



SOUTHERN CALIFORNIA  
**EDISON**<sup>®</sup>

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April 23, 2018

Honorable Chairman Mary D. Nichols and  
Honorable Board Members California Air Resources Board  
1001 I Street  
P.O. Box 2815  
Sacramento, CA 95812

Sent via e-mail to Clerk of the Board

Re: Item 18-3-3, SUPPORT Proposed Amendments to the Low Carbon Fuel Standard Regulation and to the Regulation on Commercialization of Alternative Diesel Fuels

Dear Chair Nichols and Honorable Board Members:

Southern California Edison (SCE) appreciates this opportunity to comment on the proposed draft regulation order regarding the Low Carbon Fuel Standard (LCFS), and the hard work by CARB staff that went in to this effort.

SCE has long supported the LCFS, since the original signing of the Executive Order.<sup>1</sup> SCE believes that the LCFS is an important component of the State's efforts to diversify the transportation fuels sector and reduce emissions from carbon-based fuel.

SCE supports the draft regulation's proposal that utilities continue to generate LCFS credits for residential charging, based on an improved carbon intensity factor for the statewide average grid. SCE has begun working with CARB on how to improve the utilities' programs that return the LCFS credit sale proceeds back to EV owners and improve consistency of the LCFS programs across the state. As you may know, for SCE, it is a \$450 rebate mailed to customers for up to three different owners of the same EV over time,<sup>2</sup> and we hope that any improvements will

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<sup>1</sup> Executive Order S-1-07

<sup>2</sup> Additional program features protect against fraud.

continue to facilitate used-car EV ownership. We believe that the utilities are uniquely positioned to work with the regulators and stakeholders to determine how to best invest the utilities' LCFS proceeds in order to accelerate transportation electrification and benefit EV owners.

SCE's program to return LCFS credits to residential EV owners (Clean Fuel Rewards) began less than 12 months ago, as did similar programs by other investor-owned utilities. SCE's program was designed when LCFS credit prices were approximately six times less than today's LCFS credit prices. As a result, SCE recognizes that its program needs to be updated. SCE also wants to explore a point-of-sale rebate in order to encourage EV adoption, augment CARB's existing Clean Vehicle Rebate Program (CVRP), and engage car dealers of new and used EVs<sup>3</sup> so they could provide a "one-stop shop" to sign up EV buyers for the various EV incentives, including off-peak charging rates from utilities.

Off-peak charging can save EV owners who charge at home over \$5,000 during the life of the EV.<sup>4</sup> But first, the EV owner must think to contact their utility instead of relying on the owner's existing residential rate.<sup>5</sup> LCFS-funded rebates can be the attention-grabber that enables customers to sign-up for attractive off-peak rates.

SCE is open to modifying how the utilities' LCFS credit proceeds from residential charging are distributed as part of a CARB-led process involving utilities, automakers and other stakeholders.

SCE does not believe a major change in the design of base residential LCFS credit provisions should be made as part of the 15-day change process. The subject is very complicated, and would benefit first from fuller discussion, debate and evaluation in an engaged stakeholder process. Regulatory changes could then be brought to the CARB Board in early 2019 if the CARB-led stakeholder process deemed that to be necessary.

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<sup>3</sup> In a mature market used car sales are 2.5 times more each year than new car sales. According to Bloomberg, 80% of battery EVs and 50% of plug-in hybrid EVs have 2 or 3 year leases, which brings EVs to the used market much faster than with gasoline cars.

<sup>4</sup> Compared to driving on gasoline.

<sup>5</sup> SCE has offered TOU rates designed to encourage EV adoption at homes and businesses for over 20 years, including whole house TOU rates that don't require a separate meter. We expect new, very attractive TOU rates for businesses and optional whole house TOU rates designed for EVs to be in effect in early 2019. Currently, most EV buyers don't contact SCE about their car purchase, so we can't easily get them on rates designed for EVs or log this information to assist with future distribution grid planning. LCFS programs can help address these and many other impediments to EV adoption.

SCE also supports the California Electric Transportation Coalition's (CalETC's) April 23 comments regarding the proposed changes to the LCFS.

Thank you for considering our comments regarding this important regulation.

Sincerely,

A handwritten signature in black ink that reads "Michael Backstrom". The signature is written in a cursive style with a long horizontal line extending to the right.

Michael Backstrom  
Managing Director  
Energy and Environmental Policy  
Southern California Edison