CMUA
CALIFORNIA MUNICIPAL UTILITIES ASSOCIATION

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Clerk of the Board
California Air Resources Board
1001 I Street
Sacramento, CA 95814

Re: California Municipal Utilities Association's Comments on California Air Resources Board's Low Carbon Fuel Standard December 7, 2021, Public Workshop.

Clerk of the Board,

The California Municipal Utilities Association (CMUA) appreciates the opportunity to submit these comments on the California Air Resources Board's (CARB) Low Carbon Fuel Standard (LCFS) December 7, 2021, Public Workshop: Potential Future Changes to the LCFS Program (LCFS Workshop).

CMUA is a statewide organization of local public agencies in California that provide electricity and water service to California consumers. CMUA membership includes publicly-owned electric utilities (POUs) that operate electric distribution and transmission systems that serve approximately 25 percent of the electric load in California, and public water agencies that serve approximately 75 percent of California's water customers. California's POUs and public water agencies are committed to, and have a strong track record of, providing safe, reliable, affordable, and sustainable electric and water service.

California's POUs have a proven track record of investing LCFS funds into cost-effective, innovative programs that create on-going, long term benefits in their local communities. As operators of critical public service infrastructure, clean fuel providers,

clean transportation program administrators and fleet operators, CMUA members provide a unique and important perspective on what is needed to develop a successful LCFS program. CMUA supports the LCFS program as an essential and effective strategy for diversifying California's transportation fuels and advancing the state's climate change goals by significantly reducing greenhouse gas (GHG) emissions from the transportation sector.

CMUA Supports a Technology-Neutral Policy

CMUA agrees that the LCFS program should be expanded to encourage the diversification and growth of low carbon-intensity (low C-I) fuels. The LCFS program should foster growth in green hydrogen to help accelerate the transition to zero-emission vehicles and energy storage. While staff mentioned expanding the LCFS program to include infrastructure credits available for light-, medium-, and heavy-duty public hydrogen fueling stations, it presented concepts rather than specific details. Staff also indicated they are evaluating the current eligibility criterion requirement that hydrogen fueling stations be publicly owned.

However, in response to questions at the LCFS Workshop, CARB staff clarified they are not currently considering applying the LCFS program to further encourage electric charging infrastructure to support medium- and heavy-duty fleet electrification. CARB should reconsider this direction. To accelerate the transition to zero-emission vehicles in medium- and heavy-duty fleets, California will also need to significantly expand the charging infrastructure to support fleet electrification. While CMUA supports CARB's efforts to further incent the development of green hydrogen fueling infrastructure, CARB should consider that any changes to eligibility or ownership

requirements be applicable to electric charging infrastructure as well. The LCFS program can provide needed incentives to grow this needed electric vehicle (EV) charging infrastructure. This is especially important given the timing of the ongoing Advanced Clean Fleets proposed draft rule[1] where industry concerns pertain to where medium and heavy-duty trucks are going to refuel, which will require both electricity and hydrogen.

If CARB Pursues Third-Party Verification for Metered Electricity Credits, CMUA Requests CARB Consider a Minimum Threshold

At the LCFS Workshop, CARB staff indicated they were considering a proposal to expand the third-party verification requirement for Quarterly Fuel Transaction Reports to cover additional fuel reporting entities, including all metered EV charging transactions. CMUA recognizes that third-party verification can be an important tool to help ensure that greenhouse gas (GHG) reduction programs like the LCFS are effective and achieving the intended reductions. However, the additional cost and administrative burden of third-party verification could make program participation uneconomic and inconvenient for many participants, especially for entities like small POUs and small fleet owners that have only a minimal amount of fuel transactions to report. This could limit participation in the program, reduce the overall amount of electricity credits in the market, and decrease overall support for the LCFS program.

For example, many POUs have installed EV chargers to provide public charging in their communities to help accelerate the adoption of EVs in support of state and CARB goals for cleaner transportation. POUs are not necessarily placing chargers to

[1] See https://ww2.arb.ca.gov/our-work/programs/advanced-clean-fleets.

optimize kWh or uptime, thus maximizing LCFS credit revenue that could help offset the cost of third-party verification, but instead are trying to support their diverse communities in the transition toward transportation electrification. Such fuel supply equipment installations should be encouraged, not burdened with additional verification requirements. Furthermore, these electricity pathways are based on metered electricity from revenue grade meters or charging network provider portals. The data is straightforward and has minimal reporting risk.

If CARB requires third-party verification for metered electricity transactions, CARB should consider establishing a threshold under which the requirement does not apply (threshold to be determined). For example, a threshold may be no more than a certain number of LCFS credits generated or a certain amount of kWh consumption from the metered charging category during the prior year.

CMUA Supports CARB's Goal to Export the LCFS Program into Other Jurisdictions

The international climate crisis cannot be addressed without reducing GHG emissions in the transportation sector. While California has taken a strong leadership position in accelerating zero-emission transportation technologies, the state cannot do it alone. Even if California's GHG emissions were to fall to zero, the climate crisis will continue. However, as staff indicated at the LCFS Workshop, California can have an outsized impact by developing programs for other jurisdictions to adopt. To that end, California must develop workable and sustainable programs to promote the transition to clean transportation options. CMUA encourages CARB to consider policies and regulations that balance environmental and economic sustainability. Such balanced

policy solutions that are endorsed by California agencies are more likely to be adopted by other jurisdictions.

Conclusion

CMUA appreciates your consideration and the opportunity to comment on the LCFS Workshop.

Respectfully submitted,

/s/

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