CalETC
California Electric Transportation Coalition

October 5, 2011

To: Mr. Bob Fletcher
Mr. Richard Corey
Mr. Mike Waugh
Ms. Carolyn Lozo

From: Eileen Wenger Tutt, Executive Director

Re: **Comments of the California Electric Transportation Coalition on the September 14, 2011 Low Carbon Fuel Standard Workshop**

The California Electric Transportation Coalition (CalETC) appreciates this opportunity to provide comments on the September 14, 2011, Air Resources Board (ARB) workshop on the Low Carbon Fuel Standard (LCFS). CalETC is a non-profit association promoting clean air and working to combat climate change through the transition of the transportation sector to electricity. CalETC is committed to the successful introduction and large-scale deployment of all forms of electric transportation including plug-in electric vehicles, transit buses, port electrification, off-road electric vehicles and equipment and rail. The members of CalETC include: Southern California Edison, Sacramento Municipal Utility District; San Diego Gas & Electric Company; Pacific Gas & Electric Company, and the Los Angeles Department of Water & Power. CalETC also coordinates closely with California Municipal Utility Association.

CalETC utility members are substantially and proactively working to support the state's goals, including the LCFS, and the customer demand for plug-in electric vehicles (PEVs). CalETC utility members work very closely with auto makers, local government representatives, 3rd party providers and other stakeholders to support a successful and robust PEV market. The CalETC utilities are committed to promoting innovation in the marketplace, ensuring customer satisfaction and outreach and education efforts. California utilities have all been fully engaged in comprehensive PEV market readiness activities to enable the safe, reliable and efficient integration of PEV charging loads with the grid.

CalETC largely supports the staff's recommendations and suggested regulatory language. We have a few comments and some suggested regulatory language for ARB staff consideration.

Section 95481 Definitions and Acronyms

The September 14 draft regulations currently uses both the terms "Electrical Distribution Company" and "Utility Distribution Company", without a clear distinction as why one or the

other is used. To eliminate confusion, CalETC recommends that "Electrical Distribution Utility" be the term used in the regulations. We suggest the definition of Electrical Distribution Utility be added to section 95481 as follows:

(17) "Electrical Distribution Utility" means an entity that owns and/or operates an electrical distribution system, including:1) a public utility as defined in the Public Utilities Code section 216 (referred to as an Investor Owned Utility or IOU; or 2) a local publicly owned electric utility (POU) as defined in Public Utilities Code section 224.3, or 3) an Electrical Cooperative (COOP) as defined in Public Utilities Code section 2776, which provides electricity to retail end users in California.

Section 95480.4 Multiple Parties Claiming to Be the Regulated Party for the Same Volume of Fuel

In general there may be specific implementation issues related to electricity as a transportation fuel and CalETC recognizes that these issues may not apply to other fuels. Our comments are intended to pertain to the electricity issues.

For the opening paragraph of this section, CalETC suggests the following:

Under the LCFS regulation, there can only be one regulated party for a specific volume of fuel at any given time. ~~In the event that more than one person has inadvertently registered with ARB as the regulated party for the same volume of fuel, the following provisions shall apply:~~ If more than one party has registered with ARB as the regulated party for the same volume of fuel, and these claims for LCFS credit ownership (i.e., claims to be the regulated party) are consistent with the LCFS regulatory text and any ARB guidance documents, advisories, or similar materials published by ARB (and therefore eligible to be the regulated party), then the following provisions shall apply:

With the change to the opening paragraph as above, CalETC recommends deleting (c)(2).

In the event that there may be other language changes recommended to address the issues unique to other alternative fuels, specifically for the case of electricity CalETC suggests (c)(3) be amended:

(2~~3~~) If the appropriate regulated party cannot be determined under either (1) ~~or (2)~~, the Executive Officer shall release the credits to the Electrical Distribution Utility. ~~at issue to the regulated party that was first to report in the LRT the volume of fuel from which the credits were generated.~~

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Section 95484 Requirements for Regulated Parties

CalETC supports staff direction in the electricity section (6), we particularly appreciate the staff's requirements which reflect a commitment to returning the value of the LCFS credits back to PEV owners and outreach and education efforts. We suggest the following amendments to this section (a):

(6) *Regulated Parties for Electricity.* For electricity used as a transportation fuel, the party who is eligible to opt-in as a regulated party is determined as specified below:

(A) For transportation fuel supplied through electric vehicle (EV) charging equipment ~~in~~ for a single or multi-family residence~~home~~, the Electrical Distribution Utility ~~(an Investor Owned Utility (IOU) as defined in the Public Utilities Code sections 216 and 218, or a local publicly owned electric utility (POU) as defined in Public Utilities Code section 224.3, which provide electricity to a retail end user in California)~~ is eligible to opt-in as the regulated party in their defined utility territory. To receive credit for electricity supplied as a transportation fuel, the Electrical Distribution Utility must:

1. provide EV time-of-use pricing as a rate option that includes a ~~discount~~ reduced rate for off-peak charging.

2. ~~actively~~ educate the public on the benefits of EV transportation (including environmental benefits and costs of EV charging as compared to gasoline) through outreach efforts that may include, but are not limited to, the following:

    a. public meetings
    b. EV dealership flyers
    c. utility customer bill inserts
    d. radio and/or television advertisements
    e. webpage content

3. include in annual reporting a summary of efforts to meet requirements 1 and 2, as well as an accounting of the number of EVs known to be operating in the service territory.

(B) For transportation fuel supplied through public access EV charging equipment, the third-party non-utility Electric Vehicle Service Provider (EVSP) or Electrical Distribution Utility that has installed the equipment, or had an agent install the equipment, and who has a contract with the property owner or

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lea~~s~~sor where the equipment is located to maintain or otherwise service the charging equipment is eligible to opt-in as the regulated party.

If the EVSP ~~elects~~ is not ~~to become a~~ the regulated party for a specific volume of fuel, or has not otherwise fully complied with the requirements of this subarticle, the Electrical Distribution Utility~~Company~~ is eligible to opt in as ~~be~~ the regulated party. ~~provided there is a contract or other written evidence of mutual agreement that the EVSP has elected not to be the regulated party and is allowing the Electrical Distribution Company to be the regulated party.~~ To receive credit for transportation fuel supplied through public access EV charging equipment, the regulated party must:

1. provide EV time-of-use pricing as a rate option that includes a ~~discount~~ reduced rate for off-peak charging,

2. ~~actively~~ educate the public on the benefits of EV transportation (including environmental benefits and cost of EV charging as compared to gasoline) through outreach efforts that may include, but are not limited to, the following:

    a. public meetings
    b. EV dealership flyers

3. include in annual reporting a summary of efforts to meet requirements 1 and 2, as well as an accounting of the number of operating EV charging stations and the number of charging incidents.

(C) For transportation fuel supplied to a fleet of three or more EVs, a person ~~company~~ operating a fleet (fleet operator) is eligible to be a regulated party. If the fleet operator is not the ~~elects not to be a~~ regulated party for a specific volume of fuel, or has not otherwise fully complied with the requirements of this subarticle, the Electrical Distribution Utility~~Company~~ is eligible to opt in as ~~be~~ the regulated party. ~~provided there is a contract or other written evidence of mutual agreement that the fleet operator elects not to be the regulated party and is allowing the Electrical Distribution Company to be the regulated party.~~ For transportation fuel supplied to a fleet of less than three EVs, the Electrical Distribution Utility~~Company~~ is eligible to be the regulated party. To receive credit for transportation fuel supplied to an EV fleet, the regulated party must include in annual reporting an accounting of the number of EVs in the fleet. However, in the case of the Electrical Distribution Utility as a regulated party, the annual reporting of number of EV's in a fleet would be based on information provided by fleet operator when applicable.

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(D) For transportation fuel supplied through private access EV charging equipment at a business or workplace, the business owner is eligible to be a regulated party. If the business owner is not ~~elects not to be a~~the regulated party for a specific volume of fuel, or has not fully complied with the requirements of this subarticle, the Electrical Distribution Utility~~Company~~ is eligible to opt in as ~~be~~ the regulated party. ~~provided there is a contract or other written evidence of mutual agreement that the business owner elects not to be the regulated party and is allowing the Electrical Distribution Company to be the regulated party.~~ To receive credit for transportation fuel supplied through private access EV charging equipment at a business or workplace, the regulated party must:

1. ~~actively~~ educate employees on the benefits of EV transportation (including environmental benefits and costs of EV charging as compared to gasoline) through outreach efforts that may include, but are not limited to, the following:

   a. employee meetings
   b. public meetings
   c. EV dealership flyers
   ~~b.~~d. employee flyers
   ~~c.~~e. webpage content
   ~~d.~~f. preferred parking, if feasible

2. Include in annual reporting a summary of efforts to meet requirement 1, as well as an accounting of the number of EVs known to be charging at the business.

(E) In the event that criteria for regulated party designations in subparagraphs (B), (C), and (D) above are not met, or there is measured electricity as a transportation fuel that is not covered in paragraphs (B) through (D) above, the Electrical Distribution Utility is eligible to opt in as the regulated party. Notwithstanding the other requirements of this subsection (a)(6), to receive credits, the Electrical Distribution Utility must:

1. provide EV time-of-use pricing as a rate option that includes a reduced rate ~~discount~~for off-peak charging.

2. educate the public on the benefits of EV transportation (including environmental benefits and costs of EV charging as compared to gasoline) through outreach efforts that may include, but are not limited to, the following:

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a. public meetings
b. EV dealership flyers
c. utility customer bill inserts
d. radio and/or television advertisements
e. webpage content

3. include in annual reporting a summary of efforts to meet requirements 1 and 2, as well as an accounting of the number of EVs known to be operating in the service territory.

We further suggest the following in section (c)3(C) as the phrase "submetering" is technically incorrect, direct measurement of kWh to the plug-in vehicle can be done by either a submeter or a separate meter:

1(a). the use of direct metering (~~also called submetering~~ either submetering or separate metering) to measure the electricity directly dispensed to all vehicles at each residential charging station; or

As the market matures it may be that technological options for measuring electricity used for vehicles emerge which do not involve submetering or separate metering. Although CalETC does not have recommended language for such a case at this time, we are considering language options that allow for market innovatation beyond what seems possible today.

Section 95485 LCFS Credits and Deficits

We understand the EER Values for Electricity and H2 were diminished as the result of an assumption that gasoline-powered vehicles would improve in efficiency by 30 percent by 2016 so the EER for Electricity and H2 should be reduced by 30 percent. This is inappropriate for two principal reasons. First, today's gasoline vehicles do not meet the 2016 standards and to discount alternative fuels based on a standard not yet met is technically baseless. Second, there is no reason to believe that alternative-fuel vehicles will not benefit from the same, or different, technological advances made by gasoline-powered vehicles over the coming years. Increased vehicle efficiency carries a significant premium for electricity, as well as other alternative fuels. It is more likely that EVs will improve in efficiency at a rate equal to or greater than gasoline-powered vehicles in coming years than that EVs will not improve at all as gasoline vehicles get more efficient. In any case, the efficiency improvements that will be made for EVs in the coming years are unknown and it is harmful to the LCFS objectives to discount the EER for electricity without a fact-based justification.

We recommend the EERs for electric-drive vehicles in Table 5 remain as proposed by ARB staff in at 3.39,

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(see http://www.arb.ca.gov/fuels/lcfs/regamend/072211lcfs_regamend_pres.pdf) and H2 at 2.3 in Table 5.

Concluding Remarks

In conclusion, CalETC thanks ARB staff for their willingness to work through these complex issues with stakeholders. We look forward to continuing to work with you.

Thank you for your consideration.

Sincerely,

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Executive Director

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