BTR Energy

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California Air Resources Board
Transportation Fuels Branch
1001 I Street
Sacramento, CA 95812

(Submitted Electronically)

RE: BTR Energy Feedback on the Low Carbon Fuel Standard Public Workshop to Discuss Potential Regulation Revisions

Dear Air Resources Board:

On behalf of Bridge to Renewables, Benefit LLC (dba "BTR Energy"), we provide herein feedback regarding potential regulatory revisions to the Low Carbon Fuel Standard (LCFS) program presented by California Air Resources Board (CARB) staff. We provide this feedback in the spirit of enhancing the LCFS program's ability to decrease the carbon intensity of California's transportation fuel pool, while ensuring data completeness, accuracy, and conformance with the regulation and the goals of the statute.

Background

BTR Energy and its partners began generating LCFS credits in 2019 and now generate tens of thousands of credits each quarter. We believe the changes CARB made to the LCFS program through the 2018 rulemaking significantly improved the LCFS. Specifically, the introduction of the original equipment manufacturer supplied telematics as a valid source of electric vehicle (EV) charging data for credit generation, and the introduction of the "book-and-claim" accounting mechanism for incremental credit generation have been resounding successes. In less than two years, these changes have enabled exciting new partnerships between the transportation and renewable energy industries, motivated new investments in transportation electrification and renewable energy generation, and recognized significant emissions reductions achieved through these new investments.

We hope CARB will build on these successes as it considers additional changes to the LCFS program.

Tier 2 Pathways

BTR Energy supports CARB's proposed "Credit True-up for Temporary Pathways."

We also recommend CARB establish a Temporary Pathway for dairy and swine biogas to electricity generators. For example, CARB could clarify that electricity as a fuel produced using dairy or swine manure could qualify to use the existing Temporary Pathways for "Biomethane CNG, LNG, or L-CNG."

Combined, a Temporary Pathway for biogas to electricity and a "credit true-up" process would alleviate the burden imposed by significant upfront application costs and often lengthy pathway application processes, particularly for smaller generators.

Electricity Credit Proceeds Spending Requirements

BTR Energy supports staff efforts to incorporate clarifications arising from feedback on LCFS Guidance 20-03. However, in general, broad participation in the LCFS is enabled by innovative business models, and we are concerned overly prescriptive spending requirements will limit participation. We therefore recommend CARB maintain the flexibility provided to credit generators to determine how best to use credit proceeds to advance electrification initiatives, and also to reasonably manage "administrative costs" without imposing firm limits.

We also recommend CARB clarify that the spending requirements apply only to proceeds net of the cost of Renewable Energy Certificates (RECs) used to generate incremental credits.

BTR Energy is also concerned that applying the reporting requirement to credit generators that have purchased electric vehicles or charging equipment would be redundant as such credit generators have inherently met the spending requirements. For example, by purchasing an electric bus (e-bus) fleet, the owner/operator of that fleet made a decision to invest in electrification, and credit proceeds likely factored into that decision and its economics. The e-bus operator would reasonably report lease or loan payments or would otherwise amortize the cost of the e-buses over years of credit proceeds. In that case, the reporting requirement does not provide additional information to CARB.

BTR Energy submitted relevant recommendations and comments to CARB on the credit proceeds spending requirements on April 30, 2020.

Clarifications for Uses of On-Vehicle Telematics

BTR Energy supports CARB's efforts to clarify in the regulation the role of on-vehicle telematics data in reporting residential EV charging. We also support the use of on-vehicle telematics for other electric transportation applications, like electric forklifts and drayage trucks.

BTR Energy also recommends CARB consider reducing the current "conservative" Geofencing Radius (GFR) of 220 meters to a smaller and more precise GFR (such as 20 meters), as described in LCFS Guidance 19-03, Appendix A "Rationale for Minimum and Maximum Geofencing Radius." The GFR is used to "disaggregate the quantity of electricity used for residential and non-residential EV charging for each VIN" and should be as precise as possible.

More than 27,200 non-residential charging stations are currently registered to participate in the LCFS. We are concerned that as charging station network operators and utility companies install more charging stations, an increasing amount of residential EV charging will be erroneously categorized as

non-residential and therefore ineligible to generate credits. This will be particularly acute in densely populated urban areas of a mixed-use commercial/residential nature.

For example, Southern California Edison plans to install 38,000 EV chargers in its service territory over the next five years, which would more than double the FSEs for non-residential EV charging if those EV chargers are registered with CARB.[1]

We believe the FSE geolocation data (latitude, longitude) provided by non-residential reporting entities, as well as the precision of on-vehicle telematic systems, supports a higher precision GFR.

Incremental Credit Generation for Non-Metered Residential EV Charging

BTR Energy recommends CARB establish a hierarchy of credit generators for incremental credits to be generated for non-metered residential EV charging, similar to the incremental credits generated for metered residential EV charging. CARB currently only allows the Electrical Distribution Utility (EDU) to generate incremental credits for non-metered residential EV charging.

Some vehicle manufacturers sell EVs in a lower price category in order to serve different segments of the vehicle market, an important part of a strategy meant to make EVs accessible to everyone. However, in some cases, these EVs do not have on-vehicle telematics capabilities. As a result, a significant amount of residential EV charging is not metered at all, and the manufacturers of such vehicles are put at a disadvantage in the LCFS, despite addressing an important part of the vehicle market.

For such non-metered residential EV charging, BTR Energy recommends CARB allow incremental credits to be generated by the same hierarchy of credit generators – or designated reporting entities – established for metered residential EV charging, so long as the reporting entity can provide:

1. All necessary information to register the EV with CARB;
2. Evidence that the EV was recently registered in California; and
3. A statistically significant, conservative, and vehicle-type specific average for residential EV charging to apply to vehicles that do not have on-vehicle telematics or are not otherwise metered and registered by another reporting entity.

BTR Energy and its partners may be able to provide such information for many non-metered EVs. CARB could therefore enable the generation of more incremental credits – and more accurately capture the amount of residential EV charging that occurs in a reporting period – by allowing other reporting entities to generate incremental credits for non-metered residential EV charging.

We recognize the LCFS benefits from the use of empirical evidence and metered data. As such, CARB could ensure that providing metered data whenever possible is more valuable to the credit generator. CARB could, for example, apply a discount factor to all estimated residential EV charging, pursuant to the flexibility provided to it in 945486.1(c)(1)(A)1: “Electricity EV Daily Average is the quantity in kWh of electricity used daily for residential charging of EVs, based upon the best data available to the executive Officer, during the reporting period.”

[1] https://energized.edison.com/stories/sce-gets-green-light-for-expanded-ev-charging-program

Third-Party Verification of Electricity Transactions

BTR Energy supports the current auditing and record retention requirements imposed on LCFS credit generators and their designees.

As CARB considers third-party verification requirements for electricity transactions in Quarterly Fuel Transaction Reports, we encourage CARB to consider the cost-effectiveness and feasibility for third-party verification of reporting for residential EV charging.

BTR Energy and its partners process millions of charge events per reporting period. We do not believe it would be feasible for a third-party to verify each charge event for each registered FSE ID without introducing significant costs and data privacy challenges.

We recommend CARB establish that any third-party verification of electricity transactions occur annually and in aggregate or through a random sampling of residential EV charging data. We also recommend that CARB consider how the requirements for third-party verification will interact with the requirements imposed on many credit generators by the 2018 California Consumer Privacy Act, particularly for residential EV charging.

Miscellaneous

BTR Energy supports CARB's proposed clarification that "all first fuel reporting entities have the flexibility to designate a third-party on their behalf for reporting and credit generation."

BTR Energy and our partners may also propose the introduction of a methodology to combine the Smart Charging Electricity Pathway with the Low-CI Electricity Pathways, thereby increasing the number of LCFS credits that could be generated for charging that 1) occurred during certain hourly windows, and 2) is combined with low-CI RECs. We believe this option could begin to incentivize alignment between charging and renewable energy generation.

Conclusions

In general, we believe the changes proposed by CARB will improve the LCFS program if implemented appropriately. We also recommend CARB consider additional changes that will increase credit generation and enhance the accuracy and longevity of the program. We appreciate this opportunity to provide the feedback contained herein, and we look forward to engaging with CARB staff on more specific proposals going forward.

Sincerely,

Ashley Beaty
Vice President, Partnerships and Public Policy