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Rajinder Sahota  
Division Chief, Industrial Strategies Division  
California Air Resources Board, Industrial Strategies Division  
1001 I Street  
Sacramento, CA 95814

**RE: Comments from SRECTrade on October 14-15, 2020 Low Carbon Fuel Standard Public Workshop to Discuss Potential Regulation Revisions**

Dear Mr. Sahota,

[SRECTrade](#) is a tech driven platform and services provider that helps provide equitable access to complex regulatory markets. As the largest third-party manager of environmental commodities in the United States, our goal is to accelerate adoption of clean energy assets while minimizing the time, cost, and risk associated with achieving financial return and compliance. As one of the largest third-party managers of fuel supply equipment assets, we facilitate participation in the Low Carbon Fuel Standard (LCFS) program for a variety of public and private clean energy asset owners across multiple industries and sectors.

SRECTrade respectfully submits the following comments to California Air Resources Board (CARB) Staff in response to the LCFS Public Workshops to Discuss Potential Regulation Revisions held on October 14 and 15, 2020.

#### **REGISTRATION IN LCFS DATA MANAGEMENT SYSTEM (LDMS)**

SRECTrade applauds Staff efforts to streamline and simplify account registration and management and supports the account unification proposal. The degree to which ease of use contributes to LCFS program participation cannot be understated.

SRECTrade would like bring to Staff attention the concept of using an Application Programmable Interface (API) to go beyond streamlining account registration and management by inviting LCFS participants to develop innovative tools and functionalities that can interact with existing systems such as the LRT and AFP. Through the life of the LCFS program, user interfaces have been marginally improved but are still highly limited in terms of functionality and ease-of-use. Undoubtedly these limitations come at a cost – the time, soft costs, and potential for errors associated with data entry and review from program participants and Staff. APIs present a unique solution to the administrative burden that underpins any complex regulatory system.

An API is essentially a software intermediary that allows two applications to talk to each other. In the case of LCFS, third-party developers would be able to build software tools that interact with LCFS legacy systems in the same way that a current user does but with the efficiency and capability of computer software. APIs do not affect the functionality or security of the legacy system itself but instead enhance interactivity between the system and its users. At minimum, an API would increase the efficiency and accuracy by which users and Staff collectively register assets, report fuel consumption, manage transactions, pursue verification, and utilize program data.

The use of APIs is not new to environmental commodity programs. The New England Power Pool (NEPOOL) and PJM's Generation Attribute Tracking Systems (GATS) currently have APIs in place that are widely used as an acceptable means of data transfer. The benefits of APIs in these programs could be shared by the LCFS program and participating community. SRECTrade believes that these benefits would spur innovation and increase LCFS participation.

## **ELECTRICITY DISPENSED FOR ELECTRIC FORKLIFT FUELING**

SRETrade is supportive of Staff efforts to increase accuracy in crediting for electric forklift reporting but cautions that requiring metering may result in unanticipated yet significant administrative, financial, and operational burden for entities operating forklifts and result in a significant loss of electric forklift participation.

For example, many forklift fleets consist of equipment with model years both prior to and after 2011, but it would be unreasonable and impractical for forklift operators to separately charge equipment by model year. Staff could consider including a provision for prorating metered kWh for equipment with model year prior to and later than 2011.

Staff should seek to understand the potential impact metering requirements would have on program participation and LCFS credit generation from electric forklift use. Staff may also consider phasing-in any new metering requirements, thus allowing forklift operators enough time to plan for and install any new metering equipment that would be required. Allowing continued use of LCFS Guidance 17-02 will ensure that LCFS participation by electric forklifts continues to increase.

## **CLARIFICATIONS FOR USES OF ON-VEHICLE TELEMATICS**

SRETrade supports Staff proposal to allow use of on-vehicle telematics to measure electricity dispensed in other transportation applications beyond residential charging to generate incremental credits. On-vehicle telematics are increasing in use and would improve accuracy of fuel reporting data. Inclusion of telematics as an acceptable means of reporting data would likely drive further adoption of electric vehicles in freight, logistics, manufacturing, and other sectors.

## **ELECTRICITY CREDIT PROCEEDS SPENDING REQUIREMENTS**

SRETrade is supportive of Staff efforts to clarify electricity credit proceed spending requirements and fundamentally agrees that proceeds from credits should be invested in transportation electrification. However, we urge Staff to avoid developing spending requirements that are overly prescriptive and caution against categorical use limitations. In our experience, many entities adopting EVs anticipate revenues from LCFS credits to help offset the higher capital and fuel costs of purchasing and operating EVs (such a calculation would be performed during a Total Cost of Ownership analysis or TCO). In many cases the anticipated LCFS credit revenue is a decisive factor in EV adoption, especially for smaller entities. Overly prescriptive and restrictive proceed spending requirements could ultimately hinder EV adoption under the LCFS program. Instead, entities should retain flexibility in demonstrating that credits proceeds are supporting overall program goals.

## **REC RETIREMENT FOR LOW-CI ELECTRICITY**

SRETrade is supportive of Staff proposal to add consistent requirements across all provisions in the LCFS for demonstrating REC retirements associated with low-CI electricity, including requiring retirement of RECs for zero-CI electricity pathway when electricity is directly supplied and eligible for REC generation.

## **THIRD PARTY VERIFICATION OF ELECTRICITY TRANSACTIONS**

SRETrade understands the need for reliable and accurate mechanisms to report data for credit generation and issuance, but also believes that if the process is too burdensome and costly it will hinder participation in the program. Accordingly, we support Staff's consideration to add thresholds for longer deferment periods and exemptions for smaller credit generators. SRETrade recommends considering thresholds based on annual credit generation using charging station capacity. This capacity could be based on the station's total capacity to dispense

energy under 100% utilization rate. This maximum threshold could address annual credit generation maximums while also be applicable to a single location.

We recommend that Staff consider implementing an API as a means of further streamlining account registration and management within the LCFS program. SRECTrade would welcome the opportunity to further discuss this concept during the forthcoming rulemaking.

Thank you very much for your time and consideration as you review these comments. We welcome the opportunity for further clarification and discussion of our comments.

Best Regards,



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