5/28/20

To: California Air Resources Board
Re: Advanced Clean Truck Regulation (ACT2019)

How Class 2-3 Clean Vehicle Owners Can Take Advantage of The Low Carbon Fuel Standard (LCFS) Program

SRECTrade Background

SRECTrade is an environmental commodity management agency focused on assisting charging infrastructure owners and clean fleet managers access the Low Carbon Fuel Standard market and attain zero-carbon electricity for their vehicles.

Low Carbon Fuel Standard (LCFS) Program Background

The California LCFS program allows producers and users of low-carbon intensity fuel and electricity to generate credits, offset costs and invest in clean vehicles and infrastructure. Multiple fuel and vehicles types qualify for varying degrees of crediting based on the carbon intensity of the fuel and/or the energy economy ratio (EER) of the vehicle categories[1].

Electricity-as-a-fuel is a growing component of the LCFS program fuel mix[2] with crediting determined by several factors including a) the type of entity (load serving entity/utility, automotive OEM, charging network operator, fleet operator etc.) b) the owner of the charging infrastructure and c) the location of the charging infrastructure and meter itself (residential vs. non-residential) and the vehicle type being charged. The electricity-as-a-fuel pathway can also take advantage of zero-carbon electricity sources to generate additional credits and all classes of electric vehicles are eligible to generate credits.

Credit Recipient Overview

Many types of on-road and off-road light, medium and heavy-duty clean fleet operators/charging infrastructure owners are taking advantage of the LCFS program. Operators can be private or public and may have small fleets of less than five vehicles to large fleets with dozens of vehicles or more. Crediting is primarily based on the vehicle type and quantity of clean fuel consumption, however there are some fundamental ownership, location, and metering requirements for the fueling infrastructure to be eligible.

Fleet Operator Crediting Criteria (on-road vehicles)

For a single vehicle owner or small private fleet operator to qualify for LCFS credits, the following criteria must be met:

1. Operator <u>must own</u> the charging infrastructure
2. Charging infrastructure must be located at a <u>non-residential location</u> such as at an office or commercial location
3. A non-networked charger must be <u>separately metered</u> from the house or facility meter using a separate utility meter or submeter. An easy approach would be to get a networked charger installed from vendors such as Xeal, EV Connect etc. whereby data can be collected directly from the charger

[1]https://ww3.arb.ca.gov/fuels/lcfs/fro_oal_approved_clean_unofficial_010919.pdf?_ga=2.211577107.708335560.1590526000-370128831.1576021207 - Table 5 EER Values for Fuels Used in Light- and Medium-Duty, and Heavy-Duty Applications.
[2] https://ww3.arb.ca.gov/fuels/lcfs/dashboard/dashboard.htm

These criteria ensure that credits are going to the correct charging infrastructure owner and the kWh data going specifically to the chargers can be accounted for separately from the main house meter to prevent double counting.

Conversely, base credits generated from residential charging infrastructure are provided solely to the Load Serving Entity (i.e. utility) and any incremental credits for Low-CI electricity can be claimed by additional entities, including the vehicle OEM.

Conclusion

An owner of a Class 2 or Class 3 electric vehicle charging at a non-residential location can access the LCFS market and begin generating credits, thus bringing down the total cost of ownership of their vehicle and allowing them to use the funds to further promote the purchase and operation of their clean vehicles. The LCFS program allows a small or large operator to transition to an electric fleet and to eliminate their vehicle carbon output using fuel pathways such as the zero-carbon intensity pathway that SRECTrade has established.

Sincerely,

Junaid Faruq
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