PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

**Agenda** **ID #20999**

**ENERGY DIVISION RESOLUTION E-5236**

**November 3, 2022**

RESOLUTION

Resolution E-5236 approves with modifications, Southern California Edison’s Implementation Plan for programs and projects funded with Low Carbon Fuel Standard Holdback credit proceeds.

PROPOSED OUTCOME:

* This Resolution finds that the Implementation Plan Southern California Edison Company (SCE) proposes for programs and projects funded with Low Carbon Fuel Standard residential base charging credit and electric forklift credit proceeds are reasonable, in part, with modifications.

SAFETY CONSIDERATIONS:

* There is no direct impact on safety. The utilities must continue to comply with existing utility and CPUC policy on safety requirements and standards.

ESTIMATED COST:

* There is no cost impact to ratepayers. Programs established through this Resolution are funded entirely through proceeds from the sale of Low Carbon Fuel Standard credits as directed by D.20-12-027.

By Advice Letter 4518-E filed on June 15, 2021, and supplemental Advice Letter 4518-E-A filed on February 24, 2022.

**SUMMARY**

**This Resolution approves in part, with modifications, the request from Southern California Edison Company (SCE) to seek an exemption to Public Utilities Code Section 851 and adopt the Implementation Plan of programs and projects funded with Low Carbon Fuel Standard (LCFS) Holdback residential base charging credit and electric forklift credit proceeds.**

On June 15, 2021, SCE filed Advice Letter (AL) 4518-E, later modified by AL 4518-E-A filed on February 24, 2022, describing their Implementation Plan for projects funded with LCFS holdback funds in response to Ordering Paragraph (OP) 3 of Decision (D.)20-12-027 (Decision).

In summary, this resolution:

* Approves, with modifications, $56 million in rebates for the purchase or lease of pre-owned electric vehicles (EV)s for disadvantaged communities (DAC) and low-income communities (LIC) and $55.49 million to provide rebates for home electric panel upgrades in DAC and LIC. Both these light-duty portfolio programs support the Decision’s equity requirement.
* Approves, with modifications, $87.90 million drayage truck rebate program to provide approximately $150,000 in rebates for the purchase of battery-electric drayage trucks.
* Approves, with modifications, $20.93 million loan-loss reserve to backstop transportation electrification (TE) equipment and vehicle loans to enable small and medium businesses operating in DAC and rural areas to gain access to financing for electrifying their commercial vehicles and supporting equipment.
* Denies without prejudice the proposed $20 million San Bernardino Valley College program to provide financial and technical support to students and community gain access for training, education, and engagement. SCE has not provided details on why the high cost of this program is justified compared to those implemented by California Workforce Development Board (CWDB), how the program would address the need for supportive services to participants, and which occupations the program is targeting.
* Denies without prejudice the proposed $3 million in grants for programs focused on providing financial and technical support to individuals seeking to develop new skills to enter the TE workforce, and to develop centers looking to expand TE workforce training. This proposal does not sufficiently address how this funding would support equity, current and future EV drivers as required by the Decision or fill any gaps from other publicly funded grants for workforce development.
* Denies without prejudice $13.26 million proposed for two vehicle-to-building (V2B) projects to demonstrate the feasibility of using existing electric school buses to provide backup power for critical facilities and support continuity of operations. SCE has not provided sufficient information on why such a program cannot be included in other existing ratepayer funded programs, e.g., Charge Ready-Transport, lacks transparency on how the budget would be spent, and lacks any metrics on the effectiveness of the program in addressing equity.
* Approves, with modifications, the proposed $4 million for TE research and studies. SCE must obtain informal approval from ED staff for the research and studies statement of work, budget, and data collection, prior to commencement of the research and studies
* Finds that a determination on the retiring of excess Renewable Energy Credits (RECs) cannot be done in this Resolution and denies the request to do so. The proposal must be submitted through the filing of a Tier 3 Advice Letter, and the Advice Letter must be served to the Renewable Portfolio Standard (RPS), Transportation Electrification (TE) and Power Charge Indifference Adjustment (PCIA) service lists.
* Denies without prejudice the proposal to divert RECs that are needed to meet Renewable Portfolio Standard compliance targets.

**Background**

This Resolution addresses SCE AL 4518-E/4518-E-A, filed pursuant to D.20-12-027.

In December 2020, the CPUC issued D.20-12-027 (Decision), Concerning Low Carbon Fuel Standard Holdback Revenue Utilization, in which it found that Low Carbon Fuel Standard (LCFS) credits are a utility asset that would require a CPUC order for the utility to sell under Public Utilities Code Section 851,[[1]](#footnote-2) unless an exemption to this requirement is granted pursuant to Section 853(b).[[2]](#footnote-3) The Decision found that it is reasonable to require the large electric corporations (also referred to as utilities[[3]](#footnote-4)) to file LCFS Holdback revenue return Implementation Plans in order to qualify for an exemption from the requirements of Public Utilities Code Section 851 pursuant to Public Utilities Code Section 853(b).

The Decision requires that the initial Implementation Plan include: (1) a proposal for at least one program, and (2) a description for how the large IOUs plan to spend the rest of the funds, which shall include the status of the program development of the remaining program(s), an implementation timeline, and the approximate budget.[[4]](#footnote-5) The Implementation Plans are also required to address general informational questions, as well as questions specific to the IOUs LCFS expenditures, program proposals, and specific programs. In addition, the Implementation Plans must include:

1. How LCFS holdback expenditures are dedicated to equity projects or resiliency projects, if applicable and as defined by the Decision
2. How each of its LCFS holdback expenditures and planned investments benefit current or future EV drivers in California
3. How the LCFS holdback expenditures comply with all other California Air Resources Board (CARB) regulations regarding the use of LCFS holdback funds (e.g., administrative cost caps and prohibited uses.)
4. How the proposals for LCFS holdback expenditure:
   1. Demonstrate input from environmental justice groups and/or community-based organizations
   2. Will address gaps in program design not already addressed through SCE’s TE expenditures or other publicly funded program, or in the alternative, how the proposed expenditure will reduce cost to ratepayers
   3. Will address a barrier to TE, equity, and/or resiliency and
   4. Include data collection requirements that allow for an evaluation of the effectiveness of the proposal in addressing TE, equity, and/or resiliency
5. How any proposal for an equity project will be for the primary benefit of, or primarily serve, communities eligible for equity project expenditures
6. How any proposal for a resiliency project is aligned with other TE-related utility resiliency efforts, including but not limited to, Public Safety Power Shutoffs (PSPS) and Wildfire Mitigation Plans, and reflects consultation with EV service providers, where appropriate
7. How any proposal for a resiliency project aligns with Commission policy on vehicle-grid integration

In addition, the Implementation Plan must include answers to the following general information questions as ordered by the Commission in D.14-12-083:

1. How will the large electric corporation calculate the number of LCFS credits generated by each customer?
2. Who receives the revenue from the sale of LCFS credits?
3. How are LCFS revenue recipients identified?
4. How will the large electrical corporation calculate the amount of revenue to be distributed to each customer, if appropriate?
5. By what means is the revenue distributed to the customer and how frequently is revenue distributed?
6. How will vehicle ownership changes be identified, addressed, and tracked?
7. How will the large electrical corporation track and true-up revenues and disbursement from the program?
8. How will the program be marketed in a competitively neutral manner so that plug-in EV owners, regardless of their load serving entity, are aware that they are eligible to receive LCFS revenue?
9. How will the large electrical corporation receive and distribute credits generated by non-residential customers?

Additionally, pursuant to OP 1 of the Decision, the Implementation Plans are required to demonstrate that a percentage of the holdback revenues are being utilized to fund equity and resiliency projects. For equity projects, the Decision directed the IOUs to ensure that at least 35 percent of its LCFS holdback expenditures in 2021, 45 percent in 2022, 55 percent in 2023, and 75 percent in 2024 and thereafter meet the equity project requirement of CARB’s LCFS regulations, as harmonized with AB 841 through D.20-12-027. Additionally, the Decision directs the IOUs to spend up to 20 percent of the LCFS holdback expenditures not spent on equity projects on resiliency projects. If the IOUs are unable to meet the 20 percent target, the Decision allows SCE and the other IOUs to identify why it is unable to meet the target in its Implementation Plan and the measures taken.

1. Pursuant to OP 3 of the Decision, SCE submitted its 2021-2024 LCFS Holdback Implementation Plan with its request for an exemption to the requirements of Section 851 via AL 4518-E, filed on June 15, 2021, and as modified by AL 4518-E-A, filed on February 24, 2022.

SCE’s plan proposes investing a total of approximately $275 million of LCFS Holdback credit proceeds[[5]](#footnote-6) through 2024 on a portfolio of programs to support equity, resiliency, workforce development, and research studies, and focuses on multiple sectors—light-, medium-, and heavy-duty vehicles.

SCE anticipates that approximately 86% of its total program expenditures will support equity projects or underserved communities.[[6]](#footnote-7) SCE additionally intends to spend approximately 5% of its equity project and approximately 5% on non-equity budgets to support resiliency. A summary of SCE’s proposed programs is included in Table 1 below. SCE proposes to spend $13.26M combined for the School Bus V2B project for Baldwin Park Unified School District and additional school bus projects, but individual program budgets are redacted for market sensitiveness. In addition, the budget amount for all programs listed in Table 1 below do not include administrative and marketing, education, and outreach (ME&O) expenses.[[7]](#footnote-8)

Table 1: Summary of SCE’s Proposed LCFS Holdback Programs

|  |  |  |  |
| --- | --- | --- | --- |
| **Program Name** | **Description** | **Budget (2021-2024)[[8]](#footnote-9)** | **SCE portfolio category** |
| Pre-Owned EV Rebate | Rebates towards the purchase or lease of a used electric vehicle (EV)-$1,000 or $4,000 for CARE[[9]](#footnote-10) and FERA[[10]](#footnote-11) customers. | $56 million [[11]](#footnote-12) | Light-Duty |
| Home Electrification Readiness | Rebates of up to $1,800 per disadvantaged community (DAC) household, or up to $3,600 per low-income household to fund home electric panel upgrades for 13,000-26,000 households. | $55.49 million | Light-Duty |
| Drayage Truck Rebate | Rebates of $150,000 towards the purchase of new Class 8 EVs, and $115,000 towards the purchase of new Class 7 EVs. | $87.9 million | Heavy-Duty |
| Zero Emissions Truck, Bus, and Infrastructure Finance Program (ZETBIF) Program | A loan loss reserve (LLR) mechanism to provide financing solutions for commercial EVs and supporting equipment targeted to small and medium sized business customers in DACs and rural communities. | $20.93 million | Heavy-Duty |
| San Bernardino Valley College Transportation Electrification (TE) Education Center Project | Third-party led project to build out a workforce development center and curriculum at a community college. | $20 million[[12]](#footnote-13) | Community Workforce Development |
| Workforce Development Grants | Grant program to offer funding to institutions that may need additional equipment or faculty support to expand their workforce development offerings. Initiatives would need to meet one or more of SCE’s identified criteria. | $3 million | Community Workforce Development |
| School Bus V2B project for Baldwin Park Unified School District | Third-party implemented project to help schools utilize existing or future EV school buses to support resiliency through vehicle-to-building (V2B) capabilities. The funds would help the school district, via Climate Resolve, install bidirectional charging, install batteries, and perform community engagement activities. |  | Resiliency |
| Additional School Bus Projects | Funding opportunities to support buses/bus upgrades, charging equipment and installation, including of bidirectional equipment, procurement, and configuration of control system, both software and hardware, project management costs, and community education and engagement. |  | Resiliency |
| TE Research and Studies | Funding or cofounding of research papers or studies to provide insights into the evolving needs in SCE’s territory that will directly support cost effectiveness of future TE programs. | $4 million |  |

In addition to the programs described above, SCE proposes to increase the amount of LCFS credits and credit revenues over time to fund future TE programs. SCE seeks CPUC authorization to participate in claiming Incremental LCFS Credits[[13]](#footnote-14) through the retirement of Renewable Energy Credits (RECs) as a means to demonstrate that SCE is utilizing zero carbon intensity (CI) electricity for TE related charging.

CARB’s guidance on this matter states that “Entities generating credits for providing low-CI electricity may first use credit proceeds from incremental credits to offset the incremental cost of procuring low-CI electricity or RECs if that incremental cost is not already being paid by other sources.”[[14]](#footnote-15)

SCE identified, and seeks authority for, two options for securing RECs to retire:

1. SCE can retire its own RECs. However, those RECs were paid for by SCE’s bundled service customers via prior Renewable Portfolio Standard (RPS) related procurement. Therefore, if SCE exercises this option of retiring its own RECs to claim incremental LCFS Credits, it must provide fair compensation to its bundled customers. If authorized for this approach, SCE states it would need to apply a principled approach to determine the fair market value of the RECs and compensate bundled customers accordingly, with the remaining value going to the LCFS program. SCE believes the best approach currently is to select the higher of the most recent REC sale value and the weighted average sales price from the most current solicitation. If for some reason, SCE feels that this calculation is not representative of the fair market value, it will apply a reasonable adder to ensure bundled customers are made whole.
2. SCE could use its LCFS credit revenue to buy RECs on the open market. SCE would not bid into its own REC sale solicitation to avoid any appearance of or actual impropriety by securing or attempting to secure a competitive advantage through use of internal resources

**NOTICE**

Notice of SCE AL 4518-E/4518-E-A was made by publication in the CPUC’s Daily Calendar. SCE states that a copy of the AL was mailed and distributed in accordance with Section 4 of General Order 96-B.

**PROTESTS**

On July 5, 2021, SCE AL 4518-E received a response from Vehicle Grid Integration Council (VGIC). VGIC states that it supports the proposed Holdback Implementation Plan and recommends its adoption. While not objecting, VGIC further states that it believes the assertion from SCE that V2B/V2G activities is a longer-term opportunity is erroneous and should be corrected. VGIC argues that there are commercially available bidirectional EVs and EVSE in use today and states that D.20-09-035 confirmed that bidirectional EVSE can interconnect under a Rule 21 pathway.

VGIC additionally comments on SCE’s conclusion that it will reserve any unspent part of the 20% of LCFS Holdback funds to support resiliency. SCE states that “this would ensure a pool of funding is available to support [the V2B and V2G] market once solutions are widely available.” VGIC reiterates that solutions are available and questions the value of placing unspent funds into a reserve pool, rather than using these funds to support market development in the near-term. Therefore, VGIC requests that SCE consider how to accelerate the use of LCFS holdback funds for V2B and V2G projects and encourages SCE to reframe the opportunity for V2B/V2G as a set of near-term use cases that leverage commercially available technologies or soon-to-be commercially available technologies. As such, VGIC recommends SCE submit an updated Implementation Plan detailing its Mid-Term Resiliency Projects (e.g., in six months).

On July 13, 2021, SCE filed a response to VGIC. While SCE acknowledges that there are bidirectional EVs and EVSE that are commercially available, it stands by its position that bidirectional EVs and EVSE do not present viable at-scale solutions that can enable resiliency in its territory within the next one to two years. Further, SCE states that given bidirectional equipment is already commercially available, technology pilots are not appropriate or necessary.

In response to VGIC’s recommendation to submit an updated Implementation Plan in six months, SCE states that it fully intends to submit additional/supplemental ALs in the future to detail new resiliency offerings. Before it can assess what if any additional resiliency projects it can support, SCE will require disposition from the CPUC on both its Implementation Plan and the Tier 3 VGI pilots AL.[[15]](#footnote-16) However, SCE will require more than six months to do so based on the expected regulatory review timeline.

In addition to responding to VGIC’s response to AL 4518-E, SCE notes in its response that on July 5, 2021, The Utility Reform Network (TURN) submitted a protest to San Diego Gas & Electric’s (SDG&E) AL 3785-E—SDG&E’s LCFS Implementation Plan. Although TURN did not protest SCE’s AL, SCE is concerned that TURN’s proposal to modify SDG&E’s proposed income eligibility for the income qualified component of SDG&E’s proposed Pre-Owned EV Rebate program could also impact SCE’s proposed income eligibility guidelines.

TURN’s protest of SDG&E AL 3785-E was on the basis that the income qualification criteria for SDG&E’s proposed rebate for used EVs would allow geographic location to dictate low-income status, as opposed to actual household income. SCE generally agrees that household income should be standard but disagrees with TURN’s proposal to modify SDG&E’s proposal so that income-qualified enhanced rebates are only available to customers who are enrolled in, or qualify for, CARE or FERA.

SCE requests the CPUC to deny this proposal from TURN because it is overly prescriptive and does not align with the California Department of Housing and Community Development definition[[16]](#footnote-17) which is referenced and accepted in the CARB LCFS regulation.

**DISCUSSION**

This section of the Resolution identifies how the CPUC will dispose of the issues associated with the authorization of SCE’s LCFS Implementation Plan. We will dispose of these issues based on consistency with CARB’s LCFS regulation and compliance with the Decision.

The Implementation Plan is approved in part, with modifications, as discussed in this section. We note here that while we have performed due diligence, this Resolution does not constitute CARB’s approval of SCE’s LCFS Holdback programs.

If SCE wishes to propose additional or updated programs given this Resolution’s rejection of some of its proposals, SCE may do so in a subsequent update to its Implementation Plan or through an interim Tier 2 AL filing.

1. **Pre-Owned EV Rebate**

**The Pre-Owned EV Rebate proposal is approved, with modifications.**

SCE proposes to provide rebates for used EVs and plug-in hybrid EVs, a program option listed in CARB’s LCFS regulation,[[17]](#footnote-18) that could go towards the purchase or lease of that vehicle. SCE proposes to provide an increased incentive for income-qualifying customers and will target distribution of over 53,000 rebates through 2024. SCE will offer $1,000 to all customers, and $4,000 to income qualified customers, however only the portion of the budget spent on income qualified rebates will be counted towards SCE’s equity spending obligation. SCE would consider a customer eligible for the low-income incentive if they either live in a “lower income household” as defined in the Health and Safety Code sections 50093 and 50079.5,[[18]](#footnote-19) or is enrolled in one of the CPUC public assistance programs: California Alternate Rates for Energy (CARE) or Family Electric Rate Assistance (FERA). As identified in the Decision, SCE must include data collection requirements that allow for an evaluation of the effectiveness of the proposal in addressing TE, equity, and resiliency barriers. SCE must work with Energy Division staff to develop a data collection template before the program is available to the public.

In SCE’s response to VGIC’s protest, where SCE additionally addresses TURN’s response to SDG&E’s similar pre-owned EV rebate program, SCE argues against TURN’s suggestion that income eligibility for this program be based solely on enrollment in CARE or FERA. We find SCE’s argument to be reasonable, as the program would likely not reach sufficient equity customers if limited to solely CARE or FERA eligibility. Further, the Decision directed the IOUs to align their pre-owned EV rebate programs in areas including eligibility. As the CPUC has already approved PG&E’s Pre-Owned EV Rebate program via non-standard disposition letter on PG&E AL 6226-E/6226-E-A in which low-income eligibility is defined as customers below 80 percent of Area Median Income (AMI), it is reasonable that SCE should have this same eligibility requirement.

In addition to the Decision’s direction to the IOUs to align eligibility requirements for a second-hand vehicle rebate program, it also directed the IOUs in the Implementation Plans to describe how they collectively coordinated their proposals, with the goal of creating similar customer experiences across territories. “The demonstrated coordination should seek to ensure consistency in proposed rebate levels, eligibility requirements, application processes, and outreach messaging.”[[19]](#footnote-20)

SCE, along with the other IOUs demonstrated concerted coordination on the development of this proposal, with consistent rebate levels, eligibility requirements for both equity and non-equity customers, and similar application processes and outreach approaches. As such, we find this proposal to be appropriate and approve SCE’s implementation of its Pre-Owned EV Rebate program through this Resolution, subject to the changes identified above.

As charging an EV during at off-peak hours provides benefits to customers who can charge their vehicle at a lower cost and benefits the grid as drivers will charge their vehicle at times when the grid is less constrained, understanding the various rate options for charging an EV is critical. Therefore, we direct SCE to provide rate education to customers who receive this rebate to help drivers enroll on the best rate for charging their EV, where appropriate.

1. **Home Electrification Readiness**

**The Home Electrification Readiness proposal is approved, with modifications.**

SCE proposes a budget of $55.49 million through 2024 to provide rebates to fund home electric panel upgrades for 13,000 to 26,000 households. This program would provide rebates of up to $1,800 per household located in a disadvantaged community (DAC), regardless of income, or up to $3,600 per low-income household, regardless of location. SCE states that the customers will benefit from the ability to install a home charging station, additional electric home appliances like water heaters, and increased safety from replacing old, potentially damaged wires. Only the rebates paid to income-qualified customers would be counted towards SCE’s equity spending target.

The Decision requires any IOU proposing additional rebates or incentives for low-income individuals to describe how the proposal’s aims are not already addressed in existing programs, and what TE barrier the proposal addresses.[[20]](#footnote-21) SCE complies with this directive, addressing the persistent barriers and gaps in similar programs, noting that Charge Ready 2 only addresses multi-unit dwellings (MUDs) rather than single family homes, and that while there are other rebates in SCE’s territory to offset the cost of a home charging station, nothing exists to help customers upgrade the infrastructure on their side of the meter.[[21]](#footnote-22)

While we find this proposal to be largely appropriate, the proposal does not explicitly require recipients of the rebates to install an EV charger to be eligible for the rebate. As these LCFS funds must be used for the benefit of existing or future EV drivers,[[22]](#footnote-23) the program should ensure that these panel upgrades are going to support current or future EV drivers charging at home. As such, SCE must update the Program Eligibility requirements[[23]](#footnote-24) to ensure that recipients install an EV charger. SCE must confirm this installation, or the plan to install the charger, prior to the customer receiving the rebate. Installation of the charger must take place no later than 180 days from panel installation. Program participants who are unable to meet this timeline could request for additional time and SCE can approve it on a case-by-case basis.

Additionally, as identified in the Decision, SCE must include data collection requirements that allow for an evaluation of the effectiveness of the proposal in addressing TE, equity, and resiliency barriers. SCE must work with Energy Division staff to develop a data collection template before the program is available to the public for participation, along with the following few additions to the data collection requirements for this program.[[24]](#footnote-25)

1. SCE cites within its AL, reaching rental properties and low-unit multi-unit dwellings (MUD) may be difficult. As such, SCE should include within its Data Collection requirements (1) whether the resident owns or rents the property, (2) whether the residence is a single-family home or an MUD, and (3) if an MUD, how many units.
2. SCE should track data as to whether the home requires additional electrical upgrading to accommodate more capacity beyond the panel upgrade.

Lastly, as SCE proposes to establish a contractor network for this program,[[25]](#footnote-26) it must ensure that the request for qualification (RFQ) for this contractor network remains open throughout the duration of the program. This will help to ensure new contractors can join as they learn about the program and will also allow participation from contractors with fewer resources to quickly respond to an RFQ.

One additional requirement of the contractor network should be that the contractor must go over the program costs with the customer and tell them how much the rebate covers and what their outstanding balance will be.

With these modifications, we find that SCE’s Home Electrification Readiness proposal aligns with the requirements of the Decision, and we approve SCE it.

1. **Drayage Truck Rebate**

**The Drayage Truck Rebate proposal is approved, with modifications.**

SCE’s proposed Drayage Truck Rebate program will incentivize the purchase of new EV drayage trucks by addressing the upfront cost barrier, supporting acceleration and maturation of the heavy-duty EV drayage truck market, and allowing limited Hybrid and Zero-Emission Truck and Bus Voucher Incentive Project (HVIP) funds to be better allocated to other medium- and heavy-duty segments. SCE proposes to spend $87.9 million to provide rebates for the purchase of new Class 7 and Class 8 EVs.[[26]](#footnote-27) SCE proposes to provide a $150,000 rebate toward the purchase of new Class 8 EVs and $115,000 towards the purchase of new Class 7 EVs.

We find this proposal to align with the Decision, including the requirement for SCE to demonstrate how the proposal will address gaps or barriers not addressed by its current TE programs.[[27]](#footnote-28) SCE notes that while other incentives exist, such as the HVIP and the Volkswagen Mitigation Trust, they tend to support a variety of vehicle types and are often over-subscribed. Thus, adding a rebate specifically for drayage truck electrification will enhance SCE’s ability to advance electrification in the heavy-duty sector while helping to preserve funding in other state programs for other vehicle segments.

Further, support for drayage truck electrification is one of the equity program options within the CARB regulation, and SCE takes the additional equity focused measures within this proposal of excluding any customer that is on the Fortune 1000 list and requiring that the customer demonstrate that the vehicle will primarily operate in, or travel through DACs as part of its normal operations. SCE included these measures in response to feedback from CBOs, with whom engagement and feedback is another requirement of the Decision.

Given the benefits of efficient load management, both for the drayage truck owner/fleet operators and the grid, it is critical that SCE works with those receiving this rebate to discuss load management plans. At minimum, SCE should educate the recipients about load management and enrolling on the proper rate. As identified in the Decision, SCE must include data collection requirements that allow for an evaluation of the effectiveness of the proposal in addressing TE, equity, and resiliency barriers. SCE must work with Energy Division staff to develop data collection before the program is available to the public for participation. With this data collection modification, this Resolution approves the Drayage Truck Rebate program.

1. **Zero Emissions Truck, Bus, and Infrastructure Finance Program (ZETBIF) is approved, with modifications.**

As proposed, this program is targeted to small and medium-sized business customers to provide access to financing through the establishment of a loan-loss reserve (LLR) mechanism dedicated for commercial EVs and supporting equipment. SCE proposes to contribute $20.93 million to a state-supported loan guarantee program, which would unlock approximately $100 million in private capital loans for medium- and heavy-duty vehicles and supporting charging equipment. In addition to operating as an LLR, ZETBIF would also allow participants to leverage new types of collateral, such as a fleet’s LCFS credit generation or expected savings from reduced operational costs, to enable access to larger loans that may be needed for electrifying. The program would be administered by California Pollution Control Financing Authority, a division of the California State Treasurer’s Office. Another Truck Loan Assistance Program is managed by the California Capital Access Program (CalCAP). CalCAP receives funding from CARB, however these funds support the transition of model year 2010 – or – newer diesel trucks to compressed natural gas (CNG). Electric trucks are more expensive than their CNG counterparts and are not eligible for CalCAP funds. This ZETBIF program will help bridge the gap specifically for electrifying medium- and heavy-duty vehicles and for their associated charging infrastructure, hence it is approved.

SCE suggests that this program be counted towards its equity spending requirement, because it is focused on DAC and rural communities. Small and medium businesses operating in DACs, underserved communities or rural areas would be eligible to participate in this program. Eligible businesses would have to demonstrate that the vehicle financed through the ZETBIF would primarily operate in these communities. As identified in the Decision, SCE must include data collection requirements that allow for an evaluation of the effectiveness of the proposal in addressing TE, equity, and resiliency barriers. SCE must work with the program administrator to meet their data acquisition requirements. With this data acquisition requirement, the ZETBIF program is approved.

1. **San Bernardino Valley College TE Education Center Project**

**The San Bernardino Valley College TE Education Center proposal requires modifications and is rejected, without prejudice.**

SCE proposes to enhance and expand offerings for TE skills development for students at San Bernardino Valley College (SBVC). The SBVC proposal is for a new TE skills development center which would provide job training and internship opportunities that enable access to high-quality careers for residents of the Inland Empire. As part of this project, SBVC has secured other public funds to construct its Career Technical Education Center. The program under consideration through this Resolution would support construction of a TE facility and program within the school’s new facility.

In its supplemental AL, SCE provides some budget information, which San Bernardino Valley College submitted as a preliminary budget. SCE states that it would utilize this budget from SBVC for “not-to-exceed forecasting purposes,” and would structure funding agreements with the college around project milestones, such that work must be completed before additional funding will be released.

While we see value in supporting workforce development, we have several concerns with this SBVC proposal. SCE’s approach to funding a third-party administered grant project, and the structure of the project and its milestones are good, however, the budget does not include justification for the high level of funding proposed. Twenty million dollars is a significant ask for this program, and budget caps proposed seem rather high as compared to other workforce development grants.[[28]](#footnote-29) For example, $7.63 million to develop curriculum and an additional $5.76 million for curriculum deployment seems high. [[29]](#footnote-30) As a comparison to SCE’s proposed budget, California Workforce Development Board (CWDB) invests in training partnerships where the funds go mainly towards staffing of an intermediary of some kind that can unite all the stakeholders and organize the workforce demand (i.e., employers) and supply (i.e., education/training institutions) sides of the market. The grants CWDB provides are up to two million.[[30]](#footnote-31) Further, the budget includes $5.6 million for equipment, including classroom equipment, vehicles, and maintenance and repair. What this curriculum will include and whether existing curriculum and equipment resources could be leveraged remains unclear. SCE has not provided specific details for budget line items, making it difficult to assess the sufficiency of the level of funding.

As the Decision requires that the IOU include within the Implementation Plan how any proposal addresses gaps in program design not already addressed through a large IOU’s TE expenditures or other publicly funded programs, or in the alternative, how the proposed expenditure will reduce costs to ratepayers,[[31]](#footnote-32) this proposal is not in compliance with the Decision.

Another concern we have with this proposal is around SBVC and SCE’s consideration of Equity. SCE does not include any description of if and how the project would address the need for supportive services. Supportive services are components of a workforce development program that enable people to complete training (e.g., stipends and childcare assistance), meet industry-specific requisites (e.g., pay for old traffic violations in order to have a clean driver’s license), and gain lifelong employability skills (e.g., financial literacy, time management, etc.). Services like trauma-informed care are also key in programs attempting to serve certain populations (e.g., youth emancipated from foster care or people who have been incarcerated), whereas mentorship and alumni groups can improve worker retention for under-represented populations (e.g., women entering automotive service and maintenance fields).[[32]](#footnote-33) Supportive services are just as important as curriculum and skills-training when trying to serve people with barriers to employment and/or populations that are under-represented in an occupation or industry. SCE includes a note about SBVC serving low-income and minority residents, but SCE does not include any discussion about supportive services. If this program is truly to be an equity program, it would need to take a more holistically look at equity. Further, this omission does not provide any details on if and with whom SCE vetted the proposal.

Our other concern is that SCE does not provide sufficient information on specific occupations and occupational titles this program is targeting, and how it would support the future demand of the EV labor market. Presumably, SCE and SBV are referring to automotive service technicians, mechanics, and electricians when referring to ‘Electric Vehicle Technicians’, ‘Electric Vehicle Charging Stations Technicians’, but it is important to use actual occupation titles using Standard Occupational Classification (SOC) System codes.[[33]](#footnote-34) This would enable obtaining and assessing credible baseline labor market data on earnings, workforce demographics, and other relevant information. SCE has not provided details on the existing workforce, and recommendations/metrics on how the success of this program could be measured.

There is clearly potential merit to the proposal SBVC and SCE have developed, however additional budgetary and programmatic details are needed. If SCE wishes to resubmit this proposal, it should be sure to address the concerns outlined in this section of the Resolution, and in particular, should address the following:

1. Budget: provide additional justification for each line item provided in the supplemental AL, and more detailed sub-line items to describe for example:
   1. Why SCE anticipates costs for curriculum development to be at the level they are submitted as
   2. Why is there a need for workforce development grants to support buildings, equipment and/or other major capital expenses
   3. How do these align with equity directives from both CARB and the CPUC
2. Include any additional costs details on individual costs if necessary
   1. Justification for Funding Capital Expenditures: as it is uncommon for workforce development grants to go towards buildings, equipment, or other major capital expenses, additional justification for this need, how it aligns with the equity directives from both CARB and the CPUC, and additional details on the individual costs would be necessary.
   2. Curriculum and Equipment: description of what the curriculum to be developed will include and who would be involved in the development, whether existing curriculum and equipment resources could be leveraged, and how the development of new curriculum is filling a needed gap.
3. Specific Occupations: details on the specific occupations the program is targeting for training, including use of the actual occupation titles using SOC System codes.
4. Supportive Services: if this project is aimed at equity, it should include description of how the project would address the need for supportive services.
5. Growth metrics: Estimates of labor market demand in the EV sector for new hires and how that scale warrants the expanded training of new workers.
6. Data Collection: additional data collection would be necessary to truly track whether this funding supports the project goals, per the Decision. This would include data about industry-recognized credentials earned (which ones, how many earned, pass rate), job quality when placed in a job, and demographics throughout all stages (applicants, students, graduates, and placements). SCE must agreement to work with Energy Division staff to develop a data collection template before the program is available to the public for participation.
7. Industry Partners: SCE states in the AL that the curriculum programs will be developed in partnership with companies such as Tesla, Volvo, and Toyota. Additional explanation is necessary on why these companies and who the leading employers are in the industry for the specific jobs SBVC will be training within SCE’s territory.
8. Labor Stakeholders: SCE states there will be an “Earn While You Learn” Workforce Internship, Pre-Apprenticeship, and Apprenticeship Programs in partnership with labor, faculty, and college stakeholders. However, the proposal does not describe who the labor stakeholders are, and their level of engagement in e.g., program outreach, recruiting, job placement etc.
9. Commitment from Employers: commitment from employers to hire students of the training center, as well as statistics about placement that would provide assurances.
10. Credentials: SCE states that the project will create degrees/certifications to help participants obtain higher wage jobs in industries that have or will have a vested interest in TE or other forms of clean transportation. However, SCE must describe how these are going to be industry-recognized credentials that have actual labor market value for workers and industry alike.
11. Relevance of Infrastructure Discussion: SCE states it will work with city and county officials to plan, build, and create infrastructure to maintain and charge EVs. It is not clear how this relates to the rest of the proposal and SCE would need to include some description of the relevance.
12. Success Criteria: SCE must establish clear and firm success criteria at the beginning of the project. While SCE states that it is difficult to establish firm success criteria for the SBVC project and proposes that it will evaluate the success of any project by using its data collection metrics, this is not sufficient.
13. Collaboration with CWDB: Prior to resubmitting, SCE should vet its proposal with CWDB and incorporate any feedback from that agency, as they are the experts in this field. Additionally, CWDB can connect SCE to the relevant local workforce development board, in this case the San Bernardino.

If SCE chooses to resubmit this proposal, and is able to address these areas of concern, it may file a Tier 2 AL filing—either a subsequent Implementation Plan submittal or an interim Tier 2 AL.

1. **Workforce Development Grants**

**The Workforce Development Grant proposal is rejected without prejudice.**

SCE proposes to offer a TE Workforce Development Grant to allow it to support workforce development through different channels and support workforce skills programs offered at different institutions that may provide better options for some individuals. Many of these programs may also need equipment or facility support to expand their offerings. The initiatives that the grant program would fund would need to (1) increase the number of students who are able to participate in existing TE workforce training programs, (2) increase the percent of students that are placed in jobs upon completion of training, (3) develop new curricula or programs that would enable training for TE-related workforce, and/or (4) expand/enhance existing curricula or programs to provide a higher level of training/certification to enrolled students.

SCE proposes that organizations and institutions seeking funding will need to submit plans demonstrating how funding their proposal will achieve one of the listed objectives and how it fits in to their existing or future curriculum. SCE would then establish funding agreements around relevant project milestones. SCE will establish a schedule for collecting requests for funding support for each year that will allow SCE to evaluate options internally and provide the CPUC with an update on any newly funded initiatives as part of its annual September LCFS AL. Further, SCE will evaluate the success of any project by using the data metrics and looking for demonstrated improvement in these metrics.[[34]](#footnote-35)

The Decision requires that any proposal include description of how the expenditure benefits current or future EV drivers in the state.[[35]](#footnote-36) As this is a broad fund with no specific project described, SCE is not able to sufficiently address this requirement. Further, the Decision requires that any proposal demonstrate input from environmental justice groups and/or community organizations,[[36]](#footnote-37) which SCE is not able to sufficiently do given there is no concrete project to present. Lastly, the Decision requires that any proposal address gaps in program design not already addressed through the IOU’s TE expenditures or other publicly funded program, or in the alternative how the proposed expenditure will reduce costs to ratepayers.[[37]](#footnote-38) SCE’s proposal for this grant fund does not sufficiently address other publicly funded grants for workforce development, nor does it describe how this grant funding proposal will fill a gap that is currently unmet. As such, SCE’s proposal for the Workforce Development Grants does not comply with the Decision. SCE is welcome to file a subsequent Tier 2 AL to propose specific projects that address workforce development and equity. SCE must include consideration of all of the relevant areas of concern outlined in the previous section for the SBVC project if choosing to file a subsequent workforce development proposal. Further, SCE should refine its objectives as elaborated below.

Concerning SCE’s objective 1, “increase the number of students who are able to participate in existing TE workforce training programs,” and objective 3 “develop new curricula or programs that will enable training for TE-related workforce,”[[38]](#footnote-39) SCE would need to elaborate on the rationale and need for this kind of program objective. In particular, SCE should describe what the real scale of demand for new workers and training is, and whether new programs are warranted. SCE should also address whether existing programs could be modified to address new technologies and associated knowledge, skills, and abilities before choosing to fund a new program.

SCE’s proposed objective 2 and 4, increase the percentage of students that are placed in jobs upon completion of training and expand or enhance existing curricula or programs to provide a higher level of training/certification to enrolled students, both seem like worthwhile objectives. However, SCE should specify for objective 2, placement into “high-quality” jobs.

Additionally, SCE would need to address the proposal’s data collection requirements before we would consider a new workforce development proposal. This should include:

1. what credentials were earned along with graduation/completion rates.
2. data on job quality including aggregated wage data.
3. additional demographics data for applicants, participants, graduates, and placements.
4. percentage of participants that participate in internships or apprenticeships.
5. percentage of participants that are placed in a job immediately following completion; and
6. which employers and occupations are hiring for which types of jobs.

In terms of measuring successful projects, SCE should not only “demonstrate improvements” in these metrics and the data metrics that SCE includes in its AL, as SCE proposed, but they should also include some sense of job quality, including compensation and employment status.

While this Resolution rejects SCE’s proposal for its Workforce Development Grants, SCE may file a subsequent Tier 2 AL to propose specific workforce development projects. If doing so, SCE must address the concerns and directives outlined in both this section and the previous section discussing the SBVC proposal.

1. **School Bus Vehicle-to-Building Project for Baldwin Park Unified School District**

**The Baldwin Bark Unified School District school bus proposal requires modifications and is rejected without prejudice.**

SCE proposes to fund a resiliency project that a third-party, Climate Resolve, proposed. Climate Resolve aims to secure funding to help support a school bus vehicle to building (V2B) project they have proposed to manage for Baldwin Park Unified School District (BPUSD). SCE proposes a $2.6 million budget to support the installation of bidirectional charging technology to allow EV buses to provide emergency backup power to a critical IT facility for BPUSD. The project would work with both existing and future EV school buses that BPUSD plans to procure. The funds would help the school district, via Climate Resolve, install bidirectional charging, install batteries, and perform community engagement activities.

SCE states that the project will enable the chargers to operate without grid power, it will ensure the charging stations meet safety requirements to discharge to the building while power is down and must not flow back to the grid, and the energy from the vehicle must power the critical loads that are desired for emergency operation.

The Decision directs the IOUs, if proposing a school bus electrification program with holdback funds, to address in the Implementation Plan how the proposed investment is not currently addressed within an existing ratepayer funded medium- and heavy-duty electrification program.[[39]](#footnote-40) As SCE’s Charge Ready Transport program does not preclude the installation of bidirectional chargers, including for school buses, the program appears to be at least in part duplicative of that program. SCE does not sufficiently describe how this proposal addresses a need not currently addressed through this existing program. SCE is additionally required to identify how any proposal for a resiliency project is aligned with other TE-related utility resiliency efforts, including but not limited to Public Safety Power Shutoffs (PSPS) and Wildfire Mitigation Plans, and reflects consultation with EV service providers where appropriate.[[40]](#footnote-41) SCE does not include any discussion of alignment with PSPS nor with Wildfire Mitigation Plans within its proposal.

Further, SCE’s BPUSD proposal lacks transparency on the proposed budget. SCE did not provide any specific line items within this proposal and did not describe how many ports or other equipment the funding would support. For comparison purposes, SDG&E is implementing its V2G school bus project in which it is spending up to $1.7 million. While it is difficult to draw a full comparison without knowing sufficient details on the scope of the Baldwin Park project, it appears that the SCE proposal is significantly more expensive than the SDG&E project.

Lastly, the Decision requires that any proposal include data collection requirements that allow for an evaluation of the effectiveness of the proposal in addressing TE, equity, and/or resiliency barriers. However, SCE does not provide sufficient proposed data collection requirements. On the effectiveness of the proposal in addressing resiliency, SCE proposes a limited set of requirements focused on the charging and state of battery yet does not propose any data collection metrics focused on resiliency goals and barriers, and none on alignment with PSPS and Wildfire Mitigation Plans.

On equity, while SCE is also proposing that this program would address equity, SCE proposes no data collection metrics to evaluate the effectiveness of this proposal in addressing equity. Further, SCE is proposing a robust outreach and marketing component to this program yet includes no metrics to evaluate the effectiveness of the marketing and outreach in addressing either equity or resiliency barriers.[[41]](#footnote-42)

For these reasons, SCE’s proposal does not comply with the Decision, and we cannot approve SCE’s proposal here. However, we do see merit to the proposal generally, if amended to address these concerns. SCE may refile this proposal if it addresses the following key concerns:

1. **Gaps in Charge Ready Transport**: address how this proposal fills a gap that the Charge Ready Transport program does not currently address given bidirectional charging is allowed via that program. Further, SCE must describe how the investment and any testing/lessons will be leveraged for future program deployment.
2. **Alignment with TE Resiliency Efforts**: demonstrate how this proposal supports the same objectives and is aligned with other TE resiliency efforts, including but not limited to PSPS and Wildfire Mitigation Plans. SCE must coordinate with Energy Division and demonstrate how their project is in alignment with these broader resiliency efforts.
3. **Budget details and justification**: SCE must provide more details on the budget for this project. As this is a proposal for a specific site and school district project, it seems reasonable that a project budget, including materials and labor costs could be well estimated. This should include the types of equipment and number of ports that the project will support. If the budget remains significantly above the SDG&E project budget, SCE must provide justification as to why it is higher, including comparison of equipment costs and identification of why any costs are higher.
4. **Barriers**: SCE must identify which barriers it is addressing with this program. As SCE is proposing this funding to count towards both resiliency and equity spending, it must identify both resiliency and equity barriers.
5. **Protocols and Testing Hypotheses:** SCE states that Climate Resolve will be testing and validating protocols on the completed project to evaluate benefits to the community and to memorialize the results for future use by other projects in the state. If Climate Resolve plans to test and validate protocols that SCE would plan to leverage for other projects, SCE should be specific about what those protocols are and what specifically Climate Resolve will be testing.
6. **Data Collection:**[[42]](#footnote-43) SCE must include a more robust set of data collection requirements that allows for the evaluation of this project in addressing resiliency barriers and equity barriers. SCE should additionally work with Energy Division staff to develop data collection requirements around the component of the project for which Climate Resolve will be facilitating calculators used to quantify customer, grid, and environmental impacts on VGI beyond what SCE has included and we additionally will need more performance metrics related to the community outreach aspect of the project.

If SCE is able to address the concerns outlined above in this section, SCE may refile this program proposal via an interim Tier 2 AL, or through a subsequent Implementation Plan filing.

1. **Additional School Bus Pilots**

**The proposal for continued annual school bus funding is rejected without prejudice.**

In addition to the BPUSD project, SCE proposes to continue supporting third-party implemented projects to help schools utilize existing or future electric school buses to provide behind-the-meter V2B resiliency projects. In total, SCE proposes allocating up to $3 million per year through 2024 to help various school districts in its territory implement V2B solutions that may provide back-up power for critical facilities, support continuity of operations, enable the deployment of community resiliency hubs, or that leverage school buses as back-up power for other infrastructure that is critical for the school district’s municipality.

SCE proposes to establish a process to allow other school districts an opportunity to participate, and states that it will collaborate with ED staff to establish specific criteria that potential school district projects must meet to obtain funding support. If additional spending or scope beyond the annual cap or defined guideposts is required, SCE would submit details on the funding request and its need for each individual project for approval as part of its September annual LCFS AL.

SCE notes that the specific needs of each school district or related municipality it serves may vary and SCE would consider projects that achieve any of the following objectives: 1) provide back-up power for crucial facilities, 2) support continuity of operations, 3) enable deployment of community resiliency hubs, or 4) leverage school buses as back-up power for other infrastructure that is critical the school district’s municipality. SCE believes these programs need a community engagement component and would require such plans for each project.

While SCE includes some details on potential ways in which this grant funding could be used, this proposal does not comply with the requirements for LCFS Holdback funding proposals beginning on page 26 of the Decision.

First, the Decision requires that the IOU include within the Implementation Plan how any proposal addresses gaps in program design not already addressed through a large IOU’s TE expenditures or other publicly funded programs, or in the alternative how the proposed expenditure will reduce costs to ratepayers.[[43]](#footnote-44) There are numerous funding sources for both the charging equipment such as SCE’s Charge Ready Transport Program and programs implemented to support AB 1082 and the school buses themselves through CARB’s Hybrid and zero-emission truck and bus Voucher Incentive Program (HVIP).[[44]](#footnote-45) Further, D.18-05-040 does not preclude the installation of bidirectional charging within Charge Ready Transport. SCE has not sufficiently described why the additional annual funding it proposes through AL 4518-E-A would not be duplicative, or alternatively how it would reduce costs for ratepayers.

Second, the Decision requires that any proposal for a resiliency project be aligned with other TE-related utility resiliency efforts, including but not limited to PSPS and Wildfire Mitigation Plans, and reflects consultation with EV service providers.[[45]](#footnote-46) SCE has not provided specifics on how any future projects through this grant would align with resiliency efforts nor how it has consulted with EV service providers. Further, as with the BPUSD proposal, SCE does not propose sufficient data collection requirements. Thus, authorizing this funding as proposed would not comply with the Decision.

SCE additionally does not include any budget parameters within its proposal for this grant, including per project/grant caps, caps or estimates on any particular infrastructure, etc. While these are not ratepayer funds, Holdback funds are still public moneys and must be spent responsibly. To authorize this grant proposal, we need detailed scope and budget information to ensure the requested funds are adequate to achieve the grant objectives.

While we reject this proposal due to its non-compliance with the Decision and its lack of detail on its budget and scope, we encourage SCE to file proposals for resiliency, including individual school bus proposals, that include details on resiliency and EV service provider coordination, description of how any funding is not duplicative of other funding, sufficient data collection to evaluate the efficacy of the investment in addressing resiliency barriers, and budgetary details and justification, including how much will be spent on individual infrastructure components. SCE may choose to file a Tier 2 AL or may include additional proposals in a subsequent Implementation Plan.

1. **VGIC’s suggestion for an updated Implementation Plan in six months**

**VGIC’s recommendation is denied.**

VGIC recommends that SCE consider how to accelerate the use of LCFS holdback funds for V2B and V2G projects and recommends SCE submit an updated Implementation Plan detailing its Mid-Term Resiliency Projects in six months. SCE responds that it is planning to submit additional/supplemental ALs to detail new resiliency offerings, but that it will require more than six months to do so.

We find SCE’s response to be reasonable, as it would not be beneficial to establish an arbitrary deadline for new program proposals. Doing so could result in underdeveloped proposals, which would add unnecessary stakeholder, staff, and utility resources to review. While we expect SCE will file future ALs to propose new resiliency focused programs, we want to provide SCE with the necessary amount of time to enable the development of well researched and vetted program proposals. As such, we reject VGIC’s proposal to require SCE to do so within a six-month timeframe.

1. **TE Research and Studies**

**The proposal for research and studies is approved, with modifications. SCE must seek informal approval from ED staff of the statement of work and budget for any research and studies planned.**

SCE includes a proposal to set aside funds, approximately one percent of its planned Implementation Plan spending, to provide for funding or co-funding of research papers or studies that would provide insights into the evolving needs in its territory and that would directly support cost effectiveness in future TE programs that will be part of SCE’s future Transportation Electrification Plan (TEP) filings. Rather than identifying a set list of research studies, SCE proposes a process for determining which research studies should be funded, in order to allow for participation in new, useful studies of which SCE may not have been aware of at the time of the submission of its Implementation Plan. SCE proposes that any research funded would meet one or more of the following criteria:

1. Provide data or insights on TE infrastructure planning that will further cost and grid reliability optimization, and/or would better enable SCE to understand evolving gaps and barriers to TE adoption in its territory
2. Would provide information on SCE customers, including how new program concepts may be able to serve their needs, that will allow SCE to better understand current and future barriers to electrification in its territory
3. Would provide benchmarking and/or information on program implementation practices from other state and national TE programs.

SCE proposes that this budget should be discretionary in order to ensure they can provide needed support and gain valuable insights in an expedient manner. While we see value on the research topics proposed by SCE, we are not comfortable approving the proposal as filed. Therefore, we approve the overall budget but, to ensure the study proposal is adequately scoped and budgeted, we direct SCE to informally submit each study scope of work, including budget, to ED staff for comment and sign off prior to contracting and commencement of the study. SCE should contact ED staff to agree on a process to achieve this direction. Therefore, as required by the Decision, this proposal is approved provided that SCE demonstrates that:

1. They have obtained and included input from EJ groups and CBOs in the development of this research and studies
2. The research and studies are designed to address gaps in existing program design that would benefit current and future EV drivers
3. The research study is a cost-effective pathway to achieving research goals, grid planning and/or future programs and is not duplicate of any existing study/work
4. The cost is reasonable and comparable to other research and studies of similar scope
5. **Claiming of incremental LCFS credits through the retirement of RECs.**

**SCE’s proposal to retire Renewable Energy Credits (REC) is denied without prejudice, as it cannot be determined in this Resolution. SCE must therefore file a Tier 3 Advice Letter that proposes REC retirement for LCFS credits**

Outside of the request for approval of Holdback funded programs, SCE seeks CPUC approval to claim Incremental LCFS Credits through the retirement of Renewable Energy Credits (RECs), and proposes two possible options for doing so:

1. SCE can retire its own RECs, or
2. SCE could use its LCFS credit revenue to buy RECs on the open market.

The first option is denied without prejudice as it cannot be determined through this Resolution. Therefore, SCE must file a Tier 3 Advice Letter with a proposal that includes:

1. A comprehensive methodology on how SCE would fairly compensate customers, for which renewable energy and RECs were originally procured
2. SCE should describe how RECs-for-LCFS credits would be retired, tracked and otherwise managed in the Western Renewable Energy Generation Information System (WREGIS) and distinguished from RECs for RPS compliance in WREGIS
3. The proposal must include details on how RECs would not be double counted for Renewable Portfolio Standard compliance and LCFS
4. SCE must also determine if any consequential modifications to any Renewable Portfolio Standard (RPS) filings or data submissions are required, and identify/describe the modifications if any (e.g., Annual and Final RPS Compliance Reports templates)
5. It must ensure that RECs retired for LCFS are excess RECs and are not divert from the RECs needed to meet RPS compliance targets.

If SCE’s proposal in the Advice Letter is approved, SCE must detail its current and planned RECs-for-LCFS credit activities in its annual RPS plans for review and approval each year. This Tier 3 advice letter must be served to RPS, Transportation Electrification (TE), and Power Charge Indifference Adjustment (PCIA) service lists.

SCE’s second option to purchase RECs on the open market using LCFS credit proceeds is not reasonable considering the complexity of such a proposal and the misalignment of this proposal with D.14-12-083 and the Decision. From a complexity standpoint, this proposal would allow for proceeds from one credit trading regulation to go towards another credit trading regulation to in turn support the generation of additional credits from the first credit trading regulation. This is both unnecessary and overly complex. Additionally, D.14-12-083 and the Decision both clearly outline how the IOUs should utilize the proceeds from the sale of LCFS credits, neither of which allow for the purchase of other credits with these proceeds. Thus, this second option does not comply with these CPUC Decisions and must be denied

**COMMENTS**

Public Utilities Code section 311(g)(1) provides that this Resolution must be served on all parties and subject to at least 30 days public review. Please note that comments are due 20 days from the mailing date of this Resolution. Section 311(g)(2) provides that this 30-day review period and 20-day comment period may be reduced or waived upon the stipulation of all parties in the proceeding.

The 30-day review and 20-day comment period for the draft of this Resolution was neither waived nor reduced. Accordingly, this draft Resolution was mailed to parties for comments, and will be placed on the CPUC's agenda no earlier than 30 days from today.

**FINDINGS**

1. Decision (D.) 20-12-027 requires that the investor-owned utilities file an initial Implementation Plan regarding their Low Carbon Fuel Standard (LCFS) Holdback funds, which must include: (1) a proposal for at least one program, and (2) a description for how the large IOUs plan to spend the rest of the funds, which shall include the status of the program development of the remaining program(s), an implementation timeline, and the approximate budget.
2. D.20-12-027 required that the Implementation Plans address certain general informational questions, as well as questions specific to the utility’s LCFS expenditures, program proposals, and specific programs.
3. D.20-12-027, Ordering Paragraph 1, requires that the Implementation Plans demonstrate that a percentage of the holdback revenues are being utilized to fund equity and resiliency projects.
4. Pursuant to D.20-12-027, Ordering Paragraph 3, SCE submitted its 2021-2024 LCFS Holdback Implementation Plan with its request for an exemption to the requirements of Section 851 via AL 4518-E, filed on June 15, 2021, and as modified by AL 4518-E-A, filed on February 24, 2022.
5. SCE proposed nine distinct programs to be funded with Holdback revenue—(1) Pre-Owned EV Rebate, (2) Home Electrification Readiness program, (3) Drayage Truck Rebate, (4) Zero Emission Truck, Bus, and Infrastructure Finance Program (ZETBIF), (5) San Bernardino Valley College Transportation Electrification Education Center Project, (6) Workforce Development Grants, (7) School Bus Vehicle-to-Building Project for Baldwin Park Unified School District, (8) Additional School Bus Projects, and (9) Transportation Electrification Research and Studies.
6. SCE AL 4518-E additionally includes a proposal for CPUC authorization to participate in claiming Incremental LCFS Credits through the retirement of Renewable Energy Credits (RECs) as a means to demonstrate the SCE is utilizing zero carbon intensity (CI) electricity for TE related charging. SCE proposes two options— (1) retire its own RECs, or (2) use its LCFS credit revenue to purchase RECs on the open market to in turn retire.
7. On July 5, 2021, SCE AL 4518-E received a response from Vehicle Grid Integration Council (VGIC), in which VGIC requests that SCE consider how to accelerate the use of LCFS holdback funds for V2B and V2G projects and recommends SCE submit an updated Implementation Plan detailing its Mid-Term Resiliency Projects (e.g., in six months).
8. SCE demonstrated concerted coordination with the other utilities on the development of this Pre-Owned EV Rebate proposal, with consistent rebate levels, eligibility requirements for both equity and non-equity customers, and similar application processes and outreach approaches.
9. As LCFS funds must be used for the benefit of existing or future EV drivers, the Home Electrification Readiness program should ensure that the panel upgrades are actually going to support current or future EV drivers charging at home.
10. Enabling the request for qualification for the Home Electrification Readiness program to remain open throughout the duration of the program could help to ensure new contractors can join as they learn about the program.
11. Additional Data Collection requirements for these projects are necessary in order to evaluate the efficacy of the Holdback investments in addressing barriers to transportation electrification, equity, and/or resiliency.
12. The Drayage Truck Rebate proposal complies with D.20-12-027.
13. The San Bernardino Valley College TE Education Center proposal and the Workforce Development Grants proposal do not comply with the requirements of D.20-12-027 and would require modifications to do so.
14. The Baldwin Bark Unified School District school bus proposal, as well as the proposal for additional school bus funding do not comply with the requirements of D.20-12-027 and would require modifications to do so.
15. SCE’s proposal for TE Research and Studies funding should be approved, contingent upon SCE obtaining informal approval of the proposed research and studies statement of work, budget from ED staff prior to contracting and commencement of the study. SCE should work with ED staff on a process to achieve this direction.
16. SCE’s proposal to retire its own RECs cannot be decided in this Resolution. SCE must file a Tier 3 Advice Letter with the Commission.
17. SCE’s proposal to utilize LCFS credit revenue to purchase RECs on the open market does not comply with D.14-12-083 nor D.20-12-027 and should therefore be denied.

THEREFORE, IT IS ORDERED THAT:

1. Southern California Edison’s (SCE) Low Carbon Fuel Standard Holdback Implementation Plan as filed in Advice Letter 4518-E and supplemental Advice Letter 4518-E-A is approved in part, with modifications. If SCE wishes to propose additional or updated programs given this Resolution’s rejection of some of its proposals, SCE may do so in a subsequent update to its Implementation Plan or through an interim Tier 2 AL filing.
2. Southern California Edison’s proposal for the Pre-Owned Electric Vehicle Rebate Program is approved, with modifications. Where appropriate, SCE shall provide rate education to customers who receive this rebate. SCE must work with the Energy Division staff to develop a data collection template prior to the program becoming available to the public for participation
3. Southern California Edison’s (SCE) proposal for the Home Electrification Readiness program is approved, contingent upon the following modifications:
   1. SCE must update the Program Eligibility requirements to ensure that participants install an electric vehicle charger; SCE must confirm this installation, or the plan to install the charger, prior to the customer receiving the rebate. SCE must work with Energy Division staff to develop a data collection template prior to the program becoming available to the public for participation
   2. SCE must include within its Data Collection requirements (1) whether the resident owns or rents the property, (2) whether the residence is a single-family home or a multi-unit dwelling, and (3) if a multi-unit dwelling, how many units does it contain.
   3. SCE must track within its Data Collection requirements whether the home requires additional electrical upgrading to accommodate more capacity beyond the panel upgrade.
   4. SCE must ensure that its request for qualification for the program’s contractor network remains open throughout the duration of the program.
4. Southern California Edison’s proposal for the Zero-Emission Truck, Bus, and Infrastructure Finance Program (ZETBIF) is approved, with modifications.
5. Southern California Edison’s (SCE) proposal for the San Bernardino Valley College Transportation Electrification Education Center requires modifications and is rejected without prejudice. SCE may refile its proposal for this project if it addresses the following:
   1. Provide justification for funding capital expenditure, budget for curriculum development, equipment, and any additional resources
   2. Include information on industry partners and labor stakeholder engagement, and collaboration with CWDB
   3. Provide assurances or statistics on commitment from employers on the need for the training center
   4. Provide details on the specific occupations that the training is targeting
   5. Provide details on how support services would be provided to address equity concerns
   6. Provide a process on how SCE plans to collect data for tracking project goals, funding, and establish success criteria
   7. Provide information on the type of credentials a student would earn and how it would benefit future employment opportunities
6. Southern California Edison’s (SCE) proposal for its Workforce Development Grants is rejected without prejudice. SCE may file a Tier 2 advice letter to propose specific workforce development projects. If doing so, SCE must address the following
   1. Provide clarity on specific occupations, demographics, and earnings that the program would target
   2. Provide information on how the program would address equity
   3. Include any description on how supportive services would be a component of the workforce development. These supportive services could include and not limited to stipends, childcare assistance, financial literacy, time management, mentorship an alumni groups for under-represented populations etc.,
7. Southern California Edison’s (SCE) proposal for the Baldwin Park Unified School District vehicle-to-building resiliency program is rejected without prejudice. SCE may refile this program proposal via Tier 2 advice letter. If doing so, SCE must address the following:
   1. Provide information on how this proposal fills a gap that Charge Ready Transport does not currently address since bidirectional charging is allowed in Charge Ready Transport.
   2. Provide information on how lessons learned from these investments will be leveraged for future program development
   3. Demonstrate how this proposal aligns with broader TE resiliency efforts including but not limited to PSPS and Wildfire Mitigation
   4. Provide more details on the budget categories, including but not limited to material, labor costs, types of equipment, number of ports etc.,
   5. Specify what would be learned from the testing and validation protocols, how they will be used, and whether these could be applicable to other programs
   6. Provide detailed information on what data would be collected and how it can be used to evaluate barriers in equity and resiliency, including customer and grid impacts
   7. Provide details on why this project cannot be supported by the other funding sources including but not limited to SCE’s Charge Ready Transport authorized by D.18-05-040 or programs supporting AB 1082
8. Southern California Edison’s proposal for additional school bus pilot funding is rejected without prejudice. While we agree that each school district has specific needs and local authority requirements, SCE has not provided some of the similar information requested in the School Bus Vehicle-to-Building Project for BPUSD. As proposed by SCE, they may refile this proposal as part of their September annual LCFS AL by providing information identified in the BPUSD project and the following:
   1. Specifics on how each of the projects would address equity or resiliency
   2. Specifics on why these projects cannot be supported by other funding sources
   3. Information on consultation with EV service providers
   4. Details on data collection efforts and how that would benefit future vehicle-to-building projects
9. Southern California Edison’s proposal for Transportation Electrification Research and Studies funding is approved, with modification. SCE must obtain informal approval from ED staff for the research and studies statement of work, budget, and data collection prior to the commencement of the study.
10. Southern California Edison’s proposal to retire its own Renewable Energy Credits in order to generate incremental Low Carbon Fuel Standard credits cannot be determined through this Resolution and is contingent upon approval of a Tier 3 Advice Letter. SCE is thereby ordered to submit a Tier 3 Advice Letter that includes the following:
    1. A methodology on how SCE would fairly compensate customers for which the renewable energy and RECs were originally procured
    2. Ensure that RECs are not double counted for RPS compliance and LCFS
    3. Describe how RECs-for-LCFS credits would be retired, tracked, and otherwise managed in the WREGIS and how they would be distinguished from RECs for RPS compliance in WREGIS
    4. Ensure RECs retired for LCFS must be excess RECs. SCE cannot divert RECs that are needed to meet RPS compliance targets
    5. Serve this Tier 3 Advice Letter to the RPS, TE, and PCIA service lists.
11. Southern California Edison’s proposal to utilize LCFS credit revenue to purchase RECs on the open market does not comply with D.14-12-083 nor D.20-12-027 and is therefore denied.

This Resolution is effective today.

I certify that the foregoing Resolution was duly introduced, passed, and adopted at a conference of the Public Utilities Commission of the State of California held on November 30, 2022, the following Commissioners voting favorably thereon:

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Rachel Peterson

Executive Director

1. D.20-12-027, COL 3, p.39 [↑](#footnote-ref-2)
2. D.20-12-027, p.7 [↑](#footnote-ref-3)
3. Large electric corporations also referred to as large investor-owned utilities (IOUs) include Southern California Edison, Pacific Gas and Electric Company, and San Diego Gas & Electric Company [↑](#footnote-ref-4)
4. D.20-12-027, p.26 [↑](#footnote-ref-5)
5. Pursuant to OP 2, the IOUs must pool LCFS forklift credit revenues with its LCFS Holdback credit revenues. [↑](#footnote-ref-6)
6. Al 4518-E-A, p.3 [↑](#footnote-ref-7)
7. Table 8, Advice Letter 4518-E-A (U 338-E), February 24, 2022 [↑](#footnote-ref-8)
8. SCE also includes $6.11M over four years on “Portfolio Outreach Costs.” SCE additionally notes that 5.2% of the portfolio will be directed towards ME&O and 6.5% will be spent on administrative costs. [↑](#footnote-ref-9)
9. California Alternate Rates for Energy Program (CARE) [↑](#footnote-ref-10)
10. Family Electric Rate Assistance Program (FERA) [↑](#footnote-ref-11)
11. Table 8 of Advice Letter 4518-E-A [↑](#footnote-ref-12)
12. SBVC submitted a preliminary budget to detail the intended scope of its annual expenditures in the development and buildout of the project and curricula. SCE will utilize this annual budget for not-to-exceed forecasting purposes and will structure its funding agreement with SBVC around project milestones, so that work must be completed before additional funding is released, as well as requiring SBVC to provide detailed annual budgets that SCE will approve prior to the effective year. See page 9 of AL 4518-E-A. [↑](#footnote-ref-13)
13. https://ww2.arb.ca.gov/our-work/programs/low-carbon-fuel-standard/lcfs-regulation [↑](#footnote-ref-14)
14. CARB LCFS Guidance 20-03, fn. 2, p.2 [↑](#footnote-ref-15)
15. SCE filed its Tier 3 AL requesting authorization for several VGI pilots via AL 4542-E on July 15, 2021. [↑](#footnote-ref-16)
16. California Department of Housing and Community Development defines low-income households based on Section 50093 of the Health and Safety Code as those earning less than 80% of each county’s area median income. [↑](#footnote-ref-17)
17. CARB’s LCFS regulation at page 35 [↑](#footnote-ref-18)
18. Sections 50093 and 50079.5 of the Health and Safety Code define lower-income individuals and households as those that earn less than 80 percent of the area median income. [↑](#footnote-ref-19)
19. D.20-12-027, p.31: “If a large electrical corporation proposes…a second-hand vehicle rebate, then the large electrical corporation must in its Implementation Plan describe how the large electrical corporations as a whole have coordinated their proposals in this area, with the goal of creating similar customer experiences across their territories. This demonstrated coordination should seek to ensure consistency in proposed rebate levels, eligibility requirements, application processes, and  
    outreach messaging.” [↑](#footnote-ref-20)
20. D.20-12-027, p.31 [↑](#footnote-ref-21)
21. Al 4518-E, p. 22 [↑](#footnote-ref-22)
22. D.20-12-027, p.40 [↑](#footnote-ref-23)
23. AL 4518-E p.24-25 [↑](#footnote-ref-24)
24. AL 4518-E, p.27 [↑](#footnote-ref-25)
25. AL 4518-E, p. 25: “The contractor network would be established through a competitive solicitation by which SCE would look for bidders to engage, recruit, qualify and train electricians, as well to secure volume pricing for equipment, materials, and labor for home electric panel upgrades.” [↑](#footnote-ref-26)
26. A Class 7 truck has a gross vehicle weight rating (GVWR) of 26,001 to 33,000 pounds, and Class 8 truck has a GVWR greater than 33,000 lbs. (https://nap.nationalacademies.org/read/9989/chapter/3) [↑](#footnote-ref-27)
27. D.20-12-027, p.29 “If a large electrical corporation proposes to expend LCFS holdback revenues on an equity project as described at Title 17 of the California Code of Regulations § 95483(c)(1)(A)(6)(a)(ii) (electrification of drayage trucks), then the large electrical corporation must demonstrate in its Implementation Plan how the proposal will address gaps or barriers not addressed by the electrical  
    corporation’s current TE programs, or how the proposal reduces the cost of ongoing program(s) to ratepayers.” [↑](#footnote-ref-28)
28. [https://cwdb.ca.gov/wp-content/uploads/sites/43/2021/04/2021.HRTP\_.BYD\_SMART\_ACCESSIBLE.pdf](https://urldefense.com/v3/__https:/cwdb.ca.gov/wp-content/uploads/sites/43/2021/04/2021.HRTP_.BYD_SMART_ACCESSIBLE.pdf__;!!LFxIGwQ!2ji2qyiTNt1kPyfGnt-emT-FHHc04b31FLTweATWi4LNkXY-FUstaZLX_-9XkhzYIOopLILj3vF1Mj51ay27gjXimjUW_OPZzCr3vR919IFY$) [↑](#footnote-ref-29)
29. <https://cwdb.ca.gov/initiatives/high-road-training-partnerships/> [↑](#footnote-ref-30)
30. [https://cwdb.ca.gov/initiatives/high-road-training-partnerships/](https://urldefense.com/v3/__https:/cwdb.ca.gov/initiatives/high-road-training-partnerships/__;!!LFxIGwQ!30D_yoTgLRW4Lxqzyi-GifJ8V5z8J3XAobejemKc98G1S6WpyhuabR_pZesaI9F-qGT4lAtzrurKf_nS_ZUB-asoKiahkiZYyd5K2YfK$) [↑](#footnote-ref-31)
31. D.20-12-027, p.27 [↑](#footnote-ref-32)
32. SB 1 Workforce Guidelines, p. 13-14: <https://cwdb.ca.gov/wp-content/uploads/sites/43/2019/09/SB1-Guidelines_UPDATED-BRANDING_ACCESSIBLE.pdf> [↑](#footnote-ref-33)
33. [https://www.bls.gov/soc/](https://urldefense.com/v3/__https:/www.bls.gov/soc/__;!!LFxIGwQ!xfdk8UorkjBNDLiOxkjhJDtFZre8d1r6IgNXnFeIb2CafcGN3Rbi4m-flA9Pf5wFarDB_j4XHTNRPnsSmxRNtn2mfwUxBJ3bsEHdtg$) [↑](#footnote-ref-34)
34. AL 4518-E-A, p.10-11: (1) number of participants in the TE workforce programs, (2) graduation/completion rates, (3) number of job placements versus number of students (for skills development centers), (4) status of partnerships with local and regional employers, (5) number of scholarships awarded, as applicable, (5) aggregated applicant demographics, (6) percentage of applicants that participate in internships or apprenticeships, (7) percentage of applicants that are placed in a job immediately following completion, (8) which companies are hiring for which types of jobs, (9) number of public TE education events at the facility (in the case of SBVC) and the number of people that were engaged through these activities. [↑](#footnote-ref-35)
35. D.20-12-027, p.27 [↑](#footnote-ref-36)
36. D.20-12-027, p.27 [↑](#footnote-ref-37)
37. D.20-12-027, p. 27 [↑](#footnote-ref-38)
38. Advice Letter 4518-E-A (U 338-E), February 24, 2022 [↑](#footnote-ref-39)
39. D.20-12-027, p. 29 [↑](#footnote-ref-40)
40. D.20-12-027, p.28 [↑](#footnote-ref-41)
41. AL 4518-E, p.68 [↑](#footnote-ref-42)
42. AL 4518-E, p.68 identifies the data that SCE may include as (1) electric school bus miles traveled, battery state of charge (%), charge/discharge amount (kWh) at 1-minute interval if available; (2) EV charger(s) charge/discharge (kWh) at 1-minute interval if available; (3) Facility consumption (kWh) at 15 minute interval; (4) IT building’s UPS battery state of charge (%), charge/discharge amount (kWh) at 1-minute interval if available; (5) Calculators used to quantify customer, grid, and environmental impacts; and (6) Actual project costs and calculations of the value of the project benefits. [↑](#footnote-ref-43)
43. D.20-12-027, p.27 [↑](#footnote-ref-44)
44. <https://ww2.arb.ca.gov/our-work/programs/school-buses/funding-clean-school-buses> [↑](#footnote-ref-45)
45. D.20-12-027, p.26 [↑](#footnote-ref-46)