DOCKETED	
Docket Number:	20-FINANCE-01
Project Title:	Strategies to Attract Private Investment in Zero Emission Vehicle Charging Infrastructure and Other Clean Transportation Projects
TN #:	232700
Document Title:	Trillium RFI Submission
Description:	N/A
Filer:	System
Organization:	Gavin Gretter
Submitter Role:	Public
Submission Date:	4/9/2020 8:22:22 AM
Docketed Date:	4/9/2020

Comment Received From: Gavin Gretter
Submitted On: 4/9/2020
Docket Number: 20-FINANCE-01

Trillium RFI Submission

Please find attached submission.

Additional submitted attachment is included below.

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A Love's Company

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April 10, 2020

Docket Comments

Via E-Submittal: https://efiling.energy.ca.gov/Lists/DocketLog.aspx?docketnumber=20-FINANCE-01

RE: Strategies to Attract Private Investment in Zero Emission Vehicle Charging Infrastructure and Other Clean Transportation Projects

Trillium appreciates the opportunity to provide our thoughts and information to increase private investment in clean transportation fuel, infrastructure, and vehicle projects in California supported by incentive funds, mandates, and regulations to achieve greenhouse gas (GHG) emission reduction requirements. We are technology agnostic and support all forms of clean (low-carbon) transportation solutions including: hydrogen fuel cell, battery electric and renewable natural gas.

Trillium, part of the Love's Family of Companies, currently operates more than 170 stations nationwide, including 48 in California. Trillium specializes in designing, building, and operating fueling stations and provides 24/7 maintenance services for various types of professional fleets. Trillium delivers more than 70 million gallons of fuel per year. As a leading provider of Heavy-Duty transportation fuel and fueling infrastructure, we are committed to building the infrastructure needed to help the state achieve its decarbonization and clean air goals, including the deployment of zero and near-zero emission infrastructure.

California will need to deploy a balanced mix of strategies that spur innovation in the transportation sector in order to achieve the State's ambitious climate and criteria pollutant goals. These strategies require a fundamental shift in the way we think about transportation and leveling the playing field to allow new technologies to establish a foothold in the market and ultimately become sustainable. We support a clean Heavy-Duty future which includes developing zero emission technologies and today's road-ready renewably fueled trucks. We want to work with the Energy Commission to ensure the long-term success of these programs and policies. It is with this goal in mind, that we provide our input.

Vehicles must be the first step for any technology. Given that ZEV medium- and heavy-duty trucks are not yet ready for prime time, the state should continue to fund Renewable Natural Gas infrastructure and remove impediments to large fleets purchasing NGVs immediately. These projects fit squarely into the model of Clean Transportation Projects.

There needs to be a balance between ZEV infrastructure and the vehicles they serve. If infrastructure "gets ahead" of vehicles purchases that is capital inefficiently spent.

Renewable fuels are the key to any new technology fulfilling the State's goals, including Hydrogen ZEV fleets. The CEC should prioritize accurate and thorough reporting of the pilot programs already in place around H_2 and battery EV buses. Renewable diesel, biofuels, RNG, renewable hydrogen, renewable electricity are key to carbon neutrality goals. ZEV technologies do not preclude the use of renewable fuels.

Private, customer-facing grants and programs are critical. Trillium believes that advantaging utilities beyond rate-basing is detrimental to the private capital being sought by the state. Also, rate-basing doesn't provide proper incentives for moving technology forward. The utility being involved in the market makes it difficult for the private market to compete. For instance, SCE's Charge Ready

program[1] offers fleet customers the ability to get chargers installed for free. PG&E has recently come out with a similar program. It is impossible for the private market to compete with that pricing structure. Additionally, utilities have confirmed that the EV specific tariffs that they are advertising have rates that will increase over time. It is difficult to justify an investment when rates are confirmed to increase but it is unclear if or how the penetration of ZEVs on the road will increase.

Additionally, utility upgrades are difficult to predict. The unpredictability that comes with utility upgrades make the investment risky and reduces the likelihood of moving forward with a fueling infrastructure project. Utilities notoriously do not provide accurate information in the project planning phase. We have had times when utilities have determined that a utility upgrade for a particular project would likely cost "X" amount, but after we've decided to move forward with the project they determine that the upgrade will actually be much higher than initially communicated. Or even worse, they can't provide any information during the project planning phase. Even when you have grants, often grants don't or can't increase the amount allocated due to the utility.

Capital financial incentives such as grants are preferred over loans. Since the number of zero emission vehicles on the road is minimal, the investment payback period on ZEV infrastructure is longer than typical fueling stations. The longer payback period plus paying back a loan makes the investment uneconomical. Regarding grants, after they get awarded, timeline flexibility is crucial. All the EV deployment projects that we've been involved in have taken more time than originally allotted. Whether it's due to utility upgrades, permitting delays, equipment manufacturing issuing, construction delays, etc. there usually is something that makes the project go longer than expected. Understanding and flexibility are much appreciated.

Programs like the LCFS infrastructure credit program[2] implemented by CARB in 2019 is extremely helpful. It recognizes that a minimal number of zero emission vehicles are on the road today, so they provide higher valued LCFS credits in the first five years of the investment.

The state deploying chargers at interstate rest stops at no cost to EV drivers is detrimental to the private market. In order for interstate truck stops and travel stops to invest in the market, they are required to charge their customers in order to get a return on investment. If an EV driver sees that they can charge their vehicle at a rest stop for free, then they are less likely to come to our chargers.

Permitting issues make it difficult to deploy chargers. The primary issue with authorities having jurisdiction (AHJs) is that many of them have different and unique requirements that go above and beyond state codes and standards. There have been times that the changes requested by the AHJ increases the project costs to the point that the investment became uneconomical. If an AHJ is going significantly above and beyond requirements, it take a large amount of labor to work with the AHJ to reduce their requirements.

Trillium is in the field everyday deploying private capital in the clean transportation and ZEV space, we would be willing to explore these ideas more thoroughly with the CEC at any time. Please reach out to Gavin Gretter at Gavin.Gretter@TrilliumCNG.com or 713-332-4818.

Joshua Edge
Director, Trillium

[1] https://www.sce.com/business/electric-cars/Charge-Ready
[2] https://ww2.arb.ca.gov/resources/documents/lcfs-zev-infrastructure-crediting