

DOCKETED

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*Comment Received From: Nick Blair
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**ACWA Comments on Draft Clean Transportation Program
Investment Plan and Advisory Committee Meeting**

Additional submitted attachment is included below.

June 20, 2024

Comment letter submitted via electronic commenting system.

California Energy Commission
Docket Unit, MS-4
Docket No. 24-ALT-01
715 P Street
Sacramento, California 95814

Re: Association of California Water Agencies' Comments on Draft Clean Transportation Program Investment Plan and Advisory Committee Meeting

Dear Commissioner Monahan,

The Association of California Water Agencies (ACWA) appreciates the opportunity to provide public comments to the California Energy Commission (Energy Commission) on the recent Draft Clean Transportation Program (CTP) Infrastructure Plan (Draft Investment Plan), and participate on the Energy Commission's June 7, 2024 Clean Transportation Advisory Committee (Advisory Committee) meeting to collaborate with a strong and diverse set of interested parties to help inform CTP funding priorities for medium-and-heavy duty (MHD) zero emission vehicle (ZEV) charging (MHD charging). We look forward to additional opportunities to work with Energy Commission staff in upcoming public workshops, advisory group meetings, and follow-up calls.

ACWA represents more than 470 public water agencies that collectively deliver approximately 90 percent of the water in California for domestic, agricultural, and industrial uses. ACWA member agencies provide essential water and wastewater services daily and during emergencies, relying significantly on public fleets, which include MHD Fleet Vehicles (MHD Fleets). ACWA and our member agencies recognize public water agencies' key role in the State's solutions to electrify fleet operations, where feasible, to reduce greenhouse gas emissions and are working to aid with successful implementation strategies through the California Air Resources Board's (CARB) Truck Regulation Implementation Group¹. Our public water agency members work alongside first responders in emergencies as well as perform routine maintenance that requires unique vehicle specifications and diverse duty cycle needs. Reliable and adequate MHD charging infrastructure is essential to public water agencies' ability to provide essential water and wastewater services for public health and safety.

ACWA's comments below are targeted towards MHD charging infrastructure funding in the Draft Investment Plan. MHD charging funding priorities must address charging infrastructure unit availability, cost of deployment, grid accessibility and reliability, and the ability for MHD fleets to maintain critical public services during emergencies. Comments submitted are as follows:

¹ ACWA is also part of the California Air Resources Board's [Truck Regulation Implementation Group](#) to aid in successful implementation of the Advanced Clean Fleets Regulation.

General Comments

1. ACWA supports the funding allocation of \$55.2 million for Fiscal Year 2024-25 to MHD Charging.

ACWA agrees that MHD charging collectively needs significant state investment to work towards meeting state goals and appreciates that a sizable portion of the proposed Draft Investment Plan funding is being allocated to MHD charging. Fiscal Year 2024-25. The next few budget years are forecasted to be challenging, but MHD fleets across the state are required to comply with ambitious standards like the CARB Advanced Clean Fleets regulation (ACF). It is essential that this \$55.2 million allocation is maintained or increased in the coming years to aid MHD fleets in their compliance efforts. MHD charging is significantly more complicated, and significantly behind the advances that have already been made in light-duty vehicle charging infrastructure. Much more funding will need to be invested in MHD charging infrastructure, but we can appreciate that available funds are limited at this time. We would also support efforts to further leverage federal funding from programs like the Inflation Reduction Act to further the reach of state programs like CTP this year and in future years.

2. ACWA encourages maintaining the current MHD Allocation for projects focused on MHD vehicles.

ACWA suggests maintaining the current prioritization of the \$55.2 million for projects focused on building out charging infrastructure for MHD focused projects² in Chapter 5 of the Draft Investment Plan. More specifically, to be eligible for MHD funding, a project needs to be focused on vehicle classes 2b³ and above. It is infeasible to deploy and rely upon MHD ZEV fleets without complete confidence in the charging infrastructure required to complete fleet duty cycles is available. CARB ACF provides an aggressive compliance timeline for MHD fleets, and these fleets need state resources to work towards ACF compliance. Maintaining the \$55.2 million allocation for MHD is essential to ensure that available funding aids MHD fleets as they work towards electrification. Re-framing funding allocation to instead merge light and medium duty vehicles (while separating heavy duty vehicles) would have the unintended consequence of diluting available funds intended for MHD for use by light-duty fleets. Available funding is limited, and it is essential to prioritize fleets with class 2b vehicles and higher.

3. ACWA supports inclusion and consideration of hydrogen charging infrastructure in the Draft Investment Plan.

ACWA agrees that hydrogen charging, as specified in Chapter 5 of the Draft Investment Plan, should be considered alongside battery electric vehicles in Draft Investment Plan funding, including MHD charging. It is important to provide as much flexibility as feasible to MHD fleets with diverse load cycles and needs to ensure that all fleets can maintain or improve their fleet reliability while also aspiring to meet state goals. MHD public agency fleets are currently

² During the June 7 Advisory Committee Meeting, some commenters suggested re-organizing the current funding allocations to merge light and medium duty vehicles instead, and to separate heavy duty vehicles into a separate category altogether.

³ The [CARB ACF regulation](#) defines MHD Fleets as class 2b-8 that must comply starting in 2024. All these fleets will need MHD charging to meet their fleet needs.

exploring all options to determine if battery electric vehicles or hydrogen vehicles best meet their fleet needs.

Funding Opportunity Comments

4. ACWA encourages use of block grant funding opportunities for planning and advisory services for MHD Fleets.

Prioritizing planning and advisory service block grant funding for public agency fleets (~\$100,000) through the Draft Investment Plan is an opportunity to spread available funding to a broader audience of interested parties that truly need funding and advice on how best to organize their future MHD charging operations. ACWA members have significant concerns about the cost public water agencies will incur to construct the necessary infrastructure to charge MHD fleet vehicles. The discussion on charging infrastructure has focused primarily on publicly accessible stations, but not the cost to public agencies to ensure infrastructure will meet their operational demands. MHD planning and advisory grants fit well within the intent of the Draft Investment Plan, as noted in Chapter 5, and can be used to plan for assessment of charging infrastructure unit availability, cost of deployment, grid accessibility, meeting duty cycle needs, reliability, and the ability for MHD fleets to maintain critical public services during emergencies⁴. Planning and advisory grants can build off past CTP grant funding opportunities (GFOs) focused on MHD charging⁵.

Planning and advisory services are essential for most, if not all, public agency MHD fleets seeking to transition their vehicles, and many MHD fleets are only in the beginning stages of transitioning their vehicles. As was stated during the June 7, 2024 CTP Advisory Committee Meeting, the focus on funding for MHD is very recent. For example, maintaining and adapting California's water system infrastructure to climate change will be essential to reliably delivering water to California's communities, economy, and the environment. Not having adequate charging infrastructure and reliable ZEVs to manage heavy loads, as well as diverse and rugged road conditions, can be detrimental to public water agencies' ability to respond to and repair water disruption breaks effectively and efficiently in a timely manner.

5. ACWA suggests focusing MHD grant funding specifically towards disadvantaged, low-income, and rural communities.

Public agency fleets in disadvantaged, low-income, and rural communities are especially challenged by: the upfront costs that are necessary to electrify MHD fleets, knowledge of what vehicles are available that meet their needs, knowledge of where charging infrastructure should be constructed or deployed, and eligibility barriers to funding for charging infrastructure if they have not yet purchased ZEVs. We recognize that the need to reduce greenhouse gas emissions from public agency MHD fleets is essential to mitigating climate change, but shifting budget

⁴ Initial assessments by ACWA members regarding the design and capabilities of existing and prospective MHD vehicles have raised significant concerns with the factors affecting accurate sizing and installation of charging infrastructure.

⁵ Past CTP GFOs including GFO-22-615- Innovative Charging Solutions for Medium- and Heavy-Duty Electric Vehicles and GFO- 23-603 and Implementation of Medium- and Heavy-Duty Zero-Emission Vehicle Infrastructure Blueprints are good examples to re-visit with current Draft Investment Plan funding.

priorities could impair the ability for small and medium sized water and wastewater agencies to implement other important climate resiliency and multi-benefit projects. For these reasons, CTP should prioritize grant funding for planning and advisory services specifically to fleets in disadvantaged, low-income, and rural communities, and then also consider grant funding towards subsidizing the overall cost of purchasing and deploying MHD charging infrastructure for public agencies that serve these communities.

6. ACWA encourages use of loan financing to expand limited Draft Investment Plan funding more broadly.

Developing loan financing options⁶ through the Draft Investment Plan is a great opportunity to capitalize on and expand the reach of CTP funding in the near term, and longer term with unclear state budgets in the coming fiscal years⁷. With state requirements to decarbonize fleets, and limited state funds available, we encourage proactively planning to extend the reach of available CTP Investment Plan funding.

We recommend using existing Energy Commission programs as a template to build out a loan option in the CTP Investment Plan. The Energy Commission has existing loan programs that are very popular, such as the Energy Conservation Assistance Act (ECAA)⁸, which offers low interest loans to public agencies seeking to build out projects including electric vehicle charging infrastructure projects and is a great template example to use for developing a similar loan financing option. CTP has the opportunity to learn from ECAA successes and challenges while developing a loan program specific to financing electric vehicle charging infrastructure projects that are technically and economically feasible.

7. ACWA supports future consideration of grid reliability in CTP funding priorities for Vehicle-Grid Integration.

We support the idea to consider vehicle-grid integration applications towards grid reliability through Draft Investment Plan funds⁹, and appreciate the foresight of Commissioner Monahan and Energy Commission staff to see this overlap in CTP. The electric grid must be able to manage the additional load of ZEVs and ZEV charging infrastructure. Public water agencies operate with the risk that load-serving entities may enact public safety power shutoffs which infringes upon fleets being able to maintain critical services especially during emergencies. We encourage the Energy Commission to consider how CTP vehicle-grid integration can co-exist with other Energy Commission programs like the Demand Side Grid Support and Distributed Electricity Backup Assets programs. A well-planned Energy Commission grid reliability platform, with a suite of options available to California, is essential to aid the state during extreme events. As more fleets electrify and power demands rise, it will be key to think through how best to approach MHD

⁶ The Draft Investment Plan, and conversations held at the June 7, 2024 CTP Advisory Committee Meeting suggest that loan financing is an option to extend the reach of funding.

⁷ Governor has announced [budget cuts](#) for 2024-25, and likely for 2025-26.

⁸ The Energy Conservation Assistance Act (ECAA) program provides 1 percent interest loans for eligible energy projects including energy storage systems, and electric vehicle charging infrastructure projects to California Native American Tribes and public institutions. The maximum loan amount is \$3 million.

⁹ During the June 7, 2024 CTP Advisory Committee Meeting it was noted that Energy Commission staff will consider grid reliability in future CTP funding priorities.

fleet charging to ensure that fleet needs are met and hopefully during lower peak demand times of day.

We appreciate the opportunity to participate in the Advisory Committee meetings and conversations with Energy Commission staff to provide input on the Draft Investment Plan. Please do not hesitate to contact me at nickb@acwa.com or (916) 669-2377, if you have any questions regarding ACWA's input.

Sincerely,



Nick Blair
Regulatory Advocate II

cc:

The Honorable David Hochschild, Chair, California Energy Commission
The Honorable Siva Gunda, Vice Chair, California Energy Commission
The Honorable Andrew McAllister, Commissioner, California Energy Commission
The Honorable Naomi Gallardo, Commissioner, California Energy Commission
Mr. Drew Bohan, Executive Director, California Energy Commission
Mr. Dave Eggerton, Executive Director, Association of California Water Agencies
Ms. Cindy Tuck, Deputy Executive Director for Government Relations, Association of California Water Agencies