera Innovative Municipal Energy (PRIME) supports the proposal put forth by the Smart EV Charging Group to allow Load Serving Entities (LSEs) to earn Low-carbon Fuel Standard (LCFS) credits for reducing the carbon intensity from verified lower carbon intensity electricity supply sources, to charge EVs.

Not only does this approach acknowledge where mitigation is happening, it would also benefit ratepayers by making more funds available for EV incentives and programs. Pioneer Community Energy encourages CARB to consider allowing LSEs to be eligible to receive all or a portion of the EV-related credits previously allocated to electric distribution utilities (EDUs).

This change would allow LCFS funds to be used in ways tailored to stimulate transportation electrification in specific communities, and would more accurately reflect the incentives now driving marginal EV adoption in California.

Community Choice Aggregation LSEs take increasingly active roles in stimulating first-time EV purchases. Through rebates on vehicles, provision of public and/or discounted charging infrastructure, targeted marketing and outreach, and community relationships that help overcome information and trust barriers; Community Choice Aggregation (CCA) programs are increasingly assuming responsibilities historically held by the EDUs. As local, not-for-profit governance structures with relatively small territories, CCA programs have direct ratepayer communication and representative governance which gives them a stronger connection to, and understanding of, their customers. As an example, Sonoma Clean Power's EV incentive program added over 200 new EVs in 2016 and over 400 new EVs in 2017, putting them on track to meet their goal of 1,000 EVs by 2020.

PRIME began serving its load in September of 2017 for residential accounts and will begin serving commercial accounts in May of 2018. The PRIME Board will be examining programs to increase their customers' awareness and ultimate adoption of electric modes of transportation. If the CARB continues to permit the EDUs to maintain their monopoly on credits for the carbon intensity between gasoline and the EDU electricity portfolio, there will be no incentive for non-EDU LSEs to invest in programs or infrastructure to increase EV adoption.

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PRIME recommends a fair and balanced approach to EV credit distribution based on which LSE provides the energy used for transportation. For those EVs registered in EDU territory prior to a Community Choice Aggregation program's launch, the EDU should continue earning the credits. However, for vehicles adopted after the Community Choice Aggregation (CCA) LSE in-service date, the CCA should be eligible for credits covering the full carbon intensity difference between gasoline and the CCA LSE electricity portfolio. This approach acknowledges the role CCAs now play in driving marginal replacement of gasoline vehicles with EVs, and provides the necessary financial incentive CCA Boards need for these programs. As CCAs serve the vast majority – over 90% – of customers in their service territories, granting them all of the credits generated by electric vehicles registered in their territory would be a simple and effective method.

The current LCFS credits allocated to the EDUs are returned to ratepayers through EV incentive programs open to both bundled and unbundled customers, which may or may not match the needs and interests of the community served. The breadth and diversity of the EDU territory, by its very nature, requires a standardized program approach which may fit only a few of the communities within the EDU territory. Because CCAs have close community ties to the communities we serve, CCA LSEs are in the best position to raise awareness around transportation electrification programs and incentives tailored to the needs of our communities, and to be more nimble and creative in achieving market penetration by identifying which of the many potential barriers to EV adoption are most salient to our customers. With lower overhead costs, CCAs may also return more revenue from the sale of credits directly to ratepayers. This will happen only if CARB reconsiders how the credits are currently distributed.

Pico Rivera has long been at the forefront of creating new, sustainable approaches to modern living. And the City is eager to proactively promote new power alternatives, resource conservation strategies and smart energy technologies. With a lofty goal of creating the most innovative, decentralized modern energy grid in the state, PRIME is determined to help design cleaner energy platforms for its customers. Our mission goes beyond providing our customers with a greener solution. We are interested in actively designing and building the future in integrated resource planning of sustainable communities and distributed renewable technologies to improve the quality of life for our residents and to provide a more sustainable future for the communities that will follow.

Thank you for this opportunity to provide comments on evolving Low-carbon Fuel Standard Amendments. We appreciate CARB's interest and consideration of approaches to improving the LCFS policy, and PRIME looks forward to future opportunities to contribute to the discussion on this very important topic.

Respectfully,

Benjamin Cardenas
Assistant City Manager, City of Pico Rivera



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