

July 3, 2018

Mr. Sam Wade

California Air Resources Board

1001 I Street

Sacramento, CA 95814

Subject: Los Angeles Department of Water and Power's Comments on California Air Resources Board's Proposed 15-day Modifications to the Proposed Amendments to the Low Carbon Fuel Standard Regulation posted on June 20, 2018

Dear Mr. Wade:

The Los Angeles Department of Water and Power (LADWP) appreciates the opportunity to provide comments on the Air Resources Board's (ARB) Proposed 15-day Modifications to the Proposed Amendments to the Low Carbon Fuel Standard (LCFS) Regulation (the 15-day Modification), posted on June 20, 2018. LADWP reaffirms its strong support of the LCFS program and its role in achieving the substantial greenhouse gas (GHG) emissions reductions goals of AB 32 and SB 32.

As an electrical distribution utility (EDU), LADWP is the largest municipal electric utility in the nation, serving approximately 1.4 million residential and business customers. As a publicly-owned utility, LADWP is in the most optimal position to promote transportation electrification and reduce financial impacts to our customers by investing in programs that benefit everyone. We offer our comments on the 15-day Modification for your consideration.

§ 95482. Fuels and Regulated Parties

LADWP appreciates ARB's proposal to exempt small fossil compressed natural gas (CNG) stations with 50,000 gasoline gallon equivalent (GGE) or less annual throughput from the LCFS until the fuel starts generating deficits, because LADWP is a CNG fuel provider with a limited number of consumers. However, LADWP does not agree with Staff that "the potential benefit of reporting and generating credits for 50,000 GGE or

more of CNG or propane in the LCFS would most likely outweigh the cost of participating in the program.” Using 2017 numbers, the amount of credits generated by 50,000 GGE of CNG dispensed equates to less than 100 LCFS credits. The benefit at this level does not outweigh the cost and time required to complete the third-party verification process as required for participating in the LCFS program.

LADWP recommends ARB increase the limit for the exemption to 150,000 GGE or less annual throughput from each station. The requirement for mandatory reporting and third-party verification, and cost burden associated with the proposed compliance obligations will likely hinder future investments in alternative fuel vehicles. Alternatively, an exemption can be added to section 95500, similar to section 95500(b)(2)(B) Deferred Verification, where the CNG fuel pathway is exempt from verification if the quantity of fuel produced and reported by any entity does not result in more than 2,000¹ credits generated in LRT-CBTS during the prior calendar year.

§ 95483. Fuel Reporting Entities

ARB Staff proposed in the 15-Day Modification that residential EV charging be separated into single-family residences and multi-family residences categories. For EV charging at multi-family residences, ARB proposes that the owner of the FSE or its designee is the first in line to generate credits and EDUs will receive credits not claimed by any other entity. The majority of residential customers in LADWP’s service territory are renters and live in multi-family residences, and LADWP forecasted that 85% of new residential buildings units will be multi-family residences. With this proposal, LADWP can potentially lose a majority of its residential based credits. LADWP has an EV charger rebate, which is funded through residential based credit proceeds and provides a larger incentive to commercial customers such as multi-family residences. LADWP believes that it is in the best position to provide EV incentives targeted to customers that are renters in multi-family residences, and recommends that ARB remove the distinction between single-family and multi-family residences.

LADWP supports the addition of electric cargo handling equipment (eCHE) and electric auxiliary engines for ocean-going vessels (eOGV) as new electric transportation applications. The addition of these new vehicle applications will further incentivize ongoing efforts taken by LADWP to improve air quality in its service territory. In

¹ One-third of the limit in section 95500(b)(2)(B).

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June 2018, the Board of Water and Power Commissioners approved a memorandum of understanding between LADWP and the Los Angeles Harbor Department (LAHD) to fund electrification projects at the Port of Los Angeles. By providing funding to the LAHD, LADWP is contributing to the goals of the San Pedro Bay Ports Clean Air Action Plan, which is aligned with ARB's Sustainable Freight Action Plan. The anticipated benefits include reduced amounts of GHG, particulate and nitrogen oxide emissions for improved air quality, and reduced health risk for the residents.

§ 95486.2. Generating and Calculating Credits for ZEV Fueling Infrastructure Pathways

To align with the Governor's Executive Order B-48-18 of 10,000 direct current fast chargers (DCFC) by 2025, the City of Los Angeles' contribution will be approximately ten percent of that goal at 1,000 DCFC. LADWP supports ARB's concept for infrastructure crediting for the purpose of incentivizing early-stage infrastructure buildout. While LADWP supports the infrastructure crediting concept as a whole, LADWP recommends amendment to ARB's proposal that the "FSE must be located in California and open to the public for charging 24 hours per day, 7 days per week (24/7)," and that "open to the public" means "no obstructions or obstacles exist to preclude vehicle operators from entering the FSE premises, no access cards or personal identification (PIN) cards are required for the FSE to dispense fuel..." LADWP believes that the 24/7 availability and the no obstructions or obstacles requirements are too restrictive and may exclude optimal locations in need of DCFC stations. These locations may include, but are not limited to, Government buildings and recreational areas where the public parking lots are not open 24/7, may be gated (which could be considered an obstruction), or charges a fee to park. LADWP recommends removing the 24/7 requirement, clarifying the definition of obstruction or obstacles, and suggest prorating capacity credits based on the operating hours of the charging station.

§ 95500 – 95504. Third-Party Verification

Section 95500(b)(2)(B) Deferred Verification states that, "Fuel pathway holders producing alternative **liquid** [*emphasis added*] fuels may defer verification of their annual Fuel Pathway Reports...if the quantity of fuel produced...does not result in 6,000 or more credits generated..." ARB Staff did not give a reason as why deferred verification only applies to liquid fuels. LADWP recommends that the deferred verification provision be applicable to NGV (CNG) fueling as well. Alternatively, as

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mentioned previously, CNG fuel pathway should be exempt from verification if the quantity of fuel produced and reported by any entity does not result in more than 2,000 credits generated in LRT-CBTS during the prior calendar year.

Closing

If you have any questions, please contact me at (213) 367-0403 or Ms. Jodean Giese at (213) 367-0409.

Sincerely,

A handwritten signature in blue ink that reads "Mark J. Sedlacek". The signature is written in a cursive style.

Mark J. Sedlacek
Director of Environmental Affairs

BP:nph

c: Mr. Sam Wade, CARB
Mr. Jing Yuan, CARB
Ms. Veronika Pesinova, CARB