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December 14, 2011

The Honorable Mary Nichols
Chair, California Air Resources Board
1001 "I" Street
P.O. Box 2815
Sacramento, CA 95812

**Comments from Plug In America on Proposed Amendments to the
Low Carbon Fuel Standard (LCFS)**

Dear Chairman Nichols,

Plug In America works to accelerate the shift to plug-in vehicles powered by clean, affordable, domestic electricity to reduce our nation's dependence on petroleum and improve the global environment. As the organization representing the millions of potential future *consumers* of plug-in hybrids and fully electric vehicles, we see the critical need for the Low Carbon Fuel Standard to leverage consumer use of electricity as a primary transportation fuel. We believe that ARB will play a critical role in accelerating the widespread adoption of plug-in vehicles in California with key LCFS policy decisions.

To this end, Plug In America enthusiastically supports the requirement that electricity providers must use "all credit proceeds as direct benefits for current EV customers." We agree with the comments provided by NRDC, that returning all proceeds to electric vehicle ("EV") customers, who are ultimately responsible for the creation of LCFS credits, will further the goals of the LCFS.

Under the staff proposed amendments, electricity providers can return credit value to plug-in customers through rebates or through reductions in rates, both of which will improve the economics of a decision to drive on electricity. The staff proposed amendments also encourage the use of off-peak electricity to minimize grid impacts. Because the incremental cost of an electric vehicle relative to a comparable conventional vehicle is expected to remain high for some time, the economics of electric vehicles depend upon savings as compared to the cost of gasoline. Based on the NRDC model of the credit value, LCFS credits could lead to a 40% reduction in the perceived cost of electricity compared to gasoline. The staff proposal will ensure that LCFS credit value is used to improve the economics of a decision to drive on electricity.

We also support that third-party non-utility Electric Vehicle Service Providers" ("EVSPs") are eligible to receive credits directly for public charging installations. The California Public Utilities Commission has determined that EVSPs operating in both the public and residential contexts will generally be utility customers and will be eligible for the same rates as other customers, including residential rates. Plug In America supported AB 631 which codified the Commission's conclusion. The staff proposed amendments are consistent with the determination the EVSPs

will generally be utility customers. Given that utilities are obligated under the staff proposed amendments to return all credit proceeds as direct benefits to EV customers, even when EVSPs are not the direct recipients of LCFS credits, they will still receive the benefits of utility credits generated under the staff proposal. For example, if a utility complies with the requirement to return all credit proceeds to EV customers by using credit proceeds to reduce off-peak prices on EV rates, all EV customers, including EVSPs receiving service on EV rates, will benefit from the rate reduction. Plug In America believes that the EVSPs should in turn pass any LCFS credits directly to consumers as rate reductions, rebates, or reductions in monthly fees for their services.

It is clear that ARB has the authority to require that credit all value be returned to plug-in vehicle customers. The staff proposed amendments make it clear that regulated parties and parties selling LCFS credits are subject to ARB jurisdiction. Electricity providers choose to become regulated parties. Pre-conditions on the receipt of credits by entities under no obligation to participate do not infringe upon the authority of utility regulators, including the California Public Utilities Commission and the local governing boards of municipal utilities. As the agency charged with implementing the LCFS, ARB has exclusive authority to set the rules. Electricity providers are not compelled to participate, and will do so out of a desire to secure credit value for their customers. ARB is well within its own authority in requiring that all proceeds be returned to electric vehicle customers to encourage the use of electricity as a low carbon transportation fuel. Plug In America supports the inclusion of this section as it makes this explicit.

In conclusion, Plug In America fully supports ARB's goal of returning LCFS proceeds to plug-in vehicle consumers along with appropriate rate options and active education and outreach as preconditions for the receipt of LCFS credits. Plug In America strongly believes returning all LCFS proceeds to individual plug-in customers could be critical to the accelerating the economics of electric vehicles in this initial market phase.

Please feel free to contact me if you have any questions and thank you again for all the great work you do to improve our air quality.

Sincerely,

A handwritten signature in black ink, appearing to read "Jay Friedland".

Jay Friedland
Legislative Director
Plug In America