February 20, 2024

Chair Lianne Randolph

California Air Resources Board

1001 "I" Street

Sacramento, CA 95812

**Re: Use of LCFS Holdback funds in the Proposed 2024 Low Carbon Fuel Standard Amendments**

Dear Chair Randolph and Members of the Air Resources Board:

Ecology Action is a 501(c)3 nonprofit based in Santa Cruz, California focused on reducing emissions at scale and has done extensive work with energy efficiency retrofits and EV infrastructure across California. Ecology Action specializes in developing equitable EV infrastructure deployment and EV demand generation approaches in hard-to-reach markets such as affordable multifamily and small business. Our most recent projects are “direct installation” of EV charging in affordable multifamily properties via the CEC REACH 1.0 and 2.0 grant programs and with PG&E on their Multi-Family Housing and Small Business Direct Install Pilot (MSDI) using LCFS holdback funds. Ecology Action is unique as we act as both a community-based organization (CBO) and a program implementer.

We strongly support the ARB staff’s proposal to increase the amount of hold back proceeds benefiting priority communities to 75% by January 2025. We support staff’s efforts to expand the scope of how LCFS holdback proceeds can address the unique barriers faced by disadvantage communities such as using holdback proceeds to fund managed charging and V2X applications. This will open new pathways for equity customers to tap into the emerging value stream from managed and bi-directional charging as a grid support service.

LCFS holdback funds create unique opportunities to design programs that better serve the equity market. This is in contrast to some other highly constrained and historically regulated EV funding sources. One example is the ability to create programs which pair vehicle incentives along with EV infrastructure delivering a complete solution. Another is providing of end-to-end technical assistance support for site hosts in priority communities. Ecology Action has learned from its more than 20,000 energy efficiency “direct installation” projects completed that even if 100% of the cost of an intervention is covered by incentives, hosts would not be able to realize the adoption without in-depth technical assistance to overcome other persistent barriers they face (e.g. lack of EVSE expertise, necessity for the property staff to not be distracted from their primary business imperatives). Direct installation is one example of a solution that provides additional support. It is a ‘one-stop shop’ approach much like that which CARB has used, but with the addition of technical assistance providing construction project management to assure project completion.

One of the key impediments to equitable deployment of EV infrastructure faced by the utilities is that current allocations for technical assistance under the Transportation Electrification Framework (TEF) appear to be extremely underweighted. While consumer incentives are extremely important in creating and expanding markets, right-sized technical assistance is critical to meet the staff’s proposed 75% equity benefit goal. To help cover this gap left by the TEF, we encourage CARB to assure that the Amendment language being considered now be crafted to assure that the following recommendations can be adopted.

1. Allow LCFS holdback proceeds to fund technical assistance that is directly paired with the TEF statewide incentive program dollars so that underserved participants can receive the end-to-end, vendor neutral technical assistance they need to electrify. This includes system design, business model and payment settlement selection, permitting, contractor selection, construction management services, activation and staff/driver training.
2. Allow the continued, and encourage the expanded, use of nonprofit and for-profit third-party implementers for deployment of holdback-funded initiatives. This is in compliment to the utilities own teams that are implementing a portfolio of very effective programs. Third party implementers have been used extensively for utility-funded energy efficiency and demand response program implementation for more than two decades and often bring essential nimbleness and innovation at costs that are often less than traditional approaches. The CPUC’s energy efficiency and other DER programs implemented by IOUs and CCAs can be used as real-world benchmarks for setting the appropriate balance between technical assistance and incentive dollars required to reach the State’s equity and scaling objectives.
3. Focus LCFS funds on electrification of small, essential EV fleets that serve priority communities. (e.g. foodbanks, paratransit, elder meal delivery, small business fleets in underserved communities). Holdback proceeds should fund, in a single offering, the triad of 1.) end-to-end vendor neutral technical assistance 2.) vehicle incentives and 3.) infrastructure incentives. This bundled offering is essential for scaling small equity fleets. Likewise, it is important that incentives for Class 1 & Class 2 vehicles are eligible for holdback proceeds, beyond the current Class 3-8 vehicles covered by CARB’s ISEF program.
4. We encourage the Amendment to expressly state that a key purpose of LCFS proceeds is to demonstrate and pilot deployment innovations as a way to inform and shape future iterations of TEF funding.

The State of California has ambitious goals for equity, air quality improvement and GHG reduction. Ecology Action truly believes the State can make a meaningful contribution to all three with the thoughtful deployment of the LCFS holdback funds as outlined here.

If you have any questions regarding our comments, please don’t hesitate to contact me.

Sincerely,

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Mahlon Aldridge

Vice President

Ecology Action

c. 831-4265-9257

mahlon.aldridge@ecoact.org.