SILICON VALLEY CLEAN ENERGY

333 W El Camino Real, Ste. 290 | Sunnyvale, CA 94087 | SVCleanEnergy.org | 1-844-474-SVCE

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Sam Wade
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101 I Street
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Re: Comments of the Silicon Valley Clean Energy Authority on California Air Resources Board's 2018 Low-carbon Fuel Standard Proposed Amendments

The Silicon Valley Clean Energy Authority (SVCE), a Community Choice Aggregator (CCA) serving twelve communities and unincorporated Santa Clara County with carbon-free power, 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 verified reductions in the carbon intensity of electricity used to charge electric vehicles.[1,2] In addition, and consistent with our September comments on the California Air Resources Board (CARB) Pre-Rulemaking Public Meeting to Discuss 2018 LCFS Amendments, we request that ARB staff consider making CCA LSEs eligible to earn all or a portion of the LCFS credits currently allocated to electric distribution utilities (EDUs).

The per-vehicle LCFS credits currently granted exclusively to the EDUs represent the carbon intensity reduction associated with replacing a gasoline vehicle with an electric vehicle (EV). This allocation implies that EDUs are the sole drivers of marginal EV adoption in their service territories. While this assumption may have been appropriate at the outset of the LCFS program, it does not accurately reflect California's current EV landscape and industry or the widespread emergence of CCAs as new LSEs.

Across the state, CCA LSEs 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 they serve, CCAs have a uniquely strong understanding of and communication with their customers. Moreover, many CCAs were

[1] CCA, or Community Choice Aggregation/Aggregator, is sometimes also referred to as Community Choice Energy or CCE. These terms are interchangeable and refer to the same institutional model, but this set of comments will use the more common "CCA" version.

[2] At the most recent SVCE Board meeting on 11/29/2017, the Board voted to accept the City of Milpitas's request to join SVCE as its twelfth community. The City of Milpitas does not appear on this letterhead because they have not yet appointed a representative to the SVCE Board.

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established with the specific charter of reducing community-wide GHG emissions, not just by reducing emissions intensity in the electricity supplied, but by encouraging fuel switching from fossil fuels to clean electricity on a broad scale. As a result, CCAs have both tools and motivation to tailor EV-related programs to the specific needs and barriers to adoption that occur in their communities.

Through rebates on vehicles, provision of public and/or discounted charging infrastructure, targeted marketing and outreach, relationships that help overcome information and trust barriers, and other innovative mechanisms, CCAs are increasingly responsible for marginal EV purchases. For 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. SVCE is developing EV programs of its own, and CCA influence on EV adoption will only increase as communities across the state continue to bring new CCAs online.

In light of this increasing role in marginal EV adoption, SVCE recommends a fair and balanced approach to per-EV LCFS credit distribution based on which LSE provides the energy used for charging. For those EVs registered in EDU territory prior to a CCA LSE program's launch, the EDU should continue earning the credits. However, for vehicles adopted after the CCA's in-service date, the CCA should be eligible for credits covering the full carbon intensity difference between gasoline and the CCA electricity portfolio. This approach acknowledges the essential role CCAs now play in driving marginal replacement of gasoline vehicles with EVs, and provides a valuable financial incentive to CCA Boards 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 territories after their in-service dates would be a simple and effective method. CARB could also achieve even greater granularity by implementing a split of the per-vehicle credits, granting a percentage of credits to each CCA based on the percentage of customers who take generation service from that CCA in a given county. For example, if a CCA serves 95% of customers in a county, they would receive credits for 95% of new EV sales in that county. The existing EDU online platform, which tracks VIN numbers and shared customer account numbers, could be modified to enact this change.

The LCFS credits currently allocated to the EDUs are returned to ratepayers through EV incentive programs open to both bundled and

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unbundled customers. However, the size of an EDU territory requires a standardized program approach, and the resulting programs may fit only a few of the communities within the EDU territory. Because CCAs have closer ties to the communities they serve, CCA LSEs are in the best position to raise awareness around transportation electrification and provide incentives tailored to the needs of their communities. As smaller, nimbler institutions with lower overhead costs, CCAs can also react faster to changing program needs and may return more revenue from the sale of credits to ratepayers. This will happen only if CARB reconsiders how the credits are currently distributed.

Thank you for this opportunity to provide comments on evolving Low Carbon Fuel Standard Amendments. SVCE appreciates CARB's interest in and consideration of approaches to improving the LCFS policy, and we look forward to future opportunities to contribute to the discussion on this very important topic.

Sincerely,

Donald Eckert

Donald Eckert
Interim Chief Executive Officer