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April 19, 2018

Mr. Sam Wade
California Air Resources Board
1001 I Street
Sacramento, CA 95814

Dear Mr. Wade:

Subject: Los Angeles Department of Water and Power's Comments on California Air Resources Board's Proposed Amendments to the Low Carbon Fuel Standard Regulation posted on March 6, 2018

The Los Angeles Department of Water and Power (LADWP) appreciates the opportunity to provide comments on the Air Resources Board's (ARB) Proposed Amendments to the Low Carbon Fuel Standard (LCFS) Regulation (the Proposal), posted on March 6, 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. LADWP supports ARB's effort to reduce the carbon intensity (CI) of transportation fuel by at least 7.5% by 2020, and 20% by 2030, as amended in the Proposal.

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. LADWP strives to promote transportation electrification amongst our customers, and continue to set an example by using cleaner fuels, such as compressed natural gas (CNG) and electricity, for our fleet vehicles. 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 support ARB's decision to continue allocating credits to EDUs, because these credits are essential to our efforts. LADWP's current and planned efforts using LCFS proceeds include: used Electric Vehicle (EV) rebate program, EV charging plazas with discounted charging in underserved neighborhoods, neighborhood EV chargers, and transportation electrification of the Port of Los Angeles. We offer our comments on the Proposal for your consideration.

§ 95481. Definitions and Acronyms

LADWP supports the updates related to classifying entities subject to the LCFS regulation in this section to improve clarity. The subdivision of the classification of Regulated Entity is helpful in making the distinction between each role an entity may fall under. It was also helpful that ARB notes that an entity may be subject to more than one classification.

§ 95482. Fuels and Regulated Parties

LADWP understands that the proposal to remove the opt-in status of fossil CNG is based on the CARB's anticipation of most fossil CNG pathways becoming deficit generating pathways in the 2020-2030 timeframe. LADWP is a CNG fuel provider to its own fleet with a limited number of consumers.

The proposal for CNG fuel to become a deficit-generating fuel conflict with LADWP's and other public fleets' compliance with South Coast Air Quality Management District (SCAQMD) Rule 1196, *Clean On-Road Heavy-Duty Public Fleet Vehicles*. This rule requires public fleet operators to acquire alternative fuel heavy-duty vehicles when procuring or leasing these vehicles. LADWP acquired CNG vehicles and installed CNG fueling stations to comply with Rule 1196. At the time of acquisition, there were no commercially available zero-emission medium-heavy-duty vehicles. In the latest *Final 2016 Air Quality Management Plan*, according to SCAQMD staff,

“Fleets will be encouraged to acquire near-zero emission medium-heavy-duty vehicles in the near-term to help meet federal air quality standards by 2023 where there are no commercially available zero-emission medium-heavy-duty vehicles or zero-emission vehicles that are commercially available, but cannot be used in certain vocations.”

LADWP recommends ARB allow regulatory flexibility to entities with small CNG operations of special uses or under certain circumstances (i.e. subjected to Rule 1196). 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. LADWP recommends amending the applicability of the proposed exemption in section 95482(d)(3), which states “Any deficit-generating fossil propane and CNG used in school buses purchased prior to January 1, 2020,” to **school buses or public fleets with fuel for transportation use at an aggregated quantity of less than 42 million MJ (360,000 gasoline gallon equivalent)¹ per year**. Alternatively, an exemption can be added to section 95500, similar to section 95500(b)(2)(B) Less Frequent Verification, where the CNG fuel pathway is exempt from verification if the quantity of fuel produced and reported by any

¹ 10% of limit for exemption for specific fuels in section 95482(c)(1)(B).

entity does not result in more than 2,000² credits generated in LRT-CBTS during the prior calendar year.

§ 95483. Fuel Reporting Entities

LADWP supports ARB's efforts to clarify the specification for each classification of electricity used as a transportation fuel. Specific comments for each classification are as follows:

- Residential EV Charging – LADWP supports the differentiation between “Base Credits” and “Incremental Credits.” LADWP supports the proposal that an EDU is the credit generator for base credits because EDU's are responsible for the generation, transmission, and maintenance cost of the electricity used. LADWP supports the addition of incremental credits for any entity to generate, however, recommends that **any** entity that generates incremental credits must meet the requirements set forth in paragraph 2 through 5 in section 95491(d)(3)(A).
- Non-Residential EV Charging – LADWP supports simplifying previous classifications (Fleet, Public Access, Private Access) into one classification under Non-Residential. LADWP recommends that ARB require any business that generate LCFS credits through this classification, must obtain the express consent of the customer on how the metered data will be used, pursuant to California Civil Code Section 1798.98.

§ 95483.2(b)(8). Registration of Fueling Supply Equipment (FSE)

LADWP understands the importance of preventing double counting and the value added from implementing the Fueling Supply Equipment (FSE) identification requirement. However, certain aspects of the requirement need to be clarified or amended.

FSE is not defined in the definition section 95481 of the regulation. With respect to electricity as a fuel, the term “equipment” can refer to the meter or the charger. The issue is that there could be multiple EV chargers connected to one meter. In this case, only the meter should be registered for a FSE ID as it is the measuring device providing the data needed for reporting purposes, and registration of the charger provides no added benefit. However, this setup may be insufficient for distinguishing time-of-use (TOU) data. LADWP recommends defining FSE in the definition section, and propose that the definition be “the equipment that provides the fuel throughput data for that specific location.”

In the current proposal, “fuel reporting entities for metered residential EV charging must provide the serial number assigned to the FSE by the OEM and the name of the OEM,” as well as, “name and address of the entity that operates or owns the FSE, if different from the entity registering the FSE.” This new language implies that every individual metered residential EV charger will need to be registered for its own FSE ID. The new

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

requirement will allow CARB to identify the location and amount of EV charging for individual residential customers. While this data may be useful, it is not necessary to prevent double counting in most cases, and does not provide reduction in CI. It is not necessary because EDUs are the only entities that are able to claim metered residential EV charging credits within their service territory. However, it may be necessary to prevent double counting of incremental credits, where anyone can claim the credits. LADWP recommends the removal of this requirement for metered residential EV charging, with the exception for generation of incremental credits.

§ 95488 – 95488.9. Fuel Pathways

LADWP supports the updates to the Lookup table pathway, in particular, the addition of fossil CNG and renewable electricity pathway. LADWP also supports the annual CI update to the CA Grid Electricity pathway.

Under section 95488.5(b) *Lookup Table Pathway Application Requirements*, entities seeking approval for solar or wind electricity, time-of-use, and all hydrogen Lookup Table pathways “must submit the fuel pathway applicant attestation letter pursuant to the requirements of 95488.8(a)” and additional documentations. The language is not clear whether that applicant must submit the attestation letter **only** or must go through the entire pathway application requirements, including third-party validation. Under section 95500(a)(1)(A), fuel pathway applicants, as specified in sections 95488.5 through 95488.8 are applicable for third-party validation. According to ARB’s Staff’s Initial Statement of Reasons (ISOR),

“The requirement to submit an attestation letter ensures that the fuel pathway applicant will exercise due diligence when they select the Lookup Table pathway which closely corresponds to their actual fuel pathway. In proposing this solution staff intends to balance the desire to maintain a simple and streamlined application process with adequate assurance of accuracy in GHG reduction claims.”

The “desire to maintain a simple and streamlined application process” appears that Staff’s intention was for applicants to submit the attestation letter and supporting documents only, and not require applicants to go through third-party validation. Additionally, in the ISOR, ARB’s Staff stated that “verification of temporary CIs or lookup table CIs would not be required,” however, did not state the same regarding third-party validation for lookup table CIs. LADWP recommends that ARB clarifies in the Final Statement of Reasons (FSOR) that applicants are only required to submit the attestation letter and supporting documents.

§ 95500 – 95504. Third-Party Verification

LADWP supports ARB staff proposal outlined in the August 7th concept paper for reporters of electricity, hydrogen, fossil natural gas and fossil propane fueling using

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the Lookup Table pathways. In particular, LADWP supports ARB's policy that no validation/verification of CI, except for pipeline-injected biomethane claims for renewable hydrogen, is required when using the Lookup Table pathways. LADWP recommends ARB consistently apply its policy such that any fuel using the Lookup Table pathways, including CNG, is exempt from any third-party verification/validation. Alternatively, as mentioned above, LADWP recommends creating a threshold for credit generation for which any entity may be exempt from verification. LADWP reiterates its recommendation for regulatory flexibility to entities with small CNG operations, to avoid additional cost burden associated with third-party verification/validation.

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

Sincerely,



Mark J. Sedlacek
Director of Environmental Affairs

BP:rc

c: Mr. Sam Wade, CARB
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