

DOCKETED

Docket Number:	22-ALT-01
Project Title:	2022-2023 Investment Plan Update for the Clean Transportation Program
TN #:	246795
Document Title:	Highland Comments Revised CEC Investment Plan
Description:	N/A
Filer:	System
Organization:	Highland Electric Fleets
Submitter Role:	Public
Submission Date:	10/25/2022 1:45:56 PM
Docketed Date:	10/25/2022

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Submitted On: 10/25/2022
Docket Number: 22-ALT-01*

Highland Comments Revised CEC Investment Plan

Additional submitted attachment is included below.

October 25, 2022

California Energy Commission
715 P Street
Sacramento, California 95814

Re. 22-ALT-01 2022-2023 Investment Plan Update for the Clean Transportation Program

Highland Electric Fleets (“Highland”) respectfully submits these comments to the California Energy Commission (CEC) on the “2022-2023 Investment Plan Update for the Clean Transportation Program” that CEC staff presented at the public workshop on October 6, 2022.

Highland is the largest buyer of electric school buses (EVSBs) in the country and provides a comprehensive turnkey solution in the form of an electrification-as-a-service (EaaS) contract that delivers EVSBs, charging infrastructure, and supporting services to school districts and third-party managed fleet providers (3PMs). Our model includes vehicle and charging infrastructure financing, infrastructure installation, charging management staff training, electricity purchasing, and maintenance cost coverage in an easily digestible, budget-neutral format that enables EVSB acquisition at traditional diesel pricing. Our mission is to promote better student health and a cleaner environment through school bus electrification.

Electrifying has high initial costs but lower operating costs over time. Highland flattens this cost curve, enabling districts to enjoy the benefits of an electric fleet within their existing budget. We enable schools to achieve budget neutrality by helping school districts apply to any available rebates, grants, incentives, etc., including any utility funding that may be available.

We applaud the CEC’s allocation of \$1.7 billion for medium and heavy-duty (M/HD) ZEV electric vehicle supply equipment (EVSE), including \$404.25 million for school bus ZEV infrastructure. This type of historic investment in M/HD EVSE when efficiently administered and paired with other investments by other state agencies will put the state on track to meet its vehicle electrification goals.

We would like to take the opportunity to comment on several components of this Clean Transportation Program and Investment Plan.

General

- Shift fungible clean transportation program dollars to M/HD ZEV Infrastructure program and extend funding timelines for M/HD infrastructure funds.
CEC should not sunset major investments in M/HD EVSE and school bus infrastructure funding in 2024. Much like transit and drayage truck installations, funding for other types of M/HD ZEV infrastructure, including school bus electrification, will be needed beyond 2024 and should continue to be supported.

We recognize, given the prescriptive nature of the General Fund allocations, that it is unlikely that additional funding will go directly into the programs that are funded by the general fund. CEC should allocate additional funding towards medium and heavy-duty charging infrastructure and should ensure that the funding streams to support infrastructure for school bus and other M/HD electrification are still available through 2026.

The state of California currently has one of the oldest school bus fleets in the country. CARB and CEC should work together to facilitate a market transformation that will result in a rapid and sustained funding that will dramatically improve local air quality especially air quality that impacts some of the state's most vulnerable population – children.

- Allow flexibility in ownership and partnership models to enable wide participation. Within all school bus electrification funding opportunities, allow Local Education Agencies (LEA) to partner with third parties, like EaaS providers, to assist in the development of these projects. Enabling flexibility in ownership will enable more LEAs to participate. These types of public private partnerships can leverage additional funding streams (e.g., Inflation Reduction Act tax credits among other federal funding opportunities) which can lower the cost of electrification thereby enabling an increased number of LEAs that are able to electrify and an increased number of vehicles electrified within a given fleet.

EnergIIZE Program Funding Stream

- Support and enable the use of EaaS companies in each of the EnergIIZE funding lanes. While currently allowed, CEC should increase education and awareness surrounding innovative financing opportunities like those enabled by an EaaS partnership. As previously stated, these public-private partnerships not only allow LEAs to have greater access to funding (e.g., tax credits) but can also offer a more streamlined and efficient way for fleets to electrify at scale.

Emerging Opportunities Funding Stream

As we stated in our comments submitted to the 19-TRAN-02 Electric School Bus Infrastructure docket, we applaud the CEC's efforts in supporting innovative EVSB projects that expand community resilience and support innovative financing opportunities for school districts to electrify their fleets. Highland is currently deploying some of the first vehicle to grid (V2G) school bus projects in the country and believe that this technology not only leads to future cost savings for school districts but also enables electric school buses to operate as a community asset when the grid is down thereby enhancing community resilience. The following comments reflect our thoughts on the funding concept outline in 19-TRAN-02 included within the emerging opportunities funding stream.

- Limit funding availability to assets that support the development and testing of V2G and V2X.
Expanding funding to include the procurement and installation of additional DER and renewable generation will reduce the overall amount of funding that will directly support V2G project development. To ensure that this Funding Concept leads to lessons learned on the benefits of V2G in school bus applications, the funding should not be applied to any other type of DER technology. V2G enabling technologies that support islanding and black start capabilities should be eligible for funding. While we support the development of additional DER deployments across the state, we believe that additional funding should be set aside to develop those projects.
- Enable flexibility in site location.
Limiting projects to Tier 2 or Tier 3 High Fire Threat Districts puts an overly restrictive lens on project locations and fails to consider the additional benefits that V2G projects can have beyond emergency response. CEC should consider projects across the State of California to increase participation and to test a wide variety of possible use cases for V2G and V2X projects within LEAs. For example, there are a wide variety of locations that are currently grid constrained that would benefit from the peak shaving and/or shifting of electric load that EVSB V2G projects can provide.

Highland appreciates the opportunity to submit these comments.

Best Regards,

Jane Culkin

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