TESTIMONY BY DON KARNER
BEFORE
THE CALIFORNIA AIR RESOURCES BOARD
ON
PROPOSED AMENDMENTS TO THE LOW CARBON FUEL STANDARD REGULATION FOR PARTIES OF ELECTRICITY

Chairman Nichols and Members of the Board, my name is Don Karner and I am the President of ECOtality North America. ECOtality is headquartered in San Francisco, California, and we are a leader in clean electric transportation and storage technologies. ECOtality is currently the project manager of the nation's largest demonstration project for the U.S. Department of Energy to study the early deployment of electric vehicles (EVs) and residential, public and commercial charging infrastructure. This study is taking place in 18 major metropolitan markets, including San Diego, Los Angeles and the Bay Area. On behalf of ECOtality and other members of the EVSEP Coalition, which includes California based charging infrastructure providers Better Place and Coulomb Technologies, I am pleased to provide testimony on the our industry position recommending amendment of the proposed Low Carbon Fuel Standard Regulation for Parties of Electricity.

As currently written, the proposed regulation for parties of electricity is inconsistent with current public policy adopted by the California Public Utilities Commission and State Legislature empowering third party infrastructure providers to further the deployment of electric vehicles and their charging infrastructure in the California marketplace – recognizing the investments we are deploying and operating at the customer site, commercial site, and public charging site in addition to improvements to the distribution system are all required to prepare the electricity system for the widespread use of electric vehicles. It is our innovative charging technologies that are expanding fuel-switching alternatives in California to include electrification - enabling electricity to be transformed into and metered as a transportation fuel and providing California the ability to track the state's progress toward reaching its carbon emissions reduction goals. Whereas, the proposed regulation affords third parties a limited opportunity to participate in the LCFS program for publicly accessible charging only, this represents a small part of the potential EV infrastructure market. Our companies also provide contracted infrastructure services to residential, commercial, workplace, and fleet customers which, unfortunately, are areas not reflected for third party participation in the currently proposed language.

As third party providers of EV services and infrastructure networks, our industry is pioneering new business models and smart charging products which are **1)** making EVs accessible and convenient, **2)** empowering EV drivers to manage vehicle charging using embedded metering technology that saves the consumer the additional cost of adding a separate meter onto their premises and, finally **3)** making EV charging infrastructure an asset to the grid, rather than a liability, by providing ancillary services, demand response and load reduction which reduce the cost of providing electricity for transportation use to our customers and to the electric utility.

The LCFS program is an important tool for third parties to further the adoption of EVs in California. Using revenue potentially generated from LCFS credits for residential, commercial and public access charging, EVSPs can lower the cost of charger installation and operation, allowing more consumers to install residential charging infrastructure and allowing a richer infrastructure of commercial and public access charging to develop. Competition among EVSPs will assure that the maximum possible amount of LCFS revenue is returned to the consumer.

CARB staff outlined four major principles for LCFS program participation: **1)** Return Value to the EV Owner, **2)** Maximization of Credits (Leave Nothing on the Table), **3)** Reward Innovation and **4)** Keep Program Simple.

Our industry's proposal meets all four criteria. The Coalition has provided staff with responses in our letter dated November 2, 2011 to address how third parties meet each of these principles. To stay consistent with the direction of public policy from the CPUC and State Legislature - to accelerate development of the EV charging services market, to further EV adoption in California, and to leverage the participation of third party providers to bring value to the consumer - the Coalition is providing the following recommendations for consideration to amend the proposed regulation for parties of electricity in the LCFS program:

POSITION RECOMMENDATIONS:

(1) EVSPs should be eligible everywhere where they provide a service to a customer, including residential, fleet, workplace and commercial locations

(2) The customer should elect (through opt-in) who should claim LCFS credits for their usage:

   a. In the case where there is a 3rd party EVSP contract, they can elect the EVSP

   b. In the case where there is no 3rd party EVSP, they will default to the utility

(3) The value of the LCFS credits should be returned to the customer

   a. Competition will ensure that EVSPs return LCFS value by passing it down as a rebate or discount on the service, or installation.

      i. There will be a competitive market that ensures the value is driven down to the consumers.

      ii. This will help consumers tackle the biggest cost of ownership for EV infrastructure, which will in turn reduce the biggest barrier to infrastructure installation and EV adoption

1. The cost of electricity is NOT the biggest barrier to EV adoption. Therefore, confining the LCFS value return to utility tariffs is unlikely to significantly impact consumer adoption of EVs.

b. In the case where the utility claims the LCFS credits, CARB should explicitly require that:

   i. The value of the credit be returned to the customer
   ii. This should be provided through a rebate allowing the customer to choose which of their costs to offset, rather than the utility predetermining where the discount will go.
   iii. Utilities should NOT be allowed to monetize LCFS credits for their own benefit or to pay for services to customers it is already recovering in its rate base.

These recommendations are **1)** simple to implement, **2)** present a clear hierarchy of who gets LCFS credits, **3)** put consumers first, and **4)** ensure a level playing field in the EV services market. They are consistent with the CPUC decision by leaving the work of establishing and operating the fueling infrastructure for electric vehicles to a competitive market of electric vehicle service providers.

CLOSING:

Chairman Nichols and Members of the Board, we request that you consider the amendments proposed by the Coalition to the proposed Low Carbon Fuel Standard Regulation for Parties of Electricity. I would be happy to answer any questions you may have. Thank you.

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