



October 16, 2024

Chair Liane Randolph and Members of the Board
California Air Resources Board
1001 I Street
Sacramento, CA 95814

Re: Sacramento Municipal Utility District's Comments on the Second Proposed 15-Day Changes to the Low Carbon Fuel Standard Amendments

The Sacramento Municipal Utility District (SMUD) appreciates the opportunity to support the Low Carbon Fuel Standard (LCFS) regulation and provide comments on the California Air Resources Board's (CARB or Board) second Proposed 15-Day Changes to the Proposed Amendments to the Low Carbon Fuel Standard Regulation issued on October 1, 2024 (Second 15-Day Changes).¹ SMUD appreciates that the amendments included in the Second 15-Day Changes addressed several remaining concerns² and appreciates CARB Staff's effort throughout the LCFS rulemaking process. SMUD also supports the comments submitted by the California Electric Transportation Coalition (CalETC) submitted on October 16.

In particular, SMUD appreciates the following changes that substantially improved the Proposed Amendments to the LCFS regulation:

- Clarifying that medium POUs are required to spend 50 percent of holdback credit proceeds on equity projects, as opposed to 75 percent.
- Redefining "Electrical Distribution Utility" with updated values.
- 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).
- 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.

¹ Second Notice of Public Availability of Modified Text and Availability of Additional Documents and/or Information, Proposed Low Carbon Fuel Standard Amendments (October 1, 2024) *available at* [Second Notice of Public Availability of Modified Text and Availability of Additional Documents and/or Information](#).

² Sacramento Municipal Utility District's Comments on the Proposed Amendments to the Low Carbon Fuel Standard (February 20, 2024) *available at* <https://www.arb.ca.gov/lists/com-attach/6970-lcfs2024-AXJROgRwBTIKU1lx.pdf>; Sacramento Municipal Utility District's Comments on the Proposed 15-Day Changes to the Low Carbon Fuel Standard Amendments (August 27, 2024) *available at* [7514-lcfs2024-UGJXYVNqWT4CKgMz.pdf \(ca.gov\)](#).

- 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.

Further rationale for these changes can be found in SMUD's comments on the 45-Day Language and first 15-Day Changes, and in comments submitted by CalETC. SMUD, in coordination with CalETC, looks forward to working with CARB staff to clarify the process and operation of utility holdback programs and the CFR program, particularly to plan for potential reallocation of a portion of base credits to the OEMs.

Conclusion

Thank you for the opportunity to provide feedback on the Proposed Amendments. SMUD looks forward to continuing to work with CARB on amendments to strengthen the LCFS regulation.

/s/

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cc: Corporate Files (LEG 2024-0133)