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

From: Jan Berman, Senior Director

Re: Response to the Proposed Regulatory language issued by California Air Resources Board (CARB) on October 14th, 2011

Pacific Gas and Electric Co. (PG&E) appreciates the opportunity to comment in response to the California Air Resources Board's (CARB) terms for proposed regulatory language regarding amendments to the Low Carbon Fuel Standard (LCFS), presented at CARB's public workshop on October 14th, 2011. PG&E supports CARB's efforts to reduce the carbon intensity of transportation fuels through its LCFS program and looks forward to working with CARB to reach these goals. PG&E also appreciates CARB's understanding that certain aspects of this regulatory language should be re-visited as our data collection increases and the market matures.

PG&E supports the direction of the current language but we would like to provide the following recommendations:

1. Estimation of Credits in Cases Where Direct Metering is not available

Regarding Section.C.1.b, *Specific Quarterly Reporting Requirements for Electricity*, PG&E would like to clarify the inclusion of multiple scenarios for estimation where direct metering (sub metering or separate metering) is not available. Currently the only method to provide exact calculation of credits is when direct metering technology is available to meter the Electric Vehicle's (EV) load, for all other cases estimation will be required. In the current regulatory language, estimation is allowed only in cases of "households or residences," but PG&E recommends expanding this to include workplace charging, fleets, etc., in order to avoid stranded credits and encompass diverse charging scenarios. PG&E recommends the word "scenarios" replace "households and residences."

We would therefore propose the regulatory language to read:

b.) for all ~~households and residences only~~ scenarios where direct metering has not been installed, the regulated party may report the total electricity dispensed at each residential charging station using another method that the regulated party demonstrates to the Executive Officer's satisfaction is substantially similar to the use of direct metering under section (c)(3)(C)1.a..

2. Fleet Operator as Regulated Party

Section 6.C refers to transportation fuel supplied to a fleet of three or more EVs and offers an opportunity to opt-in to the regulation and become a regulated party. PG&E would like further clarification to the minimum requirement of three EVs. In order to retain a system that is not administratively cumbersome and avoid assigning credits to entities with too little scale to effectively trade them, PG&E suggests determining a higher minimum standard of vehicles to constitute a fleet. Various industry standards exist; ranging from 3 for certain insurance companies to California's DMV VC Section 5301 (b)(1) which states that fleets shall consist of at least 50 motor vehicles to qualify for fleet registration.¹

3. Definition of a PEV

To minimize disputes and clarify language we recommend that a definition for a Plug-In Electric Vehicle be developed. This definition should include the following key aspects:

- A vehicle that uses one or more electric motors for propulsion.
- The electric motor draws its power from rechargeable batteries or fuel cells
- The batteries can be recharged by an external source of electricity
- Vehicle must be registered for personal use or business use in the State of California

4. Clarification of Opt-In and Approval Process

PG&E would like to request more detailed language around the opt-in verification and approval process. PG&E requests more precise methods in the regulatory language including a standardized application form with a time line. We believe this will create transparency for opt-in scenarios and avoid disputes.

Conclusion

PG&E thanks CARB's efforts to include varied opinions on this complex new program and appreciates the opportunity to provide comments. PG&E looks forward to continue our work with CARB staff in the upcoming months to revise the LCFS program.

Thank you for your consideration.

Sincerely,



Jan Berman
Senior Director
Policy and Integrated Planning

¹ <http://dmv.ca.gov/pubs/vctop/d03/vc5301.htm>

Section 95481. Definitions and Acronyms

- (22) “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. For the purposes of this regulation, Community Choice Aggregators (as defined in the Public Utilities Code section 366.2) are included.

Section 95484. Requirements for Regulated Parties

- (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 a single or multi-family residence, the Electrical Distribution Utility is eligible to opt-in as the regulated party in their service territory. To receive credit for electricity supplied as a transportation fuel, the Electrical Distribution Utility must:
1. use all credit proceeds as direct benefits for current EV customers. Electrical Distribution Utility may, in lieu of this requirement, use some portion of proceeds to enhance public EV education as described below.
 - a. Credit proceeds may be used to educate the public on the benefits of EV transportation (including environmental benefits and costs of EV charging as compared to gasoline). The use of any LCFS proceeds to fund such efforts shall not be used to replace other sources of funding for similar efforts. These efforts may include, but are not limited to:
 1. public meetings
 2. EV dealership flyers
 3. utility customer bill inserts
 4. radio and/or television advertisements
 5. webpage content
 2. provide rate options that encourage off-peak charging and minimize adverse impacts to the electrical grid.

3. include in annual compliance reporting an itemized summary of efforts to meet requirements 1 and 2; costs associated with meeting the requirements; an accounting of credits generated, sold, and banked; and an accounting of the number of operating EV charging stations and the number of charging incidents. If credit proceeds were used for public EV education, the reports must demonstrate that LCFS proceeds were used to fund public education efforts described in (6)(A)1.a. above that would not otherwise have occurred. ARB will post the annual compliance reports for public review by May 31st of each year.

(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 lessor 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 is not the regulated party for a specific volume of fuel, or has not fully complied with the requirements of this subarticle, the Electrical Distribution Utility is eligible to opt-in as the regulated party with EO approval. To receive credit for transportation fuel supplied through public access EV charging equipment, the regulated party must:

1. use all credit proceeds as direct benefits for current EV customers. The regulated party may, in lieu of this requirement, use some portion of proceeds to enhance public EV education as described below.

a. Credit proceeds may be used to educate the public on the benefits of EV transportation (including environmental benefits and costs of EV charging as compared to gasoline). The use of any LCFS proceeds to fund such efforts shall not be used to replace other sources of funding for similar efforts. These efforts may include, but are not limited to:

1. public meetings
2. EV dealership flyers
3. utility customer bill inserts
4. radio and/or television advertisements
5. webpage content

2. provide rate options that encourage off-peak charging and minimize adverse impacts to the electrical grid,

3. include in annual compliance reporting an itemized summary of efforts to meet requirements 1 and 2; costs associated with meeting the requirements; an accounting of credits generated, sold, and banked; and an accounting of the number of operating EV charging stations and the number of charging incidents. If credit proceeds were used

for public EV education, the reports must demonstrate that LCFS proceeds were used to fund public education efforts described in (6)(A)1.a. above that would not otherwise have occurred. ARB will post the annual compliance reports for public review by May 31st of each year.

- (C) For transportation fuel supplied to a fleet of three or more EVs, a company operating a fleet (fleet operator) is eligible to be a regulated party. If the fleet operator is not 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 is eligible to opt-in as the regulated party with EO approval. For transportation fuel supplied to a fleet of less than three EVs, the Electrical Distribution Utility 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 compliance reporting an accounting of the number of EVs in the fleet.
- (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 the regulated party for a specific volume of fuel, or has not fully complied with the requirements of this subarticle, the Electrical Distribution Utility is eligible to opt-in as the regulated party with EO approval. To receive credit for transportation fuel supplied through private access EV charging equipment at a business or workplace, the regulated party must:
1. 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:
 - a. employee meetings
 - b. public meetings
 - c. EV dealership flyers
 - d. employee flyers
 - e. webpage content
 - f. preferred parking
 2. include in annual compliance 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 there is measured on-road 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 with EO approval. To receive credit for this transportation fuel, the Electrical Distribution Utility must meet all requirements set forth in section 95484(a)(6)(A).

- ~~(A) The load-serving entity or other provider of electricity services, unless section 95484(a)(6)(B), (C), or (D) below applies. "Load-serving entity" has the same meaning specified in Public Utilities Code (PUC) section 380. "Provider of electricity services" means a local publicly-owned utility, retail seller (as defined in PUC section 399.12(g)), or any other person that supplies electricity to the vehicle charging equipment;~~
- ~~(B) The electricity services supplier, where "electricity services supplier" means any person or entity that provides bundled charging infrastructure and other electric transportation services and provides access to vehicle charging under contract with the vehicle owner or operator;~~
- ~~(C) The owner and operator of the electric charging equipment, provided there is a contract between the charging equipment owner operator and the provider of electricity services specifying that the charging equipment owner operator is the regulated party;~~
- ~~(A) The owner of a home with electric vehicle charging equipment, provided there is a contract between the homeowner and provider of electricity services specifying that the homeowner may acquire credits.~~

(eb) *Reporting Requirements.*

- (1) *Reporting Frequency.* A regulated party must submit to the Executive Officer quarterly progress reports and annual compliance reports, as specified in sections 95484(c)(3) and 95484(c)(4). The reporting frequencies for these reports are set forth below:
- (C) *Specific Quarterly Reporting Requirements for Electricity.* For electricity used as a transportation fuel, a regulated party must also submit the following:
1. For residential charging stations, the total electricity dispensed (in kWh) to all vehicles at each residence based on direct metering, which distinguishes electricity delivered for transportation use. Before January 1, 2015, "based on direct metering" means either:
 - a. the use of direct metering (also called either submetering or separate metering) to measure the electricity directly dispensed to all vehicles at each residential charging station; or
 - b. for households and residences only where direct metering has not been installed, the regulated party may report the total electricity dispensed at each residential charging station using another method that the regulated party demonstrates to the Executive Officer's satisfaction is substantially similar to the use of direct metering under section (c)(3)(C)1.a..

Effective January 1, 2015, "based on direct metering" means only the use of direct metering as specified in section (c)(3)(C)1.a. above;

2. For each public access charging facility, the amount of electricity dispensed (in kW-hr);
3. For each fleet charging facility, the amount of fuel dispensed (in kW-hr).
4. For each workplace private access charging facility, the amount of electricity dispensed (in kW-hr).
- 4.5. The carbon intensity value of the electricity determined pursuant to section 95486.

