BEFORE THE
AIR RESOURCES BOARD
OF THE
STATE OF CALIFORNIA

SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY COMMENT ON THE PROPOSED CHANGES TO THE LOW CARBON FUEL STANDARD REGULATION

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I. INTRODUCTION.

The Southern California Public Power Authority ("SCPPA") [1] respectfully submits this comment on the proposed changes to the Low Carbon Fuel Standard Regulation ("LCFS Regulation") released by the California Air Resources Board ("ARB") for discussion at the ARB workshop on July 22, 2011.

For the reasons set forth below and in the comments of the California Municipal Utilities Association and the Southern California Edison Company, SCPPA supports the proposed changes to section 95484(a)(6), *Regulated Parties for Electricity* to allocate LCFS credits to utility distribution companies for electric vehicle charging in certain circumstances. SCPPA urges the ARB to go further by providing for utilities to receive credits for fleet and workplace charging. The ARB staff identified several guiding principles at the ARB workshop on July 22, 2011, and at the California Public Utilities Commission ("CPUC") workshop on August 1, 2011:

- Keep it simple
  - Works for many business models
  - Keeps individuals and most businesses out of LCFS requirements
- Maximize available credits to regulated parties
- Return value to the EV owners.

Providing for utility distribution companies to receive LCFS credits for charging plug-in electric vehicles ("PEVs") at home, at work, or in public areas would help to achieve each of these goals.

II. ALLOCATING CREDITS TO UTILITIES HELPS "KEEP IT SIMPLE."

There are relatively few utility distribution companies, so allocating LCFS credits to

[1] SCPPA is a joint powers authority. The members are Anaheim, Azusa, Banning, Burbank, Cerritos, Colton, Glendale, Los Angeles Department of Water and Power, Imperial Irrigation District, Pasadena, Riverside, and Vernon. This comment is sponsored by Anaheim, Azusa, Banning, Burbank, Cerritos, Colton, Glendale, the Imperial Irrigation District, Pasadena, Riverside, and Vernon.

utilities will help to achieve the ARB's goal of keeping the LCFS program as simple as possible by having a manageable number of regulated parties.

The program could be made even simpler by revising section 95484(a)(6)(C). That section provides for fleet operators to be the first priority recipients of LCFS credits for electricity used to fuel fleets, with utilities being the second priority or "back up" recipients of the LCFS credits. Permitting fleet operators to be the first priority recipients of LCFS credits may result in a large number of fleet operators becoming regulated under the LCFS program. To be consistent with the ARB's goal to "keep it simple" by minimizing the number of LCFS regulated entities, utilities should be listed as the first priority recipients of LCFS credits for fleet charging, as they are for home charging in section 95484(a)(6)(A).

III. UTILITIES WILL RETURN VALUE TO CUSTOMERS.

As utilities are subject to rigorous oversight by their governing boards or the CPUC, utilities will return the value of LCFS credits to their customers. In contrast, unregulated service providers are less well positioned to return value to PEV customers. In fact, they would be unlikely to return the value of LCFS credits to customers at all.

Providing for utilities to receive LCFS credits will help provide appropriate rate relief. As PEV use increases pursuant to the LCFS Regulation and other policies such as the South Coast Air Quality Management District's draft Air Quality-Related Energy Policy, utilities will incur significantly increased costs. These costs include infrastructure costs for local distribution and transmission system upgrades, electricity generation costs, additional regulatory costs relating to the ARB's cap-and-trade program and the renewable portfolio standard, reporting costs, and PEV metering costs. Some of the value of the LCFS credits for PEV charging should go to utilities, on behalf of their customers, to help offset these costs. This would provide a direct benefit for customers by reducing the need for rate increases.

Utilities are also in a good position to return the value of LCFS credits to customers in innovative and efficient ways. Utilities are stable, trusted energy providers with existing long-term relationships with ratepayers who are, or may become, owners of PEVs. Utilities are experienced in reaching out to their customers to implement new technologies in fields such as energy efficiency and demand response, and utilities are experienced in collecting and reporting data on program implementation. Utilities can build on their experience to return value to ratepayers in creative ways that will effectively support the State's goals for increased electrification in the transport sector.

IV. ALLOCATING CREDITS TO UTILITIES HELPS MAXIMIZE AVAILABLE CREDITS.

It is appropriate to provide that utility distribution companies are first priority recipients of LCFS credits to achieve the ARB's goal of maximizing available credits by preventing unclaimed credits. There will almost always be a utility involved in providing electricity as a transport fuel, whereas there may not always be a third party service provider with a long-term contract with the PEV owner or property owner. As the technology becomes more common, PEV customers and other entities wishing to make charging services available, such as employers, may be able to buy charging equipment from a big-box store and self-install or use an installer who is not in the business of operating charging stations long-term. In these circumstances, providing for the LCFS credits to go to the utility would reduce the risk that the credits would remain unclaimed.

V. UTILITIES SHOULD RECEIVE CREDITS FOR WORKPLACE CHARGING.

Section 95484(a)(6) does not set out which entity should receive LCFS credits when employees charge their PEVs at workplaces. This is distinct from PEV fleet charging (covered in section 95484(a)(6)(C)), as the PEVs belong to individuals, not to the employer, and it is also distinct from public access charging (covered in section 95484(a)(6)(B)), as the charging facilities would be available only to employees, not to the public at large. A new subsection of section 95484(a)(6) should be inserted to address this sector. This subsection could also cover credits for charging of fleets of less than three PEVs, as such small fleets are not included in section 95484(a)(6)(C).

To provide that the employer would receive the LCFS credits in this situation may lead to thousands of workplaces becoming regulated under the LCFS Regulation as a result of providing PEV charging for employees. This would contravene the ARB's principle of keeping the number of regulated parties to a minimum. Instead, the LCFS Regulation should provide for utilities to receive the LCFS credits in these circumstances for the reasons set forth above.

VI. CONCLUSION

SCPPA urges the ARB to consider these comments in finalizing the amendments to the LFCS Regulation. The LCFS Regulation should provide for utility distribution companies to receive LCFS credits for PEV charging, whether at home, at work, or in public areas. SCPPA appreciates the opportunity to submit these comments to the ARB and looks forward to working with the staff of the ARB to further refine the LCFS Regulation.

Respectfully submitted,

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