

August 27, 2024

The Honorable Board Members  
California Air Resources Board  
1001 I Street  
Sacramento, CA 95814  
Submitted Electronically

Attn: Honorable Liane M. Randolph  
Chair, California Air Resources Board

Dear Honorable Members:

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

The Los Angeles Department of Water and Power (LADWP) appreciates the opportunity to provide comments on the California Air Resources Board's (CARB) Proposed Modifications (15-Day Changes) to the proposed amendments to the Low Carbon Fuel Standard (LCFS) Regulation (45-Day Proposal) posted on August 12, 2024. LADWP reaffirms its strong support of the LCFS program and its role in achieving the substantial greenhouse gas (GHG) emissions reduction goals of Assembly Bill (AB) 32, Senate Bill 32, and AB 1279.

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. As a large publicly owned utility, LADWP is in the most optimal position to promote transportation electrification by investing in programs that benefit everyone while reducing the financial impacts to its customers. LADWP offers the following comments on the proposed amendments for your consideration.

**I. § 95484. Annual Carbon Intensity Benchmarks**

The LCFS regulation is vital to decarbonizing the transportation fuel sector. LADWP supports CARB's proposed 30 percent reduction in fuel carbon intensity (CI) by 2030 and 90 percent reduction in fuel CI by 2045. To comply with long-term zero emission vehicle adoption targets of regulations such as Advanced Clean Cars II, Advanced

Clean Fleets, Advanced Clean Trucks, and others by the 2045 deadline, extending the LCFS program is essential in supporting the transition. LADWP supports CARB staff's proposal to modify the near-term increase in stringency to a nine percent CI reduction in 2025 from the five percent year-to-year increase included in the initial 45-Day Proposal.

## **II. § 95483(c)(1). Updates to Residential Electric Vehicle Charging**

### *a. Base Credits*

LADWP has been a long-time advocate of electrifying the transportation sector. From light-duty (LD) electric vehicle charger rebates first offered in 2013 to medium- and heavy-duty (MHD) vehicle charger rebates in 2018, and previously owned electric vehicle rebates expanded in 2023. LADWP continues to develop various programs that promote electric vehicles and increase benefits to disadvantaged communities and low-income customers. Since 2022, LADWP spent approximately \$14.5 million towards installing electric vehicle chargers in disadvantaged communities. LADWP relies on the LCFS program to continue funding these equity-focused efforts while reducing the financial impacts to its customers. LADWP supports the proposed reduction in the Publicly Owned Utilities' (POUs') minimum base credit contribution required to fund the Clean Fuel Reward Program and the corresponding increase in the holdback credit which will help fund LADWP's transportation electrification programs.

### *b. Original Equipment Manufacturer (OEM) Base Credits*

The 15-Day Changes introduced a new provision that will allow the Executive Officer the option to direct up to 45 percent of base credits to OEM of electric vehicles. LADWP has several concerns with this provision if enacted:

- As written, the allocation of 45 percent of EDUs' base credits to OEMs is expected to result in a decrease in EDU holdback credits when compared to the 45-Day Proposal. This conclusion is based on the following interpretation and sample calculation:
  - Section 95483(c)(1)(A) states, "*If the Executive Officer assigns a portion of base credits to OEMs pursuant to section 95483(c)(1)(B), the EDUs are assigned the remaining base credits.*"
  - Section 95483(c)(1)(B) states, "*If the Executive Officer directs base credits to eligible OEMs, the requirements of section 95483(c)(1)(A)2. do not apply.*" 95483(c)(1)(A)2 contains the CFR percent contribution requirements, which will also not apply.

- Based on the above cited sections, LADWP understands that if the total base credit equals 100 million metric ton (MMT), OEMs will get 45 MMT and EDUs will get the remaining 55 MMT.
- Determination of individual EDU allocations is based on section 95486.1(c)(1)(A), ratio of non-metered residential electric vehicles assigned to an EDU over total number of non-metered residential electric vehicles.
- Large POUs make up approximately 10 percent of the base credit and would receive 5.5 MMT for holdback.
- In comparison, large POUs would contribute 25 percent to CFR and keep 75 percent or 7.5 MMT for holdback under the 45-Day Proposal.

Based on the Notice of Public Availability of Modified Text, CARB staff stated that, *“If the OEMs receive base credits, utilities will no longer be required to contribute to a Clean Fuel Reward program, and credits available for holdback equity projects are unaffected.”* For clarification, the language in the regulation needs to be amended to capture CARB’s intent.

- OEMs are currently not subject to the equity spending requirement. To be consistent with CARB’s equity goals, LADWP recommends including equity spending provisions for OEMs. For example, OEMs can provide rebates for used electric vehicles with additional rebates based on the income of the customer or provide options that would make the cost of replacing critical components (i.e. batteries and motors) of used electric vehicles comparable to internal combustion vehicles, ensuring that purchasing and maintaining electric vehicles would remain reasonably priced for the customers.

*c. Restrictions on Use of Holdback Credits*

LADWP supports the 45-Day Proposal to keep the holdback equity requirement for POUs at 50 percent as stated in Appendix E (page 15) of the Proposed Amendment. However, this is not reflected in the language of the proposed regulation in section 95483(c)(1)(A)5. a. LADWP recommends that CARB staff amend the language of the proposed regulation to explicitly state the holdback equity requirements for POUs for clarification.

**III. § 95486.2(b) and 95486.3(b). Generating and Calculating Credits for Zero Emission Vehicle (ZEV) Fueling Infrastructure Pathways**

LADWP supports the proposed amendments that expand the current ZEV infrastructure crediting provisions beyond LD infrastructure to MHD infrastructure and extending the LD crediting. LADWP believes that infrastructure crediting will help reduce the risk of under-utilized chargers and will drive the buildout of necessary infrastructure.

Additionally, LADWP supports the changes to the Fast-Charging Infrastructure crediting in the 15-Day Changes.

**IV. § 95501. Requirements for Validation and Verification Services**

Staff's proposal to extend the third-party verification requirement to electric vehicle charging data except for non-metered residential transactions per Section 95491(d)(3)(A) means that metered residential transactions (for base credits or incremental credits) will be subject to verification, which would be challenging because of the required site visits.

Section 95501(b)(3) states that, "at least one lead LCFS verifier accredited by the Executive Officer on the verification team must, in addition to one visit to validate an application, annually visit each facility; and, if different from the fuel production facility, the central records location for which the records supporting an application or report subject to verification are submitted."

Annual site visits to *each* facility for verification of Quarterly Fuel Transactions Reports can be time-consuming and burdensome. Fueling-supply equipment in California is already subject to accuracy verification by the Department of Food and Agriculture's Division of Measurement Standards. Fuel transactions that can easily be verified using desktop review, such as those using Lookup Table CIs and invoices, should be considered low-risk and should not be subject to the site visit requirement. Complying with this requirement would be especially challenging for the verification of residential electric vehicle charging data since this implies having to perform site visits at private properties as part of the verification process. LADWP recommends that CARB staff amend or add language that allows for site visits at a central records location for verification of residential electric vehicle charging data or exempt these transactions from the site visit requirement. Additionally, for small credit generators, it may not be financially feasible (even with deferred verification) to hire third-party verifiers. LADWP urges CARB to consider adding language to allow verification exemptions (subject to the Executive Officer's approval) especially when the cost of verification exceeds the value of the LCFS credits generated.

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In closing, LADWP appreciates the opportunity to provide comments and feedback on these important topics. If you have any questions about LADWP's comments, please contact Ms. Andrea Villarin, at (213) 367-0409 or Mr. Bang Phung, at (213) 367-8689.

Sincerely,

Katherine Rubin  
Director of Corporate Environmental Affairs

BP:mh

c: Ms. Rajinder Sahota, CARB  
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