Sonoma Clean Power Authority

November 5, 2020

Rajinder Sahota
Division Chief, Industrial Strategies Division
California Air Resources Board
1001 I Street
Sacramento CA, 95812

Filed Electronically

RE: Comments of Sonoma Clean Power on the October 14th LCFS Workshop on Potential Regulation Amendments

Dear Ms. Sahota,

As an active participant in the Air Resources Board's (ARB) Low Carbon Fuel Standard (LCFS) Program, and in response to the October 14, 2020 workshop discussion on potential regulation amendments to the program, Sonoma Clean Power Authority (SCP) respectfully offers the following comments.

SCP offers these comments to show how the ARB can leverage Community Choice Aggregators (CCAs) to accelerate the transition towards a low carbon transportation future. These comments discuss the need to enable CCAs to claim incremental LCFS credits for unmetered charging in their territory that is otherwise unclaimed. LCFS credits can and should be generated when there is demonstrated electric vehicle (EV) charging within a CCA's service territory and there is no other entity already claiming credits from those vehicle identification numbers (VINs). Enabling CCAs to claim these credits will provide an important revenue source that can be used to expand local EV programs starting immediately. SCP is a public agency that has already built programs in its territory that help achieve state policy, including Executive Order N-79-20.[1] With the ARB's assistance, SCP is poised to expand the programs detailed in Section 1 below.

These comments request the ARB either: 1. Issue guidance language on the ability of a CCA to claim "incremental credits" in their service territory, or 2. Amend the regulation to create a new process for claiming LCFS credits within a CCA territory that would otherwise go unclaimed.

[1] See Executive Order N-79-20, available at: https://www.gov.ca.gov/wp-content/uploads/2020/09/9.23.20-EO-N-79-20-text.pdf.

Discussion

1. Currently, the LCFS is Not a Reliable Revenue Source for Local EV Program Development.

SCP strongly supports the ARB's efforts to ensure the LCFS is poised to achieve the goals of EO-N-79-20. SCP is a public agency and was formed to provide electric service in Sonoma County and Mendocino counties. SCP procures power to serve the vast majority of retail electric customers in these counties, and part of our public mandate is to achieve GHG emission reductions. Through innovative program structures and integrated resource planning, SCP has been planning for the policy goals of AB 32, SB 32, and N-79-20 since our agency's inception. SCP is actively procuring low carbon energy resources, and building programs to incentivize and facilitate the use of EVs. While are poised to expand existing EV programs, program growth must be balanced with other needs of ratepayers, including their need for affordable power. Thus, SCP has looked to the LCFS as an important program that can help build and scale EV policy achievement, while at the same time minimizing ratepayer impacts.

We have yet to be able to rely on the LCFS in a meaningful way. This is because the electric distribution utility (EDU) generates the "base credit" in SCP's service territory, utilizing an EV charging estimation methodology specified in the Regulation. SCP's credit claim is limited to the "incremental" portion of the EV credit, based on how much less carbon intensive the charging energy is compared to the grid average. Moreover, CCAs are limited in their ability to collect and disaggregate their customer's metered EV charging data. Thus, even though CCAs can generate LCFS credits, the actual quantity of credits for most CCAs who have opted in has been systematically limited.

Our directives from our locally elected board are clear, and we hope to work with the ARB to help expand local EV programs and customer programs. Since its inception, SCP has been actively facilitating the transition to EVs in our service territory. In addition to offering customers home chargers and working with dealerships on vehicle discounts, SCP works with other agencies and large customers on options for electrifying local transportation demand. As a provider of both energy services, charging equipment and power procurement, SCP is uniquely positioned to minimize the carbon footprint of charging energy dispensed in its territory.

SCP's commitment to EVs and using revenue generated by incremental credits is demonstrated by our recent programs. Through our Drive EV program, SCP was the first CCA to launch a program that enabled bulk discounts averaging more than $11,000 per car for the purchase or lease of 1260 EVs. SCP has also provided thousands of Level 2 smart chargers. Our programs enable customers to enroll their equipment in GridSavvy, SCP's demand response program to promote renewable integration and reliability. SCP is also participating in the CalEVIP program with the California Energy Commission, which will bring over $6M worth of incentives to SCP's territory for the construction of Level 2 and 3 charging infrastructures. SCP is contributing $1.5M and is focusing the selection criteria towards rural and low-income communities. SCP also provides grants to local non-government organizations (NGOs) to

purchase EVs. To date, one dozen NGOs have participated, including LIME Foundation,[2] Grid Alternatives,[3] PEP Housing,[4] and the PDI Surgery Center.[5] With the ARB's assistance, SCP is poised to expand these existing efforts in furtherance of N-79-20.

2. The ARB Should Clarify that CCAs Are Able to Generate Incremental Credits on an Estimation Basis When there is Evidence that the EV Owner is a CCA Customer and there is No Other Entity Exercising Priority Rights Based on Availability of Metered Data.

As the supplier of electricity, the CCA controls the carbon content of the electricity provided to the customer. Therefore, the carbon content of the charging sessions occurring anywhere in the CCA service territory is determined by the CCA's wholesale resource procurement. The ARB should focus on program aspects that support those who are capable of providing electricity that reduces emissions in the transportation sector. A readily available solution exists; the ARB can allow the generation of incremental credits for unmetered charging consistent with the same methodology it currently uses for EDUs' base credits. An estimation methodology already exists in the Regulation[6] and nothing in the incremental credit priority section of the Regulation specifies that a CCA cannot claim incremental credits from unmetered charging.[7] Rather, the ARB has an obligation to ensure that entities with meter data take priority over unmetered charging claims.[8] Thus, within the existing regulatory structure, the ARB could award LCFS credits on an unmetered basis until there is a reporting period where a higher priority entity with meter data seeks to claim the incremental credits. SCP requests that the ARB make this clarification through guidance language or otherwise as soon as possible.

3. If the ARB Determines it Cannot Issue Credits to CCAs on an Unmetered Basis, Then it Should Make this a Priority Amendment in the Next Rulemaking Cycle.

If CCAs have no way of generating credits for unmetered charging, their options for EV program expansion will be unnecessarily limited. Investor owned utilities (IOUs) transmit the electricity the CCAs have either purchased or generated to the end use customer over IOU-owned transmission and distribution facilities. Incremental credits that are not claimed by anyone else can and should inner to the entities that buy power for those unmetered charging sessions. By not allowing CCAs to generate credits for unmetered charging, the ARB is missing the opportunity to reward CCA customers for clean resource procurement and transportation decisions. The ARB should create a methodology whereby incremental credits for unmetered charging are provided to CCAs through the same methodology used in generating base credits to

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[2] Supporting LIME Foundation serves the specific needs of the disadvantaged community across all ages and income levels by teaching vital skills in music, performing arts, construction careers, technology, and health.

[3] Supporting Grid Alternatives helps low-income communities and communities of color nationwide get affordable solar power and solar jobs.

[4] Supporting PEP Housing provides low income seniors with affordable quality housing with supportive services and advocacy.

[5] Supporting PDI Surgery Center maintains a sustainable dentistry resource that will serve the low income children of Northern California to provide prevention education and promote oral health.

[6] See 17 CCR § 95483(c).

[7] See 17 CCR § 95483(iii)(B)(3)("For non-metered residential EV charging, the EDU is eligible to generate incremental credits for supplying low-CI electricity to the EVs in its service territory.").

[8] See 17 CCR § 95483(iii)(B).

EDUs for unmetered charging. Providing an opportunity for CCAs to generate incremental credits for unmetered charging is especially important as the number of CCAs expands and begin serving an increasing number of Californians. Appendix A includes suggested redlines to existing regulatory language to enact this opportunity.

SCP appreciates the opportunity to comment on these potential regulatory amendments and is available to work with ARB staff in the development of a clear and concise regulatory option for LCFS participants to achieve state policy through the LCFS Program.

Respectfully submitted,

/s/

Neal Reardon
Director of Regulatory Affairs
Sonoma Clean Power Authority

Appendix A

Proposed Redline changes to LCFS Regulation to Allow CCAs to Claim Nonmetered, Incremental, Residential Credits

California Code 95483(c)(1)(B)(3)
For non-metered residential EV charging, the ~~EDU~~ LSE is eligible to generate incremental credits for supplying low-CI electricity to ~~the~~ its customers' EVs in its service territory.

California Code 95486.1(c)(2)(A)(1)
Non-Metered Residential EV Charging. The Executive Officer shall use the formula ~~in 95486.1(c)(1)(A)~~ below for calculating the quantity of electricity eligible to generate incremental credits for each residence that has an electric vehicle that is not separately metered and is shown to receive low-CI electricity, and is not claimed by another generator of incremental low-CI electricity credits using metered data.

$$Electricity^{EV}_{Non\text{-}metered} = N^{EV}_{Non\text{-}metered} \times Electricity^{EV}_{Daily\ Average} \times T^{days}_{reporting\ period}$$

where:

$Electricity^{EV}_{Non\text{-}metered}$ is the total estimated electricity use in kWh of non-metered residential plug-in EVs assigned to the LSE for the reporting period;

$N^{EV}_{Non\text{-}metered}$ is the total number of non-metered residential plug-in EVs registered within a given LSE service area for the reporting period, for which the LSE can submit corresponding VINs to the Executive Officer;

$Electricity^{EV}_{Daily\ Average}$ is the quantity in kWh of electricity used daily for residential charging of plug-in EVs, based upon the best data available to the Executive Officer, during the reporting period;

$T^{days}_{reporting\ period}$ is the total number of days in the reporting period.

California Code 95491(d)(3)(A)(1)
Within the first 45 days after the end of the quarter, the EDU must provide the Executive Officer Daily Average EV Electricity Use data for the calculation of credits for non-metered charging from the prior quarter. The Executive Officer shall use the method set forth in subsection 95486.1(c)(1), to calculate any credits generated for the quarter and place them into the EDU's LRT-CBTS account. The Executive Officer may also consider any data and information that other LSEs, who supply low-CI electricity to their customers' EVs, choose to provide within the first 45 days after the end of the quarter in support of determining the appropriate Daily Average EV Electricity Use for an LSE's service territory; and