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Re: California Municipal Utilities Association's Comments on the February 22, 2023, Workshop to Discuss Potential Changes to the Low Carbon Fuel Standard

Introduction

The California Municipal Utilities Association (CMUA) appreciates the opportunity to submit these comments on California Air Resources Board's (CARB) February 22, 2023, Workshop to Discuss Potential Changes to the Low Carbon Fuel Standard (LCFS Workshop)

CMUA is a statewide organization of non-profit, local public agencies that provide essential public services including electricity, water, and wastewater service throughout California. 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, providing low carbon intensity fuel to support the LCFS program and building and maintaining critical infrastructure to support California's clean energy goals. CMUA supports the LCFS program as an essential and effective strategy to diversify California's transportation fuels and to serve as a model for other states.

Comments

CMUA supports a minimum 30% reduction in carbon intensity (CI) by 2030 to strengthen the LCFS program. It is essential that such tightening of the stringency requirements be implemented by January 1, 2024, to ensure the LCFS continues to contribute to the state's climate change and zero-emission transportation goals. To this end, CMUA encourages CARB to implement an immediate step down in stringency in 2024. The step down would deliver additional near-term pollutant reductions and would complement the reduction in CI.

CMUA also supports mechanisms to automatically adjust CI targets to accelerate investment if the LCFS is over-performing. In addition to tightening the stringency of the LCFS, we encourage CARB to incorporate a mechanism that dynamically responds in the event of future sustained and significant innovation. Such a mechanism would complement the minimum 30% CI reduction by 2030 and enhance existing mechanisms to avoid credit shortfalls and price escalation.

CMUA further encourages CARB to develop incentives for ZEV infrastructure capacity build-out. We support CARB's proposal to include LCFS infrastructure capacity credits for medium- and heavy-duty (MHD) zero-emission vehicle (ZEV) and light-duty direct current fast

charging (DCFC) fueling through 2035. MHD vehicle and fleet operators need public access ZEV fueling infrastructure to be in place before committing to purchasing MHD ZEVs. California's fueling infrastructure must stay ahead of demand to ensure ZEV trucks can operate and fulfill duty cycles specific to their needs. Additionally, with the adoption of Advanced Clean Cars II (ACCII), the state is accelerating the adoption of light-duty ZEVs and needs supportive ZEV fast charging infrastructure.

CMUA opposes removing or limiting zero-emission forklift eligibility from the LCFS. More broadly, California's POU's do not support removing or limiting LCFS eligibility for any technology or fuel that meets the eligibility criteria for generating credits. Should CARB believe that retirement of technologies from the LCFS is necessary to the program, such a determination should be made based on transparent and technology-neutral criteria incorporated into the regulation.

CARB should ensure that third-party verification of electricity credits does not unnecessarily increase the cost of compliance for opt-in reporting entities. Electricity differs from other fuels in that the credit generators are widely distributed, and electricity is economically regulated. Complying with LCFS credit generating requirements for electricity fuel is already challenging for entities like small utilities. Adding a requirement for third-party verification for data that is already metered and regulated may cause smaller fleets to forego participating in LCFS which would be detrimental to the LCFS program. CMUA supports a verification exemption for entities generating low numbers of credits, and we believe base residential credits should not require third-party verification. CMUA also recommends that site visits not be required for EV supply equipment (EVSE) when EVSE meets a standard or certification for telematics reporting accuracy.

Conclusion

CMUA appreciates the opportunity to submit these comments and looks forward to working with CARB to further develop modifications to the LCFS.

Respectfully submitted,



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