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**November 18, 2019**

Mr. James Duffy  
Transportation Fuels Branch  
California Air Resources Board  
1001 "I" Street  
Sacramento, CA 95814

**RE: Pacific Gas and Electric Comments on the Low Carbon Fuel Standard Regulation 45-Day Draft Amendments**

Pacific Gas and Electric Company (PG&E) appreciates this opportunity to comment in response to the California Air Resources Board's (CARB) release of Draft Amendments to the Low Carbon Fuel Standard (LCFS) Regulation for the 45-day public comment period. PG&E continues to support a well-designed LCFS program that advances low-carbon fuels while protecting consumers and reducing regulatory risk with appropriate cost containment mechanisms.

PG&E's agrees with and supports the comments provided by CalETC. In particular, PG&E would like to reiterate the following points and requested changes:

**Borrowed Credits**

The draft amendments include a provision to borrow credits from future residential EV charging in order to provide additional supply for the Credit Clearance Market (CCM) if not enough credits are pledged by suppliers. These "borrowed" credits would be disbursed by CARB to the five largest utilities (including PG&E) for sale to compliance entities in the CCM.

PG&E requests that CARB amend the current draft language to clarify that utilities that make good faith efforts to sell borrowed credits in the CCM will not be penalized if the contract cannot be completed with the buyers in the required time frame. This protection is critical for the Investor-Owned Utilities (IOUs), which are subject to California Public Utilities Commission (CPUC) requirements for prudent contract management standards, as well as internal and external obligations to minimize potential risks from transaction executions.

PG&E believes that the amendment language provided by CalETC to § 95485 (c) (3)(C) and (F) would help to address this concern and should be incorporated through a 15-day public notice process.

#### Guidance Document

In addition to CalETC's comments and proposed draft language, PG&E requests that CARB publish a guidance document regarding the functionality of the CCM. There are currently no available details as to how the market functions, how buyers and sellers will be matched in the market, and how the resulting credit transfers will be facilitated. If credit borrowing occurs, it will be mandatory for PG&E to participate in the CCM. Prior to participating, IOUs will need to receive approval from the CPUC for selling LCFS credits through a new method of sale and a guidance document with details about the functionality would provide some of the necessary details for an appropriate approval request.

#### **Conclusion**

PG&E continues to support the Low Carbon Fuel Standard as a program that will help the state meet its aggressive climate goals while maintaining a healthy economy. PG&E appreciates Staff's responsiveness to stakeholder comments from the public workshops and looks forward to continuing to work with CARB on considering our suggested modifications.

Please feel free to contact me if you have any questions or concerns.

Sincerely,

/s/

Fariya Ali

Air & Climate Policy Manager  
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Pacific Gas & Electric