April 23, 2018

Mary Nichols, Chair
Members of the Board
California Air Resources Board
1001 I Street
Sacramento, CA 95814

**Comments of Solar Energy Industries Association Regarding the Low-Carbon Fuel Standard**

Dear Chairman Nichols and Members of the Board:

The Solar Energy Industries Association (SEIA) appreciates the opportunity to provide comments to the California Air Resource Board (CARB) on the 2018 Amendments to the Low Carbon Fuel Standard (LCFS) Program.

SEIA is the national trade association for solar companies, representing over 1,000 companies across all market segments. As the national trade association of the U.S. solar energy industry, which now employs more than 260,000 Americans, we represent all organizations that promote, manufacture, install and support the development of solar energy. SEIA works with its member companies to build jobs and diversity, champion the use of cost-competitive solar in America, remove market barriers and educate the public on the benefits of solar energy.[1]

## I. LCFS Electricity Pathway and Indirect Accounting for Renewable Electricity

The electricity pathway within the LCFS is an important tool to support the Governor's goals of placing more than 1.5 million Electric Vehicles (EVs) on California roads by 2025 and 5 million by 2030. As an organization supporting the deployment of renewable energy (solar) technology in the state, we are well-positioned to help advance the objectives of the LCFS program in reducing the carbon intensity of the state's transportation fuels. We provide these comments for CARB's consideration to help the LCFS program drive growth of zero-emission transportation in California.

We support the current proposal to allow credit generators, such as EV manufacturers and charging station providers, within the electricity pathway to match actual EV charging data with

[1] The views herein represent the views of SEIA and not any individual member company.

renewable solar energy generation to generate credits using a zero Carbon Intensity value. This will boost credit generation, increasing incentive values for consumers and supporting continued deployment of renewable energy in California.

The proposed requirements for "indirect accounting for renewable electricity" via "book-and-claim accounting for renewable or low-CI electricity supplied as a transportation fuel" are an improvement on the existing program design where currently only on-site renewable energy can be matched with charging.[2] We support the following elements of CARB staff's proposal:

- Physical traceability is not required as long as the renewable electricity is supplied to the grid within a California Balancing Authority.
- Book-and-claim accounting for renewable electricity may span two quarters, which is reasonable from an administrative perspective.
- Credit generators are able to use book-and-claim accounting to match renewable electricity with charging not only through the Green Tariffs Shared Renewables Program but also through other contractual relationships, which allow credit generators besides utilities to participate.
- Credit generators can retire the associated Renewable Energy Certificates (RECs) of the renewable electricity that is matched, which ensures additionality.

These provisions appropriately balance accountability and additionality with administrative feasibility.

To further enhance the clarity of this section and ensure administrative feasibility, we request three clarifications:

- CARB should clarify that a credit generator with accurate EV charging data and a clear contractual right to the underlying renewable electricity produced by generation equipment may match the renewable energy produced with the EV charging data to generate incremental credits.
- CARB should provide additional guidance on who has the first right to credits in the event of that multiple parties claim credits for the same charging event.
- CARB should reconsider requiring pricing information on generation invoices provided to the Executive Officer because this information is commercially sensitive.

We appreciate CARB staff's proposal to allow credit generators to match EV charging with off-site renewable energy generation to generate credits using a 0 CI value. These changes are aligned with California's long-term renewable energy goals and will help spur near-term EV adoption. With the proposed clarifications, CARB can provide the necessary guidance to market participants and ensure this pathway's success.

[2] CARB Rulemaking Documents: ISOR Appendix A (p. 156-157)

## II. Boundary Conditions for Receiving Renewable Electricity Credits

The LCFS regulations allow for program participants to receive LCFS credits for utilizing renewable electricity in both conventional fuel refinery operations and crude production. This is an important policy to further drive private adoption of renewable energy to help meet the state's climate goals.

However, these rules are unjustifiably limiting in how renewable generation can qualify. For example, for solar and wind electricity projects, § 95489(c)(1)(A) indicates that electricity from such projects "must be produced and consumed onsite" in order to qualify for credits. Established state policy on net energy metering (NEM) affords a customer the ability to size an on-site renewable generator to meet up to 100% of the customer's annual electricity load. Whatever electricity is not utilized instantaneously behind-the-meter can be exported to the grid and utilized by the customer's operation at another time. We recommend that this regulation be revised (or clarified) to allow *the total output* of an on-site renewable generation system to qualify for LCFS credits.

Likewise, the prohibition against receiving LCFS credits for renewable electricity procured from an off-site project and delivered to serve on-site refinery or crude production loads should be eliminated. There is no meaningful climate benefit distinction between renewable electricity generated from an on-site system and that from an off-site system. This would also align with the staff proposal "to allow renewable power generated in the same balancing authority as the ZEV load to be used in EV charging and H2 production."

We urge CARB to take action this year to implement these changes.  California has set bold targets for EV adoption, low carbon fuel use and air quality improvements.  It will take smart, focused policy to ensure these targets are achieved.  The recommendations in this letter represent a significant step in that direction.

Thank you for your time and consideration in this matter.  You can reach me at 202-603-0883 or rumoff@seia.org with any questions.

Sincerely,

Rick Umoff
Regulatory Counsel and California Director
Solar Energy Industries Association
600 14th St. NW Suite 400
Washington, D.C. 20005