



PASADENA WATER AND POWER

November 18, 2019

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

RE: Low Carbon Fuel Standard ("LCFS") Rulemaking

Submission Type: efile

**RE: Comments from The City of Pasadena, Water and Power ("PWP") Department on the Amendments to the LCFS Regulation dated October 1, 2019**

In response to the Amendments to the LCFS Regulation dated October 1, 2019, PWP respectfully submits the following comments for review and consideration.

PWP appreciates the efforts by the California Air Resources Board ("CARB") in drafting these regulations. As an early adopter of Electric Vehicle ("EV") for fleet and infrastructure development, PWP understands the importance of the LCFS Regulations and its impact on future EV deployment in California. This comment letter defines the actions and implementation efforts made by PWP to encourage customers in our community to reduce pollution, conserve energy, save money and reduce their carbon footprint.

Since opting into the LCFS Program in December 2017, PWP has made tremendous advances in public and private EV infrastructure development. Additionally, we are committed to doing more to serve our community on this important goal to reduce greenhouse gas emissions in the state.

This letter is intended to urge CARB to ensure that the ongoing LCFS program regulation allows flexibility for all utilities which have unique community challenges within their respective populations.

**Background**

Pasadena is the 40<sup>th</sup> largest city in California. Geographically, we are located in the San Gabriel Valley, about 15 miles north of downtown Los Angeles with a 23 square mile service territory. Pasadena is home to the annual Tournament of Roses parade, which draws an estimated 700,000 visitors to our city boundaries every year, including people from all over the world. Pasadena's Rose Bowl is the home of a major Southern California University football team, and major concerts

throughout the year. Our city also has several colleges, hospitals, museums, conventions and hotels. In short, Pasadena is internationally known and our diverse and ever-changing community is representative of all population groups.

Our goal is straight-forward, we want to electrify all communities within our service territory. We are committed to developing access to electric vehicles and charging infrastructure for all residents, especially Disadvantaged Communities (“DAC”) and Low Income (“LI”) families. We believe that all individuals, regardless of where in our City’s geographical location, or in which socioeconomic status they belong, should have access to cleaner cars and cleaner air quality. We agree that using a portion of the revenue from the sale of LCFS holdback base credits for residential EV charging is an appropriate mechanism to effect GHG and criteria pollutant reduction in DACs.

### **PWP EV Efforts**

PWP and the City of Pasadena have been early adopters of EV infrastructure development and EV use. Our commitment to increasing EV purchasing, leasing and charging in our service territory is clearly defined.

Overall, Pasadena’s EV registrations are exceeding statewide averages for similar cities. In addition, improving local air quality and reducing GHG emissions through the proliferation of EVs and Pasadena’s transportation electrification (“TE”) program has assisted in reaching our clean transportation targets and supports Pasadena’s sustainability-minded City Council and community.

PWP is pursuing various strategies to promote the use of EVs to the public, including education, cash incentives for EVs and charging equipment installation, and the expansion of City-owned charging infrastructure throughout Pasadena. One of the challenges that hinders more widespread adoption of EVs is the “range anxiety,” or fear of having insufficient charge to reach a destination without availability of convenient charging stations. PWP is helping the public overcome this concern by adding more charging infrastructure throughout the city with two projects nearly completed and several others being evaluated

In 2017, PWP, in close partnership with the City, installed 16 level-2 charging stations at the Holly Garage for use by the City fleet vehicles. In addition to the 16 level 2 chargers for City fleet use, an additional 25 were installed for public use at the Holly Garage. In September 2019, the chargers at the Holly Garage were replaced by more advanced level-2 chargers.

Pasadena’s City Yards are located within Pasadena’s relatively small qualifying DAC area. As the hub of the City’s fleet activities, fleet electrification has significant benefits to residents in the DAC. In May 2019, PWP, installed 40 level-2 charging stations at the City Yards, for use by the City public fleet vehicles. In addition to the 40 level 2 chargers, two direct current fast chargers (“DCFC”) were also installed to serve the City’s expanding fleet of electric vehicles. This project directly supports many of the 38 light duty EVs added to Pasadena’s fleet in May 2019.

In November 2019, PWP will complete the largest public DCFC station in the United States. PWP partnered with Tesla to install 24 Tesla DCFC and 20 non-Tesla DCFC, installed by PWP, for a total of 44 DCFC stations that will be available for public charging 24 hours a day throughout the year.

As PWP continues its efforts to implement additional EV infrastructure throughout the City, we have also enlisted the support of the private investment by encouraging commercial customers to install fleet and publically available charging stations with rebates of up to \$50,000 per electric account.

PWP provides numerous programs that target DAC areas (Pasadena's programs are extended to the EnviroScreen version 3.0 at 76%+ percentile range and DAC supplemental areas) and LI customers with additional benefits and programs geared to overcome the many barriers to their participation. LI families receive a double incentive for the purchase or lease of a new or used EV, and commercial EV charging infrastructure incentives are doubled for DAC areas and multi-family residential units serving LI customers.

As evidenced by the work that we have already done, PWP and the City of Pasadena depend heavily on LCFS revenue to finance these types of projects. We are well poised to do more, and we are well on our way to becoming a leader as a medium sized utility in EV programs.

#### **Restrictions on Use of Holdback Credits and Definitions for DAC and LI**

PWP is concerned about the lack of flexibility in the LCFS proposed regulation. Pasadena's DAC/LI, based on EnviroScreen 3.0 91%+ percentile range represents only about 4% of Pasadena's total population of approximately 141,000 residents. The proposed regulation requires that LCFS revenues derived from utilities receiving base credits from residential EV charging be spent on DAC and LI, starting with 30% of LCFS revenues in 2022, 40% of LCFS revenues in 2023 and 50% of LCFS revenues post 2024. However, the regulatory language does not provide a level of flexibility once all new programs have been implemented in the DAC/LI. In other words, once a utility has proven that they have created and developed all possible opportunities through the development of various programs in each utility's respective DAC/LI, CARB should allow utilities to then spread the remaining revenues, earmarked for DAC, around the City for public use. As proposed, the regulation will mandate a highly disproportionate percentage of holdback credit revenues in the smallest area within our City boundaries.

In addition, PWP recommends that the percentage for the use of LCFS in this manner be commensurate with the percent of LI and DAC in the utility service territory. PWP agrees that the definition for what constitutes LI needs to align with either the State LI programs or the public owned utility ("POU") definition of these communities (as noted previously, Pasadena programs are extended to the 76% range). For DAC communities the definition should also be inclusive of how a POU defines a DAC. This allows for more flexibility for the use of funds, for these communities. Lastly, it is recommended that LCFS revenues spent adjacent to LI or DAC, fall within this threshold.

The programs allowed under the LI and DAC requirements, should be more inclusive and should include marketing and administrative costs to highlight programs for these communities. However, the percentage of administrative costs should be capped, at 10 percent.

PWP's aim is to provide the entire community with access to EV infrastructure across the City. Some of the infrastructure is within the DA and LI community, but much of it is throughout the City, which can be easily accessed by LI and DAC members. PWP recommends adding the following for additional uses of how LCFS revenues dedicated to LI or DAC funds can be spent (page 14 of the Appendix A):

- Investment in electrification infrastructure in an expanded DAC area, adjacent to LI and DAC and easily accessible to the LI or DAC
- Investment in electrification infrastructure, with lower rates for charging for LI or DAC
- Electrification of fleet vehicles, if regularly based and charged in a DAC
- Investment in last mile mobility options (including, but not limited to, electric scooters, electric bikes, bike sharing, etc.)

#### **Clean Fuel Rewards ("CFR") Program**

In order to receive LCFS credits, the proposed regulation requires that an electric distribution utility ("EDU") must sign up with the CFR Program, in order to receive such credits. If an EDU does not sign up for the CFR Program, the credits will be assigned to a Large POU or investor owned utility ("IOU") and that percentage will be monetized and go directly into the CFR Program.

PWP recommends that if an EDU does not sign up for the CFR Program, the credits generated from the EDU's territory be spent on programs within that EDU's territory. The CFR requires acceptance of a Governance Agreement that, as currently drafted, contains many provisions that represent unacceptable financial risks, uncertainties, and requirements that conflict with government practice or applicable law. As such, many small and medium POUs may be unable or unwilling to sign the Governance Agreement.

#### **Conclusion**

PWP appreciates the opportunity to submit comments on Amendments to the LCFS Regulation dated October 1, 2019.

Should you have any questions, please contact me.

Respectfully Submitted,

A handwritten signature in black ink, appearing to read 'MKS', with a long horizontal flourish extending to the right.

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