A PUBLIC AGENCY
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NORTHERN CALIFORNIA POWER AGENCY

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February 18, 2020

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

Re: Northern California Power Agency's Comments on Modifications to the Proposed Regulation Order for California Air Resources Board's Low Carbon Fuel Standard

Dear Clerk of the Board:

The Northern California Power Agency ("NCPA") respectfully submits these comments to the California Air Resources Board ("CARB") regarding amendments to the Low Carbon Fuel Standard ("LCFS") regulation as modified in the Proposed Regulation Order posted on February 3, 2020.

NCPA was established in 1968 to construct and operate renewable and low-emitting generating facilities and assist in meeting the wholesale energy needs of its 16 members: the Cities of Alameda, Biggs, Gridley, Healdsburg, Lodi, Lompoc, Palo Alto, Redding, Roseville, Santa Clara, Shasta Lake, and Ukiah, Plumas-Sierra Rural Electric Cooperative, Port of Oakland, San Francisco Bay Area Rapid Transit District, and Truckee Donner Public Utility District – collectively serving nearly 700,000 electric consumers in Central and Northern California.

With regards to the modified Proposed Regulation Order, NCPA supports the inclusion of "rural areas" as eligible for equity project funding; rural communities face unique challenges that require additional assistance and support to ensure adoption of zero emission vehicle technologies. In addition, NCPA appreciates CARB's recognition that the administrative costs necessary to successfully implement equity projects should be recognized and counted towards spending requirements, consistent with other state programs. NCPA will continue to work with CARB staff as it implements the new holdback credit equity project provisions, including providing feedback on successes and barriers in implementing equity projects.

Prior to the effective date of the new equity provisions in 2022, NCPA recommends that CARB consider updates to the LCFS regulations or reporting guidelines to allow multi-year averaging or a true-up period, instead of a strict annual requirement, and to allow for the encumbrance of funds for equity projects as an eligible use of funds. Designing and implementing successful transportation electrification programs for low-income, disadvantaged, and rural communities has been challenging, and the uptake and timing of projects is difficult to predict. Based on the provisions within the Proposed Regulation Order, the undersubscription of an equity project could potentially have the unintended consequence of delaying the distribution of funding for other projects. Electric distribution utilities (EDUs) should be able to correct for an underperforming or delayed project by launching additional or different projects in adjacent years, in order to assure multi-year compliance while continuing to support the equitable distribution of funding and infrastructure.

Lastly, the newly added holdback credit reporting provision for EDUs, requiring an analysis of the SB 350 Low Income Barriers Report and existing state and local programs, may be an administratively burdensome undertaking for smaller utilities. The reporting requirements for LCFS should be reviewed regularly to verify that only necessary information is requested, and that the combined requirements do not have the unintended consequence of discouraging smaller utilities, especially those with low-income, disadvantaged, and rural communities, from participating in the LCFS.

NCPA appreciates your consideration of these comments, and we look forward to continuing our collaboration with CARB in support of the LCFS program.

Respectfully submitted,

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