SOUTHERN CALIFORNIA EDISON
An EDISON INTERNATIONAL℠ Company

DOCKET
11-IEP-1L
DATE NOV 30 2011
RECD. NOV 30 2011

November 30, 2011

California Energy Commission
Docket Office, MS-4
Re: 2011 IEPR – LCFS Analysis Docket No. 11-IEP-1L
1516 Ninth Street
Sacramento, CA 95814-5512
docket@energy.state.ca.us

Re: California Energy Commission Docket No. 11-IEP-1L – LCFS Analysis

To Whom It May Concern:

On November 14, 2011, the California Energy Commission ("Energy Commission") held a Staff Workshop on the Role of Alternative Fuels in California's Transportation Energy Future ("the Workshop"). The Workshop was held as part of the Energy Commission's 2011 Integrated Energy Policy Report proceeding ("2011 IEPR"). Southern California Edison Company ("SCE") participated in the Workshop. SCE appreciates the opportunity to provide these written comments on the Workshop. SCE's comments focus on issues related to the California Low Carbon Fuel Standards ("LCFS"). Specifically, SCE provides 1) a clarification to SCE's position on the distribution of the value of LCFS credits, 2) a general comment on the Energy Commission's electric vehicle load forecast 3) an answer to Question #4 included in the Workshop Notice and 4) an answer to Question #7 included in the Workshop Notice.

1. General Comment on Use of Value of the LCFS Credits

SCE fully supports the California Air Resources Board ("ARB's") in its efforts to grow and transform the market for electricity as a transportation fuel. SCE would like to clarify its position on how the value of LCFS credits will be distributed. In accordance with CARB's proposed regulation language,[1] SCE is committed to providing LCFS credit value directly back to plug-in electric vehicle ("PEV") customers through PEV rates or some other mechanism, within the mandated timeframe.

[1] Staff Report, Appendix A: Proposed Regulation Order, October 2011, *available at* http://www.arb.ca.gov/regact/2011/lcfs2011/lcfsappa.pdf.

2. **General Comment on the Energy Commission's Electric Vehicle Load Forecast**

At the Workshop, the Energy Commission presented an overview of the alternative fuel vehicle market, including an outlook for PEV penetration.[2] SCE's internal forecasts of PEV market penetration, especially for battery electric vehicle ("BEV") market penetration, differ from the Energy Commission's. SCE has publicly released its forecasts and forecasting methodology,[3] and would like to better understand the reason for forecast differences. SCE is interested in following up with the Energy Commission staff to better understand the Energy Commission's assumptions and methodology used to develop the PEV forecast, particularly the split between plug-in hybrid vehicles and BEVs.

3. **Question #4: The Energy Commission has assumed that all electricity use in the transportation sector will generate LCFS credits that will be available for purchase by obligated parties. Is it reasonable to assume that all of this electricity demand from transit use (such as Bay Area Rapid Transit), and home and public charging of electric vehicles will ultimately be quantified and registered for use in the LCFS program. If not, what portion of this transportation sector electricity demand should be assumed in the analysis? How might California Public Utilities Commission (CPUC) activities associated with electricity charging impact the availability of these credits? Is the Energy Commission staff's assumption of compliance with California's Zero Emission Vehicle (ZEV) program reasonable? If not, should a different estimate of electric vehicles be assumed and, if so, based on what rationale? What would be the potential implications for LCFS (how many additional net credits) if the light-duty electric vehicle forecast were doubled or tripled?**

SCE supports the ARB in its commitment to maximizing the number of credits that are available, claimed, and monetized. Providing credits to the Electrical Distribution Utilities ("EDUs")[4] is the best way to advance the ARB's guiding principle of maximizing LCFS credits because (1) EDUs have the administrative capacity to monetize

---

[2] *See Perspective & Context of Historic Demand and Alternative Fuels*, Energy Commission Workshop Presentation (November 14, 2011) at 14-16. *available at* http://www.energy.ca.gov/2011_energypolicy/documents/2011-11-14_workshop/presentations/Yowell_Weng-Gutierrez_Historic_Demand.pdf

[3] Application 10-11-015, SCE's 2012 General Rate Case Exhibit SCE-03, Vol. 02, page 17, Figure III-2 (November 23, 2010).

[4] Staff Report, Appendix A: Proposed Regulation Order (October 2011) at 12, *available at* http://www.arb.ca.gov/regact/2011/lcfs2011/lcfsappa.pdf (providing definition of "Electrical Distribution Utility").

the credits, especially as the market grows and larger-scale administration is needed and (2) as regulated entities, EDUs can ensure that the credit value is passed back transparently.

It is difficult to predict the amount of credits that will be reported and monetized at this time, given that the electric vehicles market is nascent and the LCFS program has not been fully implemented yet. SCE proposes revisiting this assumption in the future, once the LCFS regulations are fully in place, the market and technologies have had an opportunity to develop, and the ARB and market participants have had an opportunity to gather more data.

4. **Question #7: To what extent can existing or restructured government regulations (such as air district fleet rules or CPUC regulations) and programs (such as Clean Fuels Outlet, AB 118, AB 32 Cap and Trade, Proposition 1B, and Carl Moyer) increase the development and use of alternative fuels and vehicles in California?**

The ARB's proposed LCFS regulation language strives to promote the development of the electric vehicle market and encourage market transformation by requiring that credit-generating entities pass through the value of the LCFS credits directly to PEV customers. SCE supports this regulatory policy as a way to support the electric vehicle market. SCE also supports the rules of the LCFS program, including passing LCFS credit value directly to PEV customers.

Furthermore, many parties, including SCE, the California Public Utilities Commission ("CPUC"), the ARB, and third-party electric vehicle service providers ("EVSPs"), have identified education and outreach as a crucial component of PEV market growth and development, adoption of electric vehicles, and safe and reliable operation of the electric grid. SCE supports the development of policies that encourage PEV customer education and outreach on these topics and looks to establish appropriate education and outreach solutions.

As always, SCE appreciates the opportunity to submit its comments. Feel free to contact me regarding any questions or concerns.

Sincerely,

/s/ Manuel Alvarez
Manuel Alvarez, Manager
Regulatory Policy and Affairs
Southern California Edison Company