CalETC
California Electric Transportation Coalition

October 16, 2024

Honorable Chair Liane Randolph and Honorable Board Members California Air Resources Board
1001 I Street
P.O. Box 2815
Sacramento, CA 95812

Re: Proposed Second 15-day Change Amendments to the Low Carbon Fuel Standard Regulation

Submitted to https://ww2.arb.ca.gov/applications/public-comments

Dear Chair Randolph and Honorable Board Members:

CalETC appreciates this opportunity to SUPPORT the Low Carbon Fuel Standard (LCFS) regulation and provide feedback for CARB Board member consideration. As discussed in detail below, CalETC supports the proposed draft regulation order ("draft order") dated August 12, 2024, version ("15-day changes") with the additional October 1, 2024, modifications (second 15-day changes). We appreciate the many changes proposed in the October 1 version that respond to our two prior letters and our two joint letters with the EV Charging Association.

CalETC is a non-profit association committed to the successful introduction and large-scale deployment of all forms of electric transportation including plug-in electric vehicles of all weight classes, transit buses, port electrification, off-road electric vehicles and equipment, and rail. Our board of directors includes Los Angeles Department of Water and Power, Pacific Gas and Electric, Sacramento Municipal Utility District, San Diego Gas and Electric, Southern California Edison, Northern California Power Agency, and the Southern California Public Power Authority. Our membership also includes major automakers, manufacturers of zero-emission trucks and buses, developers and operators of charging stations and other industry leaders supporting transportation electrification. CalETC supports and advocates for the transition to a zero-emission transportation future to spur economic growth, fuel diversity and energy independence, ensure clean air, and combat climate change. Additionally, CalETC believes that LCFS provides benefits for consumers and is an important tool in the transition to a decarbonized economy (see attached factsheet for details). <u>This letter is submitted on behalf of the CalETC board of directors</u>.

CalETC supports a number of changes that were made in the second 15-day changes that address our concerns from the February 20 and August 27, 2024, comment letters. As described in more detail in CalETC's previous comment letters dated February 20, 2024, and August 27, 2024, CalETC supports the following changes to subsection 95483(c)(1)(A),which are critical to the ongoing successful implementation of programs by all utilities:

- Specifying that base credit proceeds previously allocated to the Clean Fuel Reward program by Electrical Distribution Utilities (EDUs) that remain unspent will be returned to those EDUs if base credits are allocated to the original equipment manufacturers (OEMs). CalETC supports this proposed amendment because these banked credits will significantly expand the utilities' holdback programs, including programs to support medium- and heavy-duty EV adoption, which will be especially needed if CARB does not create the statewide medium- and heavy-duty Clean Fuel Reward program.
- Addition of "panel and service upgrades" to the equity holdback project list.
- Addition of coordination with "a community-based organization, or a California Community College" to the re-skilling and workforce development projects to the equity holdback project list.
- Addition of a ten percent administrative cost cap to the utility holdback programs instead of five percent.
- Changing the holdback equity requirement from "proceeds" to "spending" and further specifying that if an EDU does not spend the required percentage on equity projects in a calendar year, the shortfall of spending will roll over to their total equity spending requirement for the following year.
- Clarifying that non-large or medium-sized investor-owned EDUs are required to spend 50 percent of holdback credit proceeds on equity projects, as opposed to75 percent for large- or medium-sized investor-owned EDUs.
- Clarifying that equity holdback projects approved by the Executive Officer pursuant to subsection 95483(c)(1)(A)(5)a. ix. comply with the LCFS regulation.
- Specifying that any unspent proceeds from non-opt-in EDU base credits that were allocated to the Large EDUs beginning with the deposit of Q2 2019 credits through the deposit of Q2 2024 credits and then transferred to the Clean Fuel Reward program may be transferred by the Clean Fuel Reward Program Administrator to small EDUs that opted in to the LCFS program by March 31,2025. Base credit proceeds allocated in this manner are subject to the same spending requirements included for other utilities under sections 95491(e)(5) and 95483(c)(1)(A).

Similarly, CalETC supports staff's proposed changes in section 95481(a) to the following definitions. Please refer to our previous letters for further explanation.

- "Clean Fuel Reward,"
- "Commercial Vehicle,"
- "Electrical Distribution Utility," and
- "Shared HD-FCI Charging Site."

For all of the reasons staff provided in the second 15-day change notice, CalETC supports staff's proposed changes in subsection 95484(b) ensuring that the determination for whether the Automatic Acceleration Mechanism is triggered will be based on data from the most recent four quarters of reporting.

In our February 20 and August 27, 2024, comment letters, CalETC expressed concern with some implementation issues which we believe are important to improve clarity and operations for the utility holdback programs and medium-and heavy-duty Statewide Clean Fuel Reward (CFR) program. We understand from CARB staff that these remaining items can be resolved through language in the Final Statement of Reasons and future guidance documents. We look forward to ongoing collaboration with staff following adoption of the regulation.

As noted in our February 20 and August 27, 2024 comment letters, CalETC strongly supports the Low Carbon Fuel Standard as it has been tremendously successful in supporting the transition from petroleum to cleaner transportation fuels including electric fuel. As described in more detail in the attached fact sheet, the LCFS has also supported utility charging and infrastructure programs that directly benefit California's electric utility customers. CalETC appreciates the opportunity to provide comments on this important regulation. If you have any questions, please do not hesitate to contact me at any time.

Best,

Laura Renger
Executive Director

cc: Rajinder Sahota
Matthew Botill
Jordan Ramalingam

POWERING THE ELECTRIC VEHICLE TRANSITION

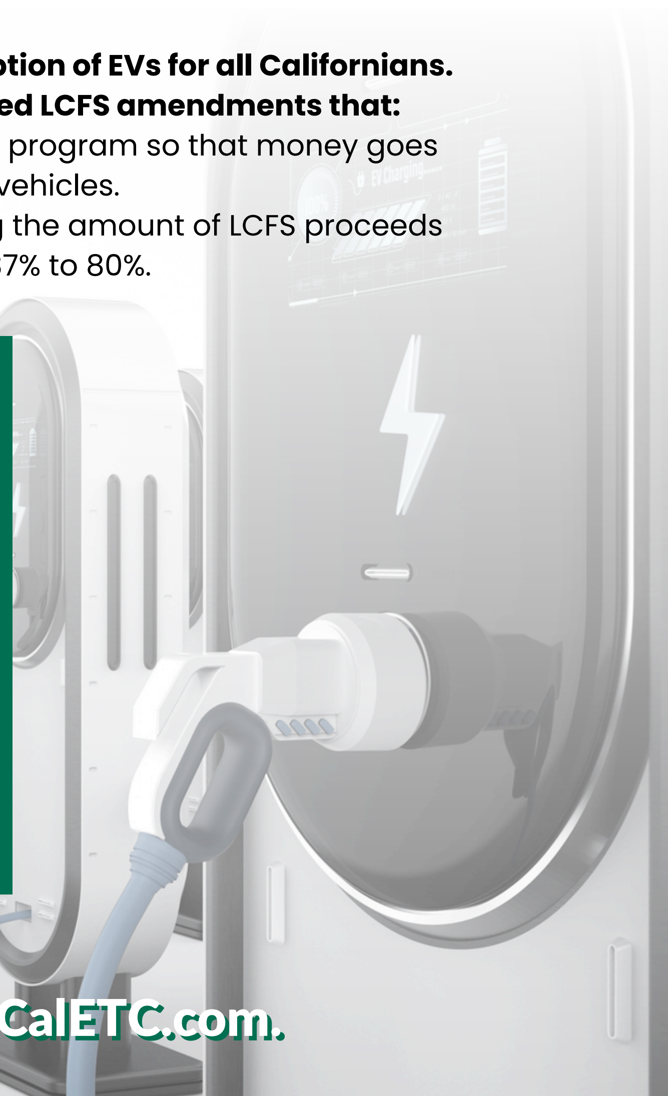
The **Low Carbon Fuel Standard (LCFS)** supports utility EV and charging infrastructure programs.

California must utilize every tool available to achieve its climate and electric vehicle (EV) goals. Utilities strongly support the LCFS because it:

- Supports zero-emission vehicle and infrastructure adoption.
- Leads to downward pressure on electric utility rates.
- Enables Californians to switch to electricity for their transportation fuel, which helps them spend less on energy bills overall.

Adopting a strong LCFS will ensure the equitable adoption of EVs for all Californians. Utilities and CalETC members support CARB's proposed LCFS amendments that:

- Cut harmful diesel pollution by updating the rebate program so that money goes to new and used electric medium and heavy-duty vehicles.
- Support disadvantaged communities by increasing the amount of LCFS proceeds going to equity customers and communities from 37% to 80%.



730,000+

The number of EV rebates that utilities provided through the LCFS.

To learn more visit www.CalETC.com.

BENEFITING UTILITY CUSTOMERS DIRECTLY

The LCFS reduces total energy costs for customers by funding utility transportation electrification programs and services not typically included in the ratemaking processes. Critical transportation electrification programs the LCFS has helped utilities launch and sustain include:

- California Clean Fuel Reward program
- Pre-owned EV rebate programs
- Incentives for residential chargers including multi-family
- Rebates for electric drayage trucks
- Incentives for commercial, city and non-profit chargers

Over the past 10 years, the LCFS has been a catalyst for billions of dollars of investments in EVs and infrastructure and will continue to attract private capital to the state. In addition, the LCFS has the added benefit of not relying on funding from the California state budget.

INVESTING IN CLEAN AIR AND EQUITY COMMUNITIES

By helping utilities get more EVs and infrastructure into communities the LCFS is cutting harmful air pollution in low-income customers and customers in disadvantaged communities.

Without this funding, utility EV programs are not likely to exist at the same scale and many low- and middle-income customers would be left behind. In the future, utilities will continue to utilize LCFS for similar programs and some utilities plan to use LCFS for critical grid upgrades to support the state's growing EV fleet.

$840+
MILLION

100%

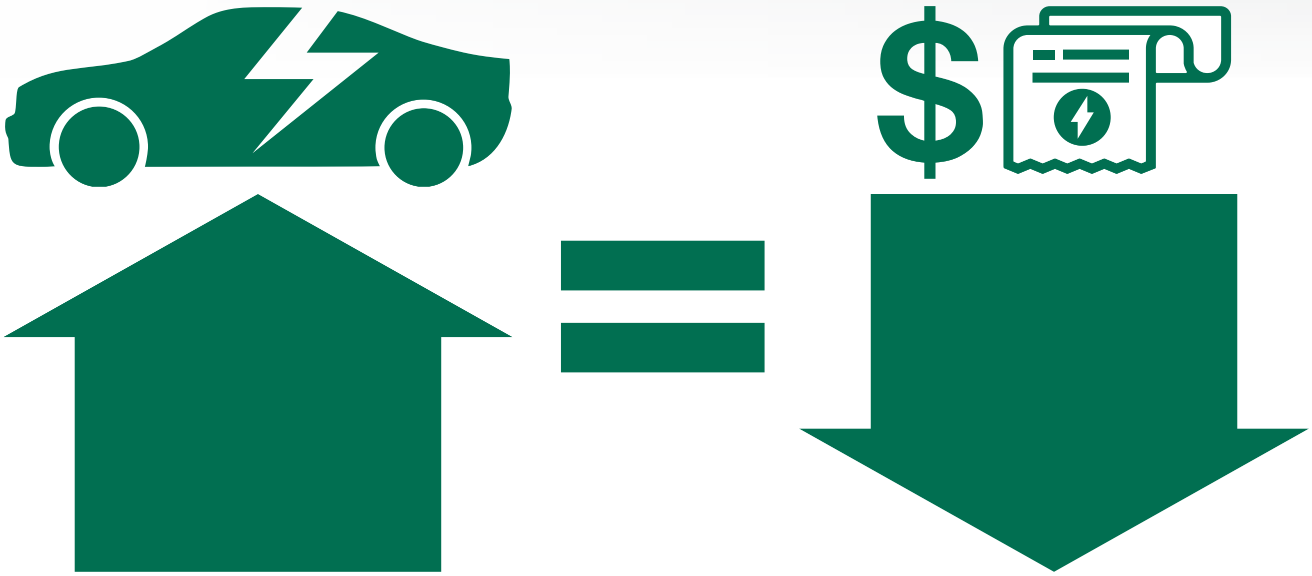
Of the credits utilities have earned from the LCFS **go back to programs incentivizing EV adoption**. Zero credits go toward their bottom line or any other purpose.

To learn more visit www.CalETC.com.

SAVING CUSTOMERS MONEY ON ELECTRICITY

By helping get more EVs on the grid, the LCFS applies downward pressure on electricity rates, benefiting all electricity customers, not just EV drivers.

With more EVs on the road, more money is available to invest in building a more efficient, affordable, clean energy grid for customers that use all types of technologies from data centers to high-efficiency space heating to EV chargers. (Synapse/NRDC).



Surprisingly, adding more EVs to the grid has an even greater impact than non-targeted electric bill credits in reducing rates, especially within equity communities.

To learn more visit www.CalETC.com.

REDUCING THE IMPACT OF GAS PRICES

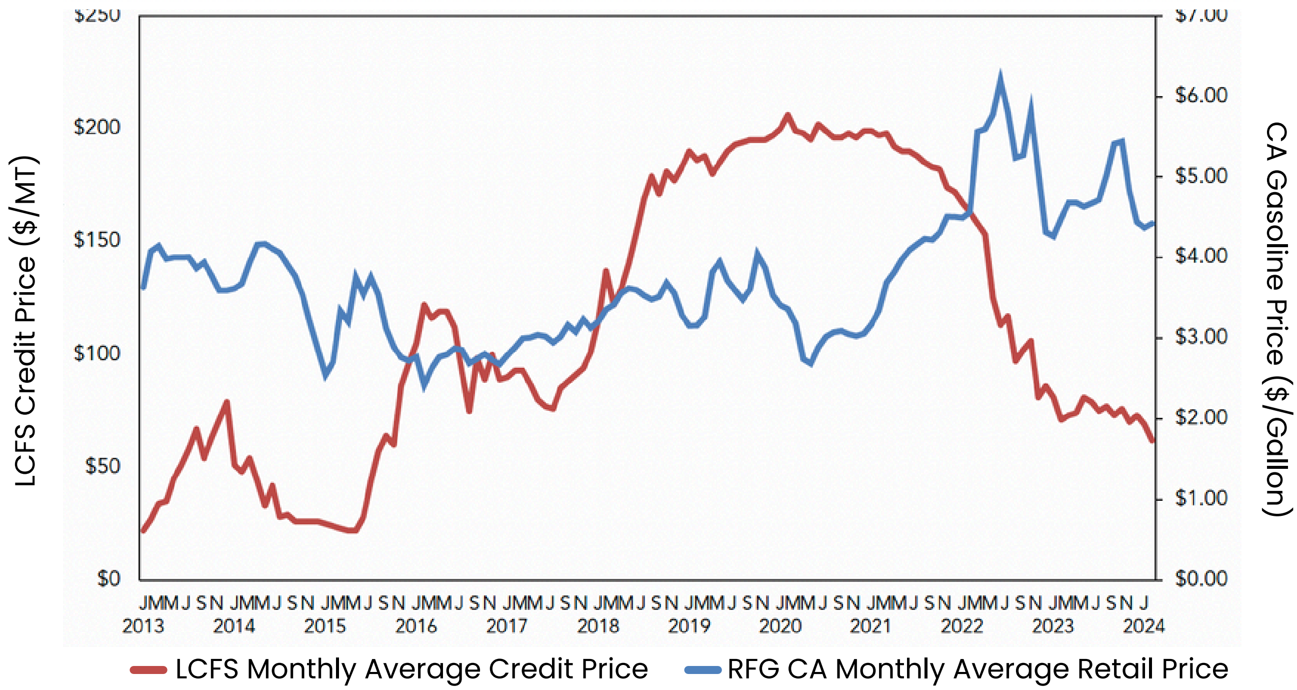
CalETC believes that the LCFS's impact on gasoline prices is overstated and that market pressures from EV adoption will help lower prices at the pump.

As shown in the graph below, there has been no direct, quantifiable link between quarterly LCFS prices and the price of gasoline.

There does not appear to be a direct relationship between LCFS credit prices and gasoline prices. Other global macroeconomic factors play a much larger role in influencing gasoline prices.

Research shows that oil prices will be lower in the future if low-carbon transportation technologies are mass deployed, as these technologies will drive a significant reduction in global demand for oil (International Council on Clean Transportation).

Historical LCFS Credit and Retail Fuel Prices Show No Evidence of a Direct Relationship



Source: California Air Resources Board.

To learn more visit www.CalETC.com.

FUNDING FUTURE CLEAN TRANSPORTATION PROJECTS

If CARB's proposed LCFS changes are adopted, over the next two decades utilities expect to fund billions of dollars in new programs that will advance clean transportation and charging access including:

- Rebates for electric medium and heavy-duty vehicles for small fleets
- Rebates for low-income buyers of new or used EVs
- Incentives for residential chargers for low-income individuals including multi-family
- Subsidized public EV charging for low-income EV drivers
- Finance programs for electric buses and trucks and infrastructure
- City and county-owned EV chargers
- EV education programs
- Training the EV workforce
- Managed charging programs
- Grid upgrades to support EVs

To learn more visit www.CalETC.com.

Support for the LCFS

The CalETC members below submitted a letter to Governor Newsom on March 12, 2024, calling for him to support the LCFS.

To learn more visit www.CalETC.com.