



May 10, 2024

Submitted to: [Low Carbon Fuel Standard Workshop, April 10, 2024 | California Air Resources Board](#)

Re: April 10, 2024 Workshop on the Low Carbon Fuel Standard Regulation

Dear Ms. Sahota:

CalEETC appreciates this opportunity to **SUPPORT** the Low Carbon Fuel Standard regulation and provide feedback for CARB Board member consideration. This letter responds to issues raised in the April 10, 2024 workshop. As a reminder, on February 20, 2024, CalEETC submitted two letters regarding the proposed amendments to the LCFS-- a letter on behalf of the CalEETC board of directors (“utility letter”) concerning issues specific to the utility interests, and a joint letter submitted with the Electric Vehicle Charging Association (EVCA) “member letter” concerning issues relevant to the entire membership.

CalEETC is a non-profit association committed to the successful introduction and large-scale deployment of all forms of electric transportation including plug-in electric vehicles of all weight classes, transit buses, port electrification, off-road electric vehicles and equipment, and rail. Our board of directors includes Los Angeles Department of Water and Power, Pacific Gas and Electric, Sacramento Municipal Utility District, San Diego Gas and Electric, Southern California Edison, and the Northern California Power Authority and the Southern California Public Power Authority. Our membership also includes major automakers, manufacturers of zero-emission trucks and buses, developers and operators of charging stations and other industry leaders supporting transportation electrification. CalEETC supports and advocates for the transition to a zero-emission transportation future to spur economic growth, fuel diversity and energy independence, ensure clean air, and combat climate change. Please note that the views and comments reflected in this letter represent the positions of the CalEETC board of directors and some, but not all, of the members of CalEETC.

Over the past 10 years, the LCFS has been tremendously successful in supporting the transition from petroleum to cleaner transportation fuels including electricity fuel. Clean fuels have replaced petroleum and, in doing so, have reduced climate change pollutants as well as a myriad of air and toxic pollutants that adversely impact communities. The LCFS has served as a catalyst for billions of dollars of investments in clean fuels and infrastructure and is critically needed to meet CARB’s Scoping Plan.

Regarding the feedback requested in 4/10/24 LCFS workshop slide 49, CalEETC offers the following comments:

CalEETC supports the proposed carbon intensity targets in Table 1 (e.g., 30% in 2030 and 90% in 2045).

CalETC applauds staff for aligning the proposed Table 1 requirements with CARB's Scoping Plan vision. As discussed in our February member letter, this is an important step toward providing industry and stakeholders with the certainty needed for LCFS to be a successful tool for planners, implementers, and investors. However, based on the information provided during the 4/10/24 workshop and from comment letters posted in February 2024, we offer two new recommendations that are necessary to provide a smooth/sustained market signal to support deeper decarbonization in the 2030s, and meet near-term market needs:

1. *CalETC recommends a 9 percent step down in the carbon intensity in Table 1 when the updated LCFS takes effect.*

In our February member letter, we provided a detailed justification regarding our support for a step down when the updated LCFS begins. Based on the workshop slides and accompanying files, we now believe a nine percent step down is warranted to address near-term market needs. The credit bank is currently on track to be 30 million credits or more by the end of 2024. A step down of 7% is likely to reduce the bank by approximately six million credits which is not enough of a draw down to stabilize the market. That is why CalETC supports strong step down of at least nine percent, which is likely to reduce the bank by sixteen million credits. A nine percent step down is the best and most efficient way to quickly relieve this glut in credits and get the market back on track so that it can efficiently incentivize low carbon fuels and reduce emissions.

2. *CalETC recommends an average quarterly deficit ratio of 2.0 in the automatic acceleration mechanism (AAM).*

In our February member letter, we provided a detailed justification regarding our support for an automatic acceleration mechanism and recommended that the earliest start date for it be 2027 instead of 2028. Based on workshop slides and the reasons provided in the AJW February letter to CARB, we also recommend the trigger for the AAM be an average quarterly deficit ratio of 2.0 rather than the proposed regulation's 3.0. CalETC asserts that a quarterly deficit ration of 3.0 is overly conservative. For example, as noted in the comments submitted on February 19, 2024, by AJW, a ratio of 3.0 would not have triggered the AAM in 2022, when the LCFS was not delivering its potential emission reductions.

CalETC recommends the LCFS Final Statement of Reasons provide a step-by-step explanation of how workshop slide 8 was calculated and the assumptions used. As shown, this slide can be misunderstood, taken out of context, or used to show that incentives for DCFE are no longer needed. For these reasons CARB should provide the detail behind this slide in a public document.

In response to questions CalETC has received, we and some of our members provide in Appendix A an explanation of the benefits of LCFS to all utility customers (ratepayers) and how utilities have spent and plan to spend their LCFS revenues.

CaIETC appreciates the opportunity to provide comments on this important regulation. If you have any questions, please do not hesitate to contact me at any time.

Best,

A handwritten signature in black ink, appearing to be 'LR', with a long horizontal line extending to the right.

Laura Renger
Executive Director

cc: Matthew Botill
Jordan Ramalingam
Jacob Englander

Appendix A. Overview of Utility LCFS Holdback Spending and Benefits of LCFS to All Utility Customers (Ratepayers)

This summary is for the holdback LCFS funds for SDG&E, SCE, SMUD, LADWP, small utility members of NCPA and PG&E. The statewide Clean Fuel Reward funded by utilities' LCFS funds provided over 386,000 rebates for on-the-hood electric vehicles. In the past, utility LCFS spending has dedicated approximately 37% of its funds to equity programs, however, with the new staff proposal that will increase to about 80% including holdback and statewide programs.

SDG&E has returned approximately \$27M to over 43k customers via a bill credit program that ran from 2018 – 2021. SDG&E is currently in the process of ramping up our Pre-Owned EV Rebate Program. The program is slated to launch in Q2 2024 and is estimated to spend approximately \$17M over a three-year program period. The program targets income-qualified customers with a \$4K rebate for the purchase or lease of a pre-owned electric vehicle. A \$1k rebate is offered to non-income qualified customers.

SDG&E is evaluating ideas for new/additional customer offerings that will promote transportation electrification, prioritizing equity, and affordability. However, the type of programs that SDG&E will pursue is contingent upon final LCFS amendments; specifically, recategorization of SDG&E as a medium IOU (which would lead to an increase in holdback funds available) and the final list of priority projects (which will determine which ideas are eligible). The types of priority offerings that SDG&E is considering include, but are not limited to:

- Bill credits and/or charging cards
- Rebates for residential (single-family and multi-unit dwelling) charging infrastructure
- Financial literacy and advisory services
- Vehicle-grid integration, including pilots, research, and development

SCE is using LCFS base credit revenues to fund programs and services that help incentivize EV adoption and address air quality needs for low-income customers and customers in disadvantaged communities. Using LCFS to help fund programs and services makes it easier for customers to adopt electric vehicles and is also the most cost-effective way to reduce customer's total energy costs including gasoline and diesel. These LCFS revenues helps reduce total energy costs for customers by enabling utilities, like SCE, to fund certain transportation electrification programs and services that typically are not included in the traditional utility ratemaking processes, such as incentives for customer-side infrastructure and vehicle rebates.

Since 2017, SCE has distributed over \$250 million of LCFS credit proceeds to customers in its service area – \$141 million as part of the California Clean Fuel Reward and \$114 million in SCE's independent programs (holdback LCFS) - providing rebates towards the purchase of more than 290,000 electric vehicles. Starting this year, SCE is expanding its offerings of LCFS-funded projects to include rebates and support for non-vehicle TE equipment as well as additional vehicle incentives. SCE's portfolio of current and proposed LCFS-funded projects consists of the following:

- Pre-owned EV rebate program – In market since 2021, provides a rebate on the purchase or lease of a used EV, including a \$4,000 incentive for low-income drivers

- Charge Ready Home – Launched in March 2024, provides eligible low-income customers with a rebate up to \$4,200 for a home electrical panel upgrade and necessary circuit to support EV charging
- Zero Emission Truck, Bus, and Infrastructure finance program – expected to launch in June 2024 will provide better capital access for fleet electrification in partnership with the California Treasurer’s Office
- Drayage truck rebate – expected to launch in June 2024, will support the electrification of ~5% of the drayage trucks in SCE’s service area
- Subsidized public EV charging for low-income EV drivers – pending approval from the California Public Utilities Commission
- Customer-side infrastructure rebates for public heavy-duty truck charging – pending approval from the California Public Utilities Commission
- EV Maintenance Technician Training – pending approval from the California Public Utilities Commission.

Between authorized and programs pending CPUC authorization, SCE expects to spend approximately \$375 million in LCFS Holdback credit revenues through 2027. Eighty percent of this funding is for programs and services that benefit equity communities. Using LCFS to help accelerate TE adoption allows customers to reduce their reliance on expensive fossil fuel alternatives and reduces total energy costs for residential and commercial consumers. It also increases total electric system utilization, which directly applies downward pressure on electricity rates, benefiting all electricity customers, not just EV drivers. LCFS is significantly more impactful when used to accelerate TE adoption and buy down related costs, as opposed to non-targeted electric bill credits, especially within equity communities.

SMUD: LCFS funding promotes electric transportation and provides savings for SMUD’s ratepayers. Transportation electrification (TE) is a key component of the state’s decarbonization goals and SMUD’s 2030 Zero Carbon Plan. The LCFS program provides crucial funding for utilities to expand equitable access to EVs and electric mobility options – a key component of SMUD’s EV strategy – and contributes to downward pressure on SMUD’s rates. We estimate LCFS-funded investments provided \$67 million in total ratepayer savings since 2020 through direct program benefits, rate savings, and offsetting infrastructure costs.

Ratepayer benefits are expected to substantially increase based on CARB’s proposed regulatory changes. SMUD prepared a preliminary model that utilizes CARB’s projection of LCFS credit prices and makes conservative assumptions about other costs and benefits. For the period 2024 through 2041, the model indicates that LCFS-funded investments, including programs and distribution grid upgrades, will provide ratepayers with approximately \$1.1 billion in total ratepayer savings¹ (2020 dollars) – an annual average ratepayer offset of approximately 6.05%.

¹ Note that these results are still preliminary and do not account for any emission reduction benefits, include benefits from commercial and industrial customers electrifying, or indirect benefits (e.g., economic benefits from workforce development programs). Estimates provided here may be conservative compared to future results.

SMUD's LCFS programs have encouraged EV adoption and EV charging equipment deployment. Since 2020, SMUD has invested approximately \$26 million of LCFS revenue in a variety of TE focused programs aimed at encouraging EV adoption and incentivizing the development of EV charging infrastructure.

Example programs include:

- Residential incentives for dedicated EV circuit upgrades, charging equipment, and including circuit sharing devices through SMUD's Charge@Home program – including no-cost direct installations for income-qualified customers
- Commercial incentives for dedicated EV circuits and charging equipment, including panel and transformer upgrades, for fleets, nonprofits, and multifamily buildings
- Community education "Ride and Drive" events, conducted in partnership with Charge Across Town, with a portion of these within under-resourced communities
- Dealership engagement, in partnership with Plug In America, to provide training and incentives to encourage EV adoption and increase awareness of SMUD incentives.

Future spending will focus on improving the customer charging experience, increased investments in equity communities, and grid upgrades to support long-term electric transportation growth. SMUD is investing in expanding the availability, affordability, and reliability of EV charging with emphasis on equity communities, multifamily properties, and workplaces. SMUD expects to substantially ramp investments in EV charging and grid infrastructure serving low-income neighborhoods and equity communities – including those that speed electrification of commercial medium- and heavy-duty fleets, which disproportionately impact equity communities. Other planned equity investments involve upgrade and expansion of SMUD-owned charging stations, support for additional eMobility hubs, increased community education, and workforce development programs to address the need for a trained workforce for EV charging infrastructure. SMUD additionally expects to make significant investments in managed charging to offset the cost of distribution grid upgrades to support growing transportation electrification loads and to keep our rates among the lowest in California.

LADWP

Program	CY 2019	CY 2020	CY 2021
Commercial EV Charger Rebate Program	\$13,500,000	\$22,542,000	\$1,241,000
Education and Outreach	\$968,000	\$756,000	\$688,000
City EV Infrastructure (Non-DWP)	\$1,550,000	\$20,000	\$21,000
EV Charging Electric Billing	\$109,000	\$101,000	\$148,000
Residential EV Charger Rebate Program	\$642,000	\$619,000	\$983,000
Used EV Rebate Program	\$258,000	\$1,164,000	\$1,252,000
LADWP EV Infrastructure	\$2,230,000	\$3,749,000	\$2,628,000
DCFC Rebate Program	\$1,000	\$7,000	\$17,000
Annual Total	\$19,258,000	\$28,958,000	\$6,978,000



ladwp.com

In 2022 and 2023 LADWP spent the following:

- Residential Rebate Program: \$804,945 and \$1,166,892
- Commercial Rebate Program: \$611,581 and \$94,130
- Used EV Rebate Program: \$1,030,732 and \$2,067,970
- LADWP EV Infrastructure: \$1,621,726 and \$0
- Public EV Charging Electricity: \$399,973 and \$158,222
- Education and Outreach: \$389,339 and \$171,426
- Statewide Clean Fuel Reward Contribution: \$9,236,195 and \$9,561,317
- Total LCFS Credit Proceeds Expenditure: \$14,097,674 and \$13,221,179

Regarding future plans: up To \$34.1M for MOUs with Los Angeles City and County agencies to fund electric transportation projects over the next five years, \$57.9M in pending rebate applications for projects in various stages of completion, expected to be paid out in the next two years from various funding sources, including LCFS.

Small Utility Members of Northern California Power Agency (NCPA)

Examples of current LCFS holdback programs (through 2023):

- City-owned EVSE infrastructure for public and City fleet use
- EV charger rebates for residential low-income, commercial & multifamily properties

- Technical Assistance Program for multifamily and businesses
- Vehicle rebates up to class 8 vehicles
- Educational webinars focused on EV charging for multifamily properties and EV charging for businesses
- Electric bike rebate program and an e-bike share program
- Income qualified pre-owned electric vehicle rebate program
- in-house electric vehicle charging rebate program for residents, multifamily, schools and nonprofits
- Funded community ride share EV program in partnership with City
- ZEV plans, ZEV bus plans
- EV education web tool
- Maintenance of existing public chargers

Planned LCFS holdback programs:

- Continue existing rebate programs (or start programs for smaller utilities)
- EV school bus program
- EV submeter program
- Subsidized public charging for LMI customers program
- Fleet advisory services for commercial industrial customers
- Infrastructure upgrade rebates
- Managed EV charging program
- V2G incentive pilot
- Auto dealership partnership program
- Charging as a service
- Educational programs on charging and rates
- Targeted educational programs for low-income
- Incentives and financing options for residential EV charger installations
- Other innovative technologies or pilots that support transportation electrification



LCFS Fuels EV Adoption & Ratepayer Benefits

Delivering significant benefits to PG&E customers

LCFS represents a unique opportunity to support transportation electrification without using ratepayer funding, and over a quarter of a million vehicles for customers in nearly every corner of PG&E's service territory have already benefitted.

316,640

Number of EVs supported by LCFS programs
(54% of all EVs registered in PG&E's territory)

\$254,700,000

Incentives paid to PG&E customers by LCFS programs

44

Number of California counties with customers receiving LCFS-funded incentives through PG&E

Driving downward pressure on rates

Funding a portion of PG&E's EV programs through LCFS rather than through ratepayer funding saved the average customer an estimated \$39.40 on their bills from 2016-2023 – about \$5 per year. As a result, PG&E was able to offer hundreds of millions of dollars in customer incentives and support with no upward impact to customer electricity bills.

Instead, these investments help to further accelerate downward pressure on electric rates, as EVs represent a significant source of electricity load growth. PG&E's costs from running the electricity system are spread across many more kilowatt-hours of usage, meaning less money that needs to be recovered through each kilowatt-hour. A 2022 California-specific analysis from Synapse Energy Economics show that EVs contribute far more in revenue than in added costs, which helps to drive down rates across EV owners and non-EV owners alike.¹

Additional Resources

¹ Synapse Energy Economics, "[Electric Vehicles Are Driving Electric Rates Down](#)," December 2022.

² Consumer Reports, "[EVs Offer Big Savings Over Traditional Gas-Powered Cars](#)," October 2020.

All other statistics are from analyses using PG&E program data.

PG&E's EV Savings Calculator: ev.pge.com

EV Rates and eGallon information: www.pge.com/evrateplan

Active LCFS-funded programs:

- Pre-Owned EV Rebate: evrebates.pge.com
 - Residential Charging Solutions: www.pge.com/rcsrebate
 - Multifamily & Small Business Direct Install: www.pge.com/msevcprogram
- 2023 Implementation Plan with new proposed programs: [Advice Letter 7071-E](#)



LCFS Benefits Equity Customers

Supporting transportation & energy affordability

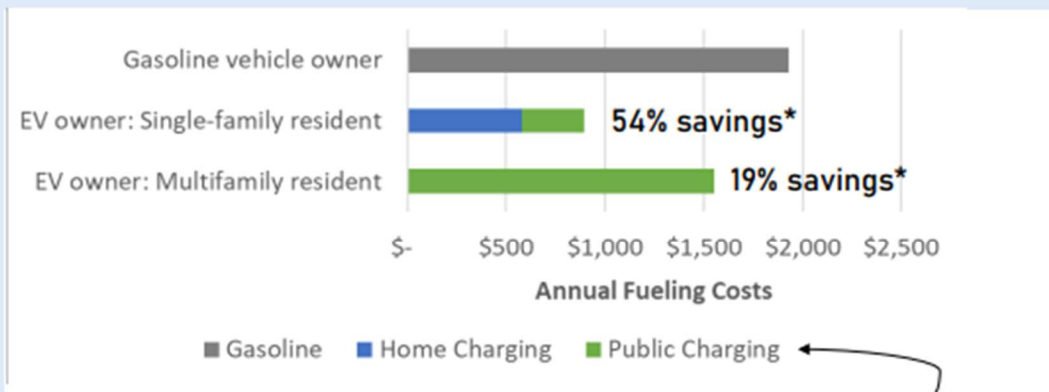
It's a myth that low-income drivers aren't in EVs. Participation in PG&E's programs proves that many of these customers are switching to electric, and an increasing focus on supporting these customers through LCFS-funded programs helps them make this transition and save.

- LCFS-funded programs have provided incentives to over 21,000 California Alternative Rates for Energy (CARE) reduced rate customers and 14,000 customers living in Disadvantaged Communities within PG&E's service territory.
- Income-qualified EV buyers make up 33% of all rebates paid through PG&E's Pre-Owned EV Rebate program, which provides rebates for used EV purchases/leases.
 - 16% of survey respondents indicated they made less than \$50,000 a year.
- Renters make up 23% of the Pre-Owned EV Rebate recipient pool.

Income-qualified customers can take advantage of a \$4,000 rebate for a pre-owned EV and a \$700 rebate for a charging station – both funded by LCFS – and a \$2.10 eGallon price when combining the CARE reduced rate with PG&E's EV-2A rate. Proposed LCFS programs will add a prepaid debit card for public charging worth up to \$50 a week, and \$4,000 for panel upgrades.

How EVs are already helping vulnerable customers

EVs cost half as much to maintain as gasoline vehicles² and can cost 15%-50% less to fuel. By taking advantage of the CARE rate and off-peak EV charging rates and stacking incentives from PG&E's LCFS programs and other federal/state/local offerings, income-qualified customers can reduce the purchase cost of an EV and start realizing ongoing savings sooner.



*One of PG&E's proposed LCFS programs would pay for up to two years of public charging for income-qualified customers – up to a 100% savings for those dependent on public charging.