BEFORE THE CALIFORNIA AIR RESOURCES BOARD

In the Matter of:	**Pre-Rulemaking**
Low Carbon Fuel Standard Program	***2018 Low Carbon Fuel Standard Preliminary Draft Regulatory Amendment Text***

NORTHERN CALIFORNIA POWER AGENCY
COMMENTS ON 2018 LOW CARBON FUEL STANDARD
PRELIMINARY DRAFT REGULATORY AMENDMENT TEXT

The Northern California Power Agency ("NCPA") respectfully submits these comments to the California Air Resources Board ("CARB") regarding the 2018 Low Carbon Fuel Standard Preliminary Draft Regulatory Amendment Text ("preliminary draft") and the related public workshop held on November 6, 2017. These comments reiterate many of the same positions expressed in the joint comments submitted by NCPA, the Southern California Public Power Authority, and the California Municipal Utilities Association regarding the Low Carbon Fuel Standard 2018 Amendments Pre-Rulemaking Concept Paper.

In general, NCPA supports the Low Carbon Fuel Standard ("LCFS") program as an essential and effective strategy for diversifying California's transportation fuels and significantly reducing greenhouse gas emissions in support of the state's climate change goals. NCPA supports amending the program to update the carbon intensity of California grid electricity. However, NCPA opposes the proposal to allow electric vehicle supply providers and automakers to be eligible to receive LCFS credits from residential charging.

I. MAINTAIN CURRENT RESIDENTIAL CHARGING PROVISIONS

Slide 69 of the CARB presentation provided during the November 6, 2017 public workshop indicated that CARB staff is now proposing to allow auto-manufacturers to claim LCFS credits for residential charging if they provide data on EV charging activity. NCPA opposes this abrupt change in LCFS policy for many reasons, as detailed below, and strongly encourages CARB to maintain the current eligibility provisions for residential EV charging stated in 17 CCR 95483(e)(1)(A)-(D).

On a fundamental level, the LCFS program is a fuels regulation. There are numerous other programs—many administered by CARB—designed to achieve GHG reductions from the vehicle portion of the transportation sector. Automakers, however, do not in any way, shape, or form supply transportation fuel; they consume it. LCFS credits should remain with the fuel-supplier who that has undertaken the investments to provide cleaner fuels in support of the LCFS program.

Local POUs are exclusively qualified among regulated parties to ensure that all current and future EV customers in their community benefit from revenue generated by the sale of LCFS credits. As POUs have no shareholders or profit motivations and are directly accountable to their customers through locally elected public officials, they serve as their customers' caretakers of LCFS credits. Furthermore, with regard to single- or multi-family residence EV charging, electric distribution utilities, including POUs, are required to "use all credit proceeds to benefit current or future EV customers." With automakers—and Electric Vehicle Service Providers ("EVSP") for that matter—there is no such guarantee that LCFS credit proceeds that go to EVSPs and automakers will benefit the local communities in which those proceeds were generated, and may leave the state entirely.

Investments in utility infrastructure—including grid upgrades to support EV charging—is particularly critical to ensuring the continued growth of EV adoption. Unlike an automaker, which targets specific customer segments likely to purchase their particular vehicles, POUs focus on brand-neutral investments that benefit the full range of EV customers, including traditionally underserved markets, such as low-income households, multifamily dwelling residents, and small business owners. POU's are uniquely positioned to effectively integrate EV charging into electric distribution grids. As local government agencies that share many of the same public service responsibilities as the State, POUs are also best equipped to satisfy the broader policy objective of ensuring our State's transportation programs deliver equitable benefits to all Californians.

While NCPA shares CARB's broader interest in improving the accuracy of EV charging data, providing LCFS credits for residential charging to automakers or EVSPs is a flawed approach that ignores the multitude of public policy benefits associated with POU participation in the LCFS program. The current credit generation methodology for residential charging is simple, effective, and straightforward. NCPA strongly encourages CARB to maintain this approach and reject proposals that do not provide the same level of equity to the diverse community of current and prospective EV customers.

II. ENSURE LCFS PROCEEDS BENEFIT CALIFORNIA CONSUMERS

As introduced above, the current LCFS regulation imposes specific requirements on electric distribution utilities, including POUs, in order to receive credits. Specifically, utilities are required to "use all credit proceeds to benefit current or future EV customers." [1] For the IOUs, CPUC regulations related to LCFS revenue allocation ensures that IOU customers are the

[1] 17 CRR 95483(e)(1)(A)

direct beneficiaries of IOU participation in the LCFS program. Similarly, POUs are caretakers of LCFS revenue on behalf of the customers they serve, with every dollar of LCFS revenue reinvested back into the community in which the credits were generated. However, similar provisions do not apply to the other regulated parties eligible to generate credits from electricity used as a transportation fuel. To ensure that the LCFS program continues to spur investment in California and benefit the customers for which the credits are generated, all regulated parties eligible to generate credits from electricity used as a transportation fuel should be required to use all credit proceeds to benefit current or future EV customers in the electric distribution utility service territory in which the credits are generated. Otherwise, the program may disproportionately benefit some consumers to the detriment of others.

III. ANNUALLY UPDATE THE CA GRID ELECTRICITY PATHWAY

The current Low Carbon Fuel Standard ("LCFS") program allows participating electric distribution utilities to generate LCFS credits for electric vehicle ("EV") charging. The carbon intensity ("CI") of grid electricity is currently derived from the ninth edition of the U.S. EPA's Emissions and Generation Resource Integrated Database ("eGRID"), which is incorporated into the California-modified Greenhouse gases, Regulated Emissions, and Energy use in Transportation ("CA-GREET") model. As such, the CI for California electricity is based on the 2010 average California generation resource mix.

The California generation resource mix has changed significantly since 2010. According to electricity data from the California Energy Commission's Quarterly Fuel and Energy Report ("QFER"), renewable energy resources represented 25.5% of the Total System Electric Generation in 2016, nearly double the proportion of renewable energy in 2010 (13.9%). Similarly, coal represented 7.7% of the state's generation in 2010 compared to 4.1% in 2016.

The increased reliance on renewable energy and decline of coal generation have reduced the carbon intensity of the state's generation resource mix since 2010.

NCPA strongly supports an annual update to the Lookup Table (Table 6 of the existing LCFS regulation) pathway for California grid electricity used to calculate credits for EV charging. In so doing, the LCFS program will more accurately account for the GHG emissions reductions associated with EV charging that uses grid electricity. NCPA urges further discussion regarding the most appropriate data source for which to base the annual update. There may be opportunities to use data submitted to the CEC by electric utilities as part of the Power Source Disclosure program. NCPA notes that CI will become a part of utility Power Content Labels beginning in 2020. In the interest of report streamlining, CARB and CEC should work together to mitigate the potential for duplicative and conflicting CI values for load-serving entities.

IV. EXPLORE TIER 2 PATHWAY FOR ENTITY-SPECIFIC CI VALUES

NCPA supports the establishment of a separate and distinct certification pathway for a load-serving entity ("LSE") to demonstrate that its portfolio of electric generation resource has a lower carbon intensity than the California grid electricity pathway. Consistent with previous comments, NCPA recommends that CARB convene an additional workshop(s) to explore issues related to the development of an LSE-specific CI values and certification pathway.

NCPA appreciates your consideration of these comments, and we look forward to continuing our collaboration with CARB and other stakeholders to foster EV adoption and reduce GHG emissions from California's transportation sector.

Respectfully submitted,

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