PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Item #10 (Rev. 1)
Agenda ID# 24347
ENERGY DIVISION **RESOLUTION E-5463**
August 13, 2026

R E S O L U T I O N

Resolution E-5463. Joint Investor-Owned Utility Proposal to Streamline Low Carbon Fuel Standard Processes to align with California Air Resources Board Regulation

PROPOSED OUTCOME:

- This Resolution approves, with modifications, the proposal to streamline Low Carbon Fuel Standard processes to align with California Air Resources Board regulation submitted by the Joint Investor-Owned Utilities, San Diego Gas & Electric Company, Pacific Gas & Electric Company, and Southern California Edison.

SAFETY CONSIDERATIONS:

- There are no safety considerations associated with this resolution.

ESTIMATED COST:

- There are no direct cost impacts associated with this resolution. Programs proposed in accordance with this resolution are funded entirely through proceeds from the sale of Low Carbon Fuel Standard credits as directed by Decision (D.) 20-12-027.

By Advice Letter San Diego Gas & Electric's 4655-E, Pacific Gas & Electric's 7591-E, and Southern California Edison's 5544-E, Filed on May 7, 2025.

SUMMARY

This Resolution approves, with modifications, San Diego Gas & Electric's 4655-E, Pacific Gas & Electric's 7591-E, and Southern California Edison's 5544-E – (collectively, the Joint IOUs) proposal to establish an annual cadence for submitting Low Carbon Fuel Standard (LCFS) program proposals to the California Public Utilities Commission (CPUC) and aligning the CPUC's LCFS directives with the most recent California Air Resources Board (CARB) regulation amendments and subsequent guidance documents.

BACKGROUND

The California Legislature, through the Global Warming Solutions Act of 2006, Assembly Bill (AB) 32, and the Governor's Office, through Executive Order S-1-07, directed state government agencies to develop programs that reduce California's greenhouse gas (GHG) emissions. AB 32 granted CARB authority to regulate California's GHG emissions and, pursuant to AB 32 and Executive Order S-1-07, CARB developed the LCFS regulation which became effective April 15, 2010.

On March 24, 2011, the California Public Utilities Commission (CPUC) opened rulemaking (R.)11-03-012 to address, among other things, the use of revenues the large electrical corporations may receive from the sale of LCFS credits. In that proceeding, the CPUC issued decision (D.)14-05-021, as modified by D.14-07-003, which authorized the large electrical corporations to sell LCFS credits and established criteria and reporting requirements for the sale of the LCFS credits.[1] The CPUC also issued D.14-12-083, which adopted the methodology by which the large electrical corporations were to distribute revenue from the sale of LCFS credits. In response to CPUC direction provided in the decisions, the three large IOUs proposed and implemented programs to return LCFS credit revenue to ratepayers within their respective service territories. SDG&E proposed and implemented a single bill credit program, while PG&E and SCE proposed and implemented individual electric vehicle rebate programs.

On September 27, 2018, CARB approved amendments to its LCFS regulations. These amendments directed the electrical corporations participating in LCFS to establish a statewide point-of-purchase rebate for electric vehicles and plug-in hybrid electric vehicles that is funded exclusively by contributions from each participating

[1] D.14-05-021 exercised this authority based on Pub. Util. Code § 701 and §§ 851 et seq. (D.14-05-021 at 11-12). These sections of the Public Utilities Code predate the LCFS regulations promulgated by CARB and concern Commission authority to exercise oversight of the sale of assets belonging to the large electrical corporations.

utility's LCFS credit revenue. The point-of-sale rebate program is known as the California Clean Fuel Reward (CCFR) program and electrical corporations, including the Joint IOUs, contribute a percentage of their LCFS credits to fund the programs.

In December 2018, the CPUC opened R.18-12-006 and directed the IOUs to file Tier 3 advice letters within 30 days from the date CARB adopts regulatory changes to the current LCFS program that would require the IOUs to modify their LCFS program funding in the Scoping Ruling issued May 2, 2019. On August 15, 2019, the CPUC authorized Resolution E-5015 which approved, with modifications, SCE's proposed implementation plan for the LCFS-funded statewide point-of-purchase CCFR program and authorized SCE to administer the CCFR program for an initiation period of three years. On November 16, 2022, the CPUC approved SCE's request pursuant to Resolution E-5015, Ordering Paragraph (OP) 11, to continue its administration of the CCFR through 2026.[2]

On November 21, 2019, CARB considered proposed changes to its LCFS regulations that included requirements for how the large electrical corporations are to use their holdback LCFS credit revenue, or the credit revenue not contributed to the CCFR Program. These proposed amendments were later adopted by CARB and became effective July 1, 2020. Notably, the amendments set equity targets for holdback funds and included a list of pre-approved projects, such as electrification of drayage trucks, public and multi-family residence electric vehicle (EV) charging infrastructure, and additional rebates for low-income individuals beyond existing rebates, for the utilities to use holdback funds. The equity requirements took effect beginning January 1, 2022.

In response to CARB's adopted amendments in December 2020, the CPUC issued D.20-12-027, concerning LCFS revenue utilization. This decision found that it is reasonable to require the Joint IOUs to file LCFS holdback revenue return implementation plans in order to qualify for an exemption from the requirements of Public Utilities Code (PUC) Section 851 pursuant to PUC Section 853(b).[3] This decision outlined the Tier 2 advice letter requirements for implementation plans and required

[2] SCE Advice Letter 4840-E was approved via disposition with an effective date of November 3, 2022
[3] The Public Utilities Code, codified in 1951, includes Sections 851 and 853(b). Section 851 ensures that utilities cannot dispose of important assets without regulatory oversight by the CPUC, this section was amended by AB 698 (Skinner) in 2009 and added a pathway for public utilities to file an advice letter for smaller and more routine transactions (generally under $5 million). Section 853(b) gives the CPUC authority to exempt any public utility from the requirements of Section 851 and states that the CPUC may establish rules or impose requirements deemed necessary to protect the interest of customers.

that the IOUs file an initial implementation plan by June 2021.[4] The IOUs each complied with this requirement and began implementing programs funded by LCFS holdback funds. To date, the IOUs have eighteen approved holdback programs.

In 2022, CARB approved the 2022 Scoping Plan for Achieving Carbon Neutrality, which charted a path to achieving carbon neutrality by 2045 and reducing greenhouse gas emissions 85% below 1990 levels by 2045. On November 8, 2024, following the 2022 Scoping Plan Update, CARB approved amendments to the LCFS regulation summarized below:[5]

- **Stringency for Carbon Intensity (CI):** The amendments would increase both the pre- and post-2030 stringency of the CI benchmarks. The amendments require a 30% reduction in fuel CI by 2030 and a 90% reduction in fuel CI by 2045 from a 2010 baseline.[6]
- **Automatic Acceleration Mechanism (AAM):** To accommodate rapid advances in transportation fuel production and use, the amendments also include a near-term step-down and an AAM to the CI stringency. Historically, the CI benchmark has reduced approximately 0%-1.5% annually. The step-down is a one-time 9% reduction in the CI benchmark in 2025 that increases the stringency of the CI target. From 2026 to 2030, the CI benchmark resumes its annual reduction of approximately 1.5%, until 2031, when the annual reduction increases to approximately 4%. The AAM is intended to further reduce the CI, accelerating the target by one year, if the ratio of credits-to-deficits outpaces a defined ratio.[7]
- **Clean Fuel Reward (CFR) Program:** The amendments adopt four relevant changes to the CFR program:
    - The statewide CFR program previously provided a reduction in price on new light-duty (LD) EV purchases or leases but will now shift to new and/or used commercial medium- or heavy-duty (MDHD) electric vehicles that are not subject to the High Priority and Federal Fleets under CARB's Advanced Clean Fleets Regulation.[8]
    - The minimum contribution of proceeds from the sale of residential base credits to the statewide CFR program are reduced. PG&E and SCE remain categorized as large IOUs and their remittance decreased from 67% to

[4] D.20-12-027, page 26
[5] SDG&E Advice Letter 4655-E, PG&E Advice Letter 7591-E, and SCE Advice Letter 5544-E, pages 2-4
[6] 17 California Code of Regulations (CCR) § 95484. (d) pp. 72 - 73
[7] 17 CCR § 95484. (b) pp. 71 - 72
[8] 17 CCR § 95481

50%. SDG&E was recategorized from a large IOU to a medium IOU and will remit 25% (previously 67%).[9]

- Administrative costs, excluding start-up costs, to support any CFR program are limited to 5%, unless approved in advance by the CARB Executive Officer.[10]

- **Equity:** The amendments increased minimum annual equity spending requirements for the IOUs to 75% for large and medium IOUs; while also harmonizing the definition of equity with Assembly Bill 841 (Ting, 2020).[11] This also aligns the IOU equity requirements and the regulation with those established by the CPUC in D.20-12-027. If a utility fails to spend the required percentage on equity projects in a calendar year, the shortfall of spending, in dollars, will be added to their total equity spending requirement for the following year.[12]

- **Preapproved Holdback Projects:** Previously, the regulation required that electricity credit proceeds be used to support current and future electric vehicle (EV) drivers. However, the amendments now establish that entities generation credits from electricity must use all credit proceeds to further transportation electrification efforts in California.[13] The amendments further refine how the IOUs may spend credit proceeds via two lists:
  - ***Equity:*** These projects may include electrification of drayage trucks, MDHD trucks, or off-road vehicles; investments in public and multi-family residential EV charging infrastructure; investment in electric

[9] 17 CCR § 95483(c)(1)(A)2.

[10] 17 CCR § 95491(e)(5)(A)1.b.

[11] Amended PUC Chapter 8.7 Article1, 1601(e) to define "Underserved community" as a community that meets one of the following criteria:

(1) Is a "disadvantaged community" as defined by subdivision (g) of Section 75005 of the Public Resources Code.
(2) Is included within the definition of "low-income communities" as defined by paragraph (2) of subdivision (d) of Section 39713 of Health and Safety Code.
(3) Is within an area identified as among the most disadvantaged 25 percent in the state according to the California Environmental Protection Agency and based on the most recent California Communities Environmental Health Screening Tool, also known as CalEnviroScreen.
(4) Is a community in which at least 75 percent of public school students in the project area are eligible to receive free or reduced-price meals under the National School Lunch Program.
(5) Is a community located on lands belonging to a federally recognized California Indian tribe.

[12] 17 CCR § 95483(c)(1)(A)5.a.

[13] 17 CCR § 95491(e)(5)

mobility and public transit programs; rebates and incentives for low-income individuals; re-skilling and workforce development; investment in grid-side distribution infrastructure for MDHD vehicle charging; and, other projects. [14]

 - ***Other:*** Other holdback credit proceeds may be spent on grid-side distribution infrastructure necessary for EV charging; support for vehicle-grid integration; and hardware and software that decrease the cost of or avoid updates to infrastructure.[15]

- **Third-Party Verification:** The IOUs will need to hire a third-party verifier to review quarterly and annual reporting for CARB. The regulation subjects IOUs to this requirement starting in 2027.[16]

On February 18, 2025, the Office of Administrative Law (OAL) disapproved CARB's rulemaking package. On February 25, 2025, CARB received a "Decision of Disapproval of Regulatory Action" from OAL identifying 26 proposed regulatory provisions that OAL determined did not comply with the clarity standard of the Administrative Procedure Act (APA). OAL also noted that the final regulation text and documents incorporated by reference required non-substantive revisions pursuant to Section 40, Title 1 of the California Code of Regulations.

On May 7, 2025, while CARB was still finalizing its eventual May 16, 2025 resubmission of the rulemaking to OAL, SDG&E, PG&E, and SCE submitted Advice Letters (AL) 4655-E, 7591-E, and 5544-E, respectively. The purpose of each AL was to streamline the existing LCFS process and realign with CARB's regulation in light of the updates approved on November 8, 2024. The Joint IOUs' ALs outlined three main objectives, and two sub objectives of objective three, of their proposal, which includes the following:

1) Establish an annual cadence for submitting new LCFS program proposals to the CPUC;
2) Leverage the Annual Forecast AL for extending and adding budget to existing and approved programs;
3) Align CPUC directives with the most recent CARB regulation amendments and subsequent guidance documents. The Joint IOUs anticipated that clarifications would be made on the regulation and pre-emptively requested the following:
   a. Approval to categorize spending on verification activities as overhead

[14] 17 CCR § 95483(c)(1)(A)5.a.
[15] 17 CCR § 95483(c)(1)(A)5.b.
[16] 17 CCR § 95491.1(d)

b. Approval to qualify all medium- and heavy-duty (MDHD) projects towards the annual minimum equity spending requirement.

On June 27, 2025, OAL approved CARB's updated rulemaking that made non-substantive revisions to the rulemaking package. The LCFS regulation went into effect on July 1, 2025. The non-substantive revisions to the regulation do not affect the Joint IOUs' requests outlined in their ALs.

NOTICE

Notice of Advice Letter San Diego Gas & Electric's 4655-E, Pacific Gas & Electric's 7591-E, and Southern California Edison's 5544-E was made by publication in the Commission's Daily Calendar. San Diego Gas & Electric, Pacific Gas & Electric, and Southern California Edison state that a copy of the Advice Letter was mailed and distributed in accordance with Section 4 of General Order 96-B.

PROTESTS

Advice Letter San Diego Gas & Electric's 4655-E, Pacific Gas & Electric's 7591-E, and Southern California Edison's 5544-E, was not protested but did receive one supportive response from the Vehicle-Grid Integration Council (VGIC) on May 7, 2025 . VGIC supports the Joint IOUs' proposal for streamlining and identifies the need to preserve flexibility. The Joint IOUs responded to VGIC's response on June 3, 2025, and clarifies some current practices as well as echoes support from VGIC.

DISCUSSION

The Commission has reviewed San Diego Gas & Electric's 4655-E, Pacific Gas & Electric's 7591-E, and Southern California Edison's 5544-E ALs and VGIC's response and finds the requests made by the Joint IOUs to be reasonable but provides additional clarity for implementation purposes and outlines efforts to ensure comprehensive LCFS program proposal and reporting efforts.

The Joint IOU AL is approved, with modifications, as discussed in this section.

1. Establish an annual January 31 cadence for implementation plans proposing any new holdback projects with disposition no later than July 31

The Joint IOUs' proposal to establish an annual January 31 cadence for submitting implementation plans that propose new holdback programs with disposition no later than July 31 is approved, with modifications.

Ordering Paragraph (OP) 3 of D.20-12-027 directed the IOUs to file initial implementation plans to return LCFS holdback funds to customers and seek exemption from Public Utility Code Section 851 as it applies to LCFS holdback credit sales by filing a Tier 2 AL. The same OP allows the IOUs to update their Implementation plans, if necessary, by filing a Tier 2 AL. Pursuant to OP 3 of D.20-12-027, the IOUs each filed initial implementation plans to propose programs funded by LCFS holdback revenue.

Since the initial implementation plans were approved in 2021, the Joint IOUs continue to propose new programs as implementation plan updates via Tier 2 ALs. D.20-12-027 did not outline a timeline for updating or adding to implementation plans which are currently submitted, as Tier 2 ALs, on an ad hoc or rolling basis. In the past, this has led to regulatory congestion[17] and has added time for Energy Division review and disposition. This results in uncertainty for the Joint IOUs to continue to implement and develop their LCFS program portfolio and delays the start of these programs as well as LCFS revenue distribution. VGIC's response demonstrates strong support for the proposed efforts to streamline the process and reiterates that the current process of ad hoc ALs make it harder for stakeholders to track program developments.

In order to provide more certainty for the IOUs, Energy Division, and interested parties, we approve the Joint IOUs' proposal to set a cadence of LCFS implementation plan submittals and directs the IOUs to file their implementation plans by January 31 annually. We agree that a Tier 2 AL is the appropriate path to propose new programs as implementation plans established by D.20-12-027. We also agree that establishing a timeline for implementation plan submittal will result in more certainty for both Energy Division and interested stakeholders.

An annual due date of January 31 for implementation plans submitted as a Tier 2 AL, in most instances, will provide reasonable time for Energy Division to dispose of the AL by July 31. However, the CPUC cannot guarantee that staff will be able to dispose of each implementation plan by July 31 as this depends on the quality of the submittal and the protests or responses received. We, therefore, do not approve the IOUs' proposal that Energy Division staff dispose of the ALs no later than July 31. Regarding

[17] Joint IOU Advice Letter, page 5

VGIC's requests for the CPUC to commit to predictable approvals[18], the CPUC is not required to approve LCFS program proposals submitted by the IOUs. Energy Division staff must do due diligence to ensure that the implementation plan proposal is comprehensive and complete to ensure the program has a high likelihood of success. Energy Division staff will dispose of implementation plans appropriately and this may include approving, approving with modification, rejecting, or rejecting without prejudice.

In order to assist the timely disposition of program proposals, we direct Energy Division staff to work with the IOUs to develop a template for implementation plans that will be publicly available on the CPUC website. Energy Division will notify the R.23-12-008 service list or any successor proceeding when the template is developed. Energy Division staff may modify the templates when necessary and will notify the appropriate utility case managers if this occurs and update the templates on the CPUC website published or updated on the CPUC website. The updated templates must be used for the next implementation plan filing, as long as they are, at minimum, finalized 3 months before the January 31 deadline. We also direct the IOUs to notify Energy Division about LCFS program development ahead of filing an implementation plan. We also direct the IOUs to consult their Program Advisory Council (PAC) during the quarterly meetings about programs in development for LCFS funding.

The CPUC recognizes that if disposition of an implementation plan is delayed past July 31, this will result in uncertainty for the Joint IOUs' annual Forecast AL, described in more detail in the section below. If their implementation plan is not approved by July 31, we advise the IOU(s) to either omit the pending programs from the forecast or include them in the forecast as pending approval.

VGIC also encourages the Commission to consider other methods of increasing transparency around LCFS holdback programs.[19] They suggest that this can be done by providing information on approved LCFS programs and pending ALs on the Commission's website or another central repository. We agree that a public webpage for existing LCFS programs and pending ALs will increase transparency on the use of LCFS funds and direct Energy Division to monitor and update their LCFS webpage[20] to include the information requested by VGIC.

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[18] VGIC Response to Joint IOU Advice Letter, page 3

[19] VGIC Response to Joint IOU Advice Letter, page 3

[20] https://www.cpuc.ca.gov/industries-and-topics/electrical-energy/infrastructure/transportation-electrification/charging-infrastructure-deployment-and-incentives/low-carbon-fuel-standard

2. Enhance the annual September Forecast AL forecasting LCFS credit and revenue estimates

The Joint IOUs' proposal to enhance the annual September Forecast AL forecasting LCFS credit and revenue estimates is approved, with modifications.

In OP 5 of D.14-12-083, the Commission directed that, beginning in 2015 and in each subsequent year of the program, the IOUs shall submit via Tier 2 AL no later than September 30 with the following information:

a. An estimate of the number of credits the utility expects to generate for the following year;
b. An estimate of the amount of revenue the utility expects to generate from the sale of those credits;
c. An estimate of the balance that will be in the utility's balancing account on January 1 of the following year;
d. An estimate of the cost of administering the Low Carbon Fuel Standard credit program in the following year, including customer outreach expenses;
e. An estimate of the amount of revenue that will be distributed to customers in the following year; and,
f. An estimate of the number of drivers to whom credits will be distributed and the value that will be distributed to each driver.

Pursuant to OP 3 of D.20-12-027, the IOUs currently submit ad hoc Tier 2 ALs if they want to request program extensions and additional budget for program implementation.

The IOUs' LCFS funded programs have evolved from single bill credit programs (SDG&E) and single EV rebate programs (PG&E and SCE) to a wide-ranging portfolio of programs that support transportation electrification in the state of California.[21] The Joint IOUs identify that predicting multi-year funding for these types of projects is complex due to the unpredictable LCFS credit prices and volume. Because of this uncertainty, the IOUs cannot guarantee that they will collect the revenue from LCFS they forecast spending at the time of submitting a program implementation plan.[22] To address this uncertainty, the Joint IOUs propose to expand the scope of the September Forecast AL to include program timeline and funding extensions. Each new implementation plan will request the first two years of funding which will be

[21] Joint IOU Advice Letter, page 7
[22] *I.d.*, page 7

authorized upon the AL's approval. After that, each subsequent year of funding will be requested in the annual September Forecast AL submitted by September 30.[23] VGIC's response requests that the Joint IOUs also include forecasted budget for future years if the program is expected to run beyond the initial two years.[24] In their response to VGIC, the Joint IOUs clarify that what VGIC requests is already the IOUs' current practice and no change is necessary to their proposal.[25] We find that the Joint IOUs should continue to include both the first two years of funding they are requesting approval for and funding projections for the expected duration of the program beyond the initial two years. In addition, the IOUs state that they will use the annual September Forecast AL to describe any minor changes to existing programs beyond the budget.[26]

The Joint IOUs request the CPUC dispose their September Forecast AL by December 31 of the same year to ensure that budgets are in place for January 1. The Joint IOUs propose that in the event that their AL is not approved by December 31, the previous year's budgets remain in effect until the disposition of the pending AL.[27] This proposed approach is consistent with D.15-10-028, Decision Regarding Energy Efficiency Goals for 2016 and Beyond and Energy Efficiency Rolling Portfolio Mechanics, which reasoned that "a budget remains in place until superseded by Commission or Commission Staff action on the new budget."[28] VGIC supports the Joint IOUs' proposal, and requests the CPUC commit to predictable approvals for the IOUs' annual Forecast ALs.[29] We find the IOUs' request reasonable and approve this proposal.

While we agree that a known deadline for disposition of the IOUs' annual Forecast AL will provide transparency to stakeholders on the LCFS program process, we cannot commit to disposing an AL by a specific date, especially without knowing exactly what the IOUs' AL will include or if parties will raise any protests on the proposal. To support Energy Division's ability to timely review and dispose of the annual Forecast ALs, the IOUs should coordinate with Energy Division staff and relevant stakeholders prior to submitting the Forecast AL to ensure that all necessary information is provided and all concerns are addressed in their submission.

[23] Joint IOU Advice Letter, page 7
[24] VGIC Response to Joint IOU Advice Letter, page 3
[25] Joint IOU Reply to VGIC Response, page 2
[26] Joint IOU Advice Letter, page 8
[27] *I.d.*, , page 8
[28] D.15-10-028, page 60.
[29] VGIC Response to Joint IOU Advice Letter, page 3

In order to assist the timely disposition of forecasted budget and program extensions, we direct Energy Division staff to work with the IOUs to incorporate LCFS program-level data into the Annual LCFS Report, sent to Energy Division staff by April 30 of each year. This will give Energy Division staff insight into the status of each program beyond program cost and requested budget.

3. Direct the IOUs to comply with the most recent CARB regulation and guidance

The Joint IOUs' request that the resolution direct the IOUs to comply with the most recent CARB regulation and guidance documents is unnecessary.

The IOUs request that the CPUC direct the IOUs to comply with the most recent CARB regulation and subsequent guidance documents as they are periodically updated.[30] VGIC expresses strong support for this request, as it minimizes misalignment.[31] Historically, as with D.14-05-021, as modified by D.14-07-003, and D.20-12-027, the CPUC adopted regulations governing the use of LCFS credit revenue were complementary to, but more detailed than, the CARB regulations governing the use of LCFS revenue.

There are aspects of the LCFS regulation that will modify IOU program design and requirements but do not conflict with the ordering paragraphs of D.20-12-027 or other CPUC direction, for example the creation of a pre-approved list for non-equity holdback programs does not conflict with CPUC direction but creates requirements for the non-equity programs utilities may propose. The IOUs are already required to implement CARB regulation and associated CARB regulatory determinations.

There may be times where new CARB regulation amendments and guidance does not conflict with CPUC direction but does modify IOU LCFS revenue collection and/or other aspects of program implementation. In this instance, we direct the IOUs to file an information-only submittal[32] notifying the CPUC of the change with regards to LCFS credit revenue and LCFS funded programs. In the information-only submittal, the IOUs should outline how they will comply with the CARB regulation updates. If compliance looks the same across utilities, they may file a joint information-only submittal. If future CARB LCFS regulation amendments require the IOUs to modify their existing program implementation plans they may notify the CPUC in their September Forecast AL or

[30] Joint IOU Advice Letter, page 9
[31] VGIC Response Joint IOU Advice Letter, page 2
[32] Pursuant to Commission General Order 96-B, Sections 6.1-6.2

through a Tier 2 AL updating their Implementation Plans. This process is aligned with the direction in D.20-12-027 OP 3.

In the Joint IOU advice letter, the Joint IOUs provided two examples of areas they anticipated CARB would provide further guidance on for which they are preemptively seeking CPUC approval:

Verification of Cost Recovery

The 2024 LCFS amendments subject electricity-based transactions that generate LCFS credits to verification starting in 2027 for 2026 data.[33] Verification would only apply to commercial EV charging owned by the IOU (such as stations at the IOU's workplaces or as allowed in programs to construct public charging through SB 350 (de León, 2015)[34]). To comply, the IOUs need to hire an accredited verification body to review the quarterly and annual reports submitted to CARB for credit generation. The verification body would complete a workplan, perform a desk review of raw data and calculations, visit sites if deemed necessary, and send CARB results of its verification.[35]

The Joint IOUs recover costs related to verification with the type of credit being verified.[36] The IOUs clarify that these costs are:

> "associated with participating in LCFS regardless of whether the utility is offering any programs. They may include broker fees or staff time from selling credits, quarterly and annual reporting, analysis and costs of transferring funding to the CFR, utility participation in the CFR Steering Committee, and verification."[37]

The CPUC affirms that verification may be paid from the associated credit proceeds, and, if applicable, this spending will be reported to the CPUC with the rest of the equity requirements annually.

MDHD Charging as an Equity Project

The 2024 LCFS amendments prioritize MDHD electrification by including MDHD projects in the pre-approved equity project list and transitioning the statewide CFR

[33] 17 CCR § 95500(c)(E)
[34] Clean Energy and Pollution Reduction Act, among other things, require the CPUC approve IOU programs to increase charging infrastructure in their respective regions
[35] 17 CCR § 95501(b)
[36] Joint IOU Comments on Draft Resolution E-5463, page 4
[37] Joint IOU Advice Letter, page 10

from a LD rebate to an MDHD incentive. In order for a project to be considered an equity project, it must be on the pre-approved list of incentives and be:

> [. . .] for the primary benefit of, or primarily serving, or primarily serving disadvantaged communities and/or low-income communities and/or rural areas or low income individuals eligible under California Alternative Rates for Energy (CARE) or Family Electric Rate Assistance (FERA) programs or the definition of low-income in California Health and Safety Code Section 50093 or the definition of low-income established by a POU's governing body or a community in which at least 75 percent of public school students in the project area are eligible to receive free or reduced-price meals under the National School Lunch Program, or a community located on lands belonging to a state or federal recognized California Indian tribe.[38]

Previously, to prove a project primarily benefitted a disadvantaged, low-income, or rural community, you could use the project location to assess if the project was in disadvantaged or otherwise underserved community. However, since MDHD vehicles travel far beyond where they are domiciled and have the potential to reduce emissions across their travel routes, rather than only where they charge, it is challenging for stakeholders to assess the specific communities they are primarily benefiting. The Joint IOUs state that to address this logistical challenge, CARB staff have indicated that MDHD infrastructure projects should be considered equity projects under the LCFS regulatory framework regardless of where vehicles charge or are domiciled given MDHD trucks are a major source of localized air pollution, disproportionately affecting communities located near freight corridors, ports, and distribution hubs.[39]

The CPUC's current guidance for equity projects adopted in D.20-12-027 aligns with CARB's most recent regulation and states that:

> expenditure of LCFS holdback funds for the primary benefit of or primarily serving disadvantaged communities and/or low-income communities and/or rural areas or low-income individuals eligible under CARE or FERA or the definition of low-income in Health and Safety Code § 50093 or the definition of low-income established by a POU's governing body, or a community with a median household income less than 80 percent of the statewide average, or a community in which at least 75 percent of public school students in the project area are eligible to receive free or reduced-price meals under the National School Lunch Program, or a community located on lands belonging to a federally

[38] 17 CCR § 95483(c)(1)(A)5.a.
[39] Joint IOU Advice Letter, page 11

recognized California Indian tribe shall qualify as an LCFS holdback expenditure that meets the equity project requirement of CARB's LCFS regulations.[40]

We agree with the Joint IOUs that MDHD vehicles may impact their travel corridors more than the locations they are domiciled in. We also recognize that many major travel corridors go through DACs and contribute to local air pollution, and because of this, CARB may categorize programs benefitting MDHD as equity.

CARB determining that LCFS programs benefitting MDHD sector electrification infrastructure and where supported by community input, regardless of location, are considered equity spending would not be in conflict with CPUC direction; by complying with CARB regulation, such projects would meet CPUC's equity spending requirements.

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. Any comments are due within 20 days of the date of its mailing and publication on the Commission's website and in accordance with any instructions accompanying the notice. 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 Commission's agenda no earlier than 30 days from today.

The Joint IOUs filed public comments on July 20, 2026. The Joint IOUs seek clarification on LCFS program-level reporting requirements, PAC meeting flexibility, and reporting changes in the September Forecast Advice Letter. The Joint IOUs also request that the final resolution align verification cost recovery with the type of LCFS credit proceeds being verified. Comments are discussed below.

1. LCFS Program-Level Reporting Requirements and Coordination

[40] D.20-12-027, page 14-15

The Joint IOUs request that OP 9 of the Final Resolution be revised to (1) clarify that LCFS program-level data will be incorporated into the Annual LCFS Report due on April 30 using a reporting template similar to the Annual TE Programs and Initiatives Compliance Report; and (2) require the IOUs to collect and report program data in a standardized format that enables both CPUC and CARB to effectively evaluate LCFS programs.[41] The Joint IOUs support providing additional program-level reporting to the CPUC to demonstrate progress with LCFS-funded programs. The draft resolution directs "Energy Division staff to work with the IOUs to incorporate LCFS program-level data into the Annual LCFS Report," however, OP 9 in the draft resolution contained conflicting information and stated that program-level data should be incorporated into the Annual Transportation Electrification Programs and Initiatives Compliance Template. The Commission agrees that the template should reflect a standardized format that enables both the CPUC and CARB to effectively evaluate LCFS programs. This Resolution updates OP 9 to state: "Pacific Gas & Electric, Southern California Edison, and San Diego Gas & Electric are directed to consult with Energy Division to incorporate Low Carbon Fuel Standard program-level data into the Annual LCFS Report."

2. Program Advisory Council (PAC) Meeting Flexibility

The Joint IOUs request flexibility in how PAC meetings are structured based on status of programs and stakeholder engagement needs. They state that if changes are made they will provide advance notice to PAC participants.[42] The PACs were originally established in the IOUs' 2016 TE program decisions[43] to advise utilities on their light-duty infrastructure pilot programs and were extended to include Priority Review Projects[44] and Standard Review Projects[45]. The IOUs request flexibility in how PAC meetings are structured since Funding Cycle 0 (FC0) infrastructure programs will stop accepting new applications in December 2026. The Commission agrees that the structure and cadence of PAC meetings, if only being used for LCFS programs, may be modified to meet the stakeholder and utility needs. This Resolution updates OP 6 to state: "Pacific Gas & Electric, Southern California Edison, and San Diego Gas & Electric must consult their Program Advisory Council about programs in development for LCFS funding. If changes are made to the structure of these meetings, Pacific Gas &

[41] Joint IOU Comments on Draft Resolution E-5463, page 3
[42] Joint IOU Comments on Draft Resolution E-5463, page 4
[43] See D.16-01-023, D.16-01-045, and D.16-12-065
[44] See D.18-01-024
[45] See D.18-05-040

Electric, Southern California Edison, and San Diego Gas & Electric must provide advance notice to participants."

3. Verification Cost Recovery

The Joint IOUs report that they received clarification from CARB that current verification requirements are limited to quarterly reporting for commercial LCFS credits.[46] As a result of this clarification, the Joint IOUs note that verification costs associated with commercial credits should be paid from commercial credit proceedings rather than LCFS overhead which is paid from residential holdback credit. The Joint IOUs request that the Resolution allow the Joint IOUs to pay with the type of credit proceeds being verified.

This Resolution updates language from the draft resolution to align with the clarification the Joint IOUs received from CARB and updates Findings of Fact 19 to reflect this alignment "The California Public Utilities Commission agrees that verification may be paid from the associated credit proceeds, and, if applicable, this spending will be reported to the California Public Utilities Commission with the rest of the equity requirements annually."

4. Notifying the Commission of Minor Changes to Existing LCFS Programs

The Joint IOUs request additional clarification that they can request minor program changes in the September Forecast AL.[47] The Commission affirms that the IOUs may request minor program changes, which may include but are not limited to, program design parameters, such as incentive values, equity requirements, and delivery mechanisms, in their September Forecast AL. This Resolution updates language on page 12 to reflect the Joint IOUs' initial request and ensure this option is included in the approval of the updates to the September Forecast AL: "In addition, the IOUs state that they will use the annual September Forecast AL to describe any minor changes to existing programs beyond the budget."

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[46] *I.d.*, page 4
[47] *I.d.*, page 5

FINDINGS AND CONCLUSIONS

1. On May 7, 2025, San Diego Gas & Electric, Pacific Gas & Electric, and Sothern California Edison submitted Advice Letters 4655-E, 7591-E, and 5544-E, respectively proposing to streamline the existing Low Carbon Fuel Standard process and realign with California Air Resources Board's approved amendments.

2. The investor-owned utilities outlined three main objectives of their proposal, (1) Establish an annual cadence for submitting new Low Carbon Fuel Standard program proposals; (2) Leverage the Annual Forecast advice letter for extending and adding budget to existing and approved programs; (3) Align California Public Utilities Commission directives with the most recent California Air Resources Board regulation amendments and subsequent guidance documents.

3. Investor-owned utilities file and update their implementation plans as Tier 2 advice letters and submitted initial implementation plans by June 2021 pursuant to Decision 20-12-027.

4. Decision 20-12-027 did not outline a timeline for updating or adding to implementations plans and investor-owned utilities currently submit Tier 2 advice letters on an ad hoc basis to update implementation plans.

5. Establishing a timeline for implementation plan submittals will result in more certainty for Energy Division and interested stakeholders.

6. Developing a standardized template for implementation plans will assist in the timely disposition of program proposals.

7. Energy Division disposition of an implementation plan after July 31 may result in uncertainty for the investor-owned utilities' annual Forecast Advice Letter.

8. It is not reasonable to hold Energy Division to a specific deadline to approve the IOUs' LCFS program proposals.

9. A public webpage for existing low carbon fuel standard programs and pending advice letters will increase transparency on the use of low carbon fuel standard funds.

10. The investor-owned utilities submit their forecast Tier 2 advice letters before September 30 annually pursuant to Ordering Paragraph 5 of D.14-12-083.

11. Predicting multi-year funding for Low Carbon Fuel Standard projects is complex due to the unpredictable Low Carbon Fuel Standard credit prices and volume.

12. Investor-owned utilities should continue current practice of including expected project funding for the expected duration of the program beyond the initial two years.

13. The investor-owned utilities anticipate that California Air Resources Board will provide further guidance on low carbon fuel standard amendments through guidance documents.

14. The investor-owned utilities request that California Public Utilities Commission direct the investor-owned utilities to comply with the most recent California Air Resources Board regulation and guidance documents.

15. California Public Utilities Commission has adopted regulations governing the use of Low Carbon Fuel Standard credit revenue that are complementary to, but more detailed than, the California Air Resources Board regulations governing the use of low carbon fuel standard revenue.

16. The investor-owned utilities may seek clarification from the California Public Utilities Commission and CARB in the instance where California Public Utilities Commission direction conflicts with the Low Carbon Fuel Standard regulation or associated CARB regulatory determinations to determine appropriate action needed for alignment.

17. There may be instances where new California Air Resources Board regulation amendments and guidance do not conflict with California Public Utilities Commission direction but do modify investor-owned utility Low Carbon Fuel Standard revenue collection and or other aspects of program implementation.

18. To comply with the 2024 Low Carbon Fuel Standard amendments, the investor-owned utilities need to hire an accredited verification body to review the quarterly and annual reports submitted to California Air Resources Board for credit generation.

19. The California Public Utilities Commission agrees that verification may be paid from the associated credit proceeds, and, if applicable, this spending will be reported to the California Public Utilities Commission with the rest of the equity requirements annually.

20. The 2024 Low Carbon Fuel Standard amendments prioritize medium- and heavy-duty electrification by including medium- and heavy-duty projects in the pre-approved equity project list and transitioning the statewide Clean Fuel Reward from a light duty rebate to a medium- and heavy-duty incentive.

21. Since medium- and heavy-duty vehicles travel far beyond where they are domiciled and have the potential to reduce emissions across their travel routes,

rather than only where they charge, it is challenging to assess the specific communities they are primarily benefiting.

22. California Public Utilities Commission agrees with the investor-owned utilities that medium- and heavy-duty vehicles may impact their travel corridors more than the locations they are domiciled in.

23. California Public Utilities Commission finds that Low Carbon Fuel Standard programs benefitting the medium- and heavy-duty sector electrification infrastructure may qualify as an equity program, so long as it meets the applicable requirements of CARB regulation and associated CARB regulatory determinations.

THEREFORE IT IS ORDERED THAT:

1. Pacific Gas & Electric's 7591-E, Southern California Edison's 5544-E, and San Diego Gas & Electric's 4655-E Advice Letter is approved in part, with modifications.

2. Pacific Gas & Electric, Southern California Edison, and San Diego Gas & Electric are directed to file future implementation plans by January 31 annually as Tier 2 advice letters.

3. Pacific Gas & Electric's, Southern California Edison's, and San Diego Gas & Electric's request that Energy Division staff dispose of implementation plans no later than July 31 is denied.

4. Pacific Gas & Electric, Southern California Edison, and San Diego Gas & Electric must work with Pacific Gas & Electric, Southern California Edison, and San Diego Gas & Electric shall implement the requirements for data gathering on Low Carbon Fuel Standard programs as adopted in this resolution.

5. Pacific Gas & Electric, Southern California Edison, and San Diego Gas & Electric must notify Energy Division about Low Carbon Fuel Standard program development at minimum 3 months ahead of filing an implementation plan.

6. Pacific Gas & Electric, Southern California Edison, and San Diego Gas & Electric must consult their Program Advisory Council about programs in development for LCFS funding. If changes are made to the structure of these meetings, Pacific

Gas & Electric, Southern California Edison, and San Diego Gas & Electric must provide 60 days advance notice to participants.

7. Pacific Gas & Electric, Southern California Edison, and San Diego Gas & Electric are directed to request funding for projects beyond the initial two years in their annual September Forecast Advice Letter submitted by September 30.

8. If the annual Forecast Advice Letter is not approved by December 31, Pacific Gas & Electric's, Southern California Edison's, and San Diego Gas & Electric's previous year's program budget remains in effect until the advice letter has been disposed.

9. Pacific Gas & Electric, Southern California Edison, and San Diego Gas & Electric are directed to consult with Energy Division to incorporate Low Carbon Fuel Standard program-level data into the Annual LCFS Report.

10. In instances where California Public Utilities Commission (CPUC) direction and regulation is more detailed than California Air Resources Board (CARB) regulation or associated CARB regulatory determinations, Pacific Gas & Electric, Southern California Edison, and San Diego Gas & Electric must comply with CPUC direction and regulation in addition to CARB's Low Carbon Fuel Standard regulation and associated CARB regulatory determinations.

11. In instances where new California Air Resources Board regulation amendments and guidance modify revenue collection or aspects of program implementation, Pacific Gas & Electric, Southern California Edison, and San Diego Gas & Electric must file an information-only submittal notifying the California Public Utilities Commission detailing the change.

This Resolution is effective today.

The foregoing resolution was duly introduced, passed and adopted at a conference of the Public Utilities Commission of the State of California held on August 13, 2026; the following Commissioners voting favorably thereon:

Commissioner Signature blocks to be added
upon adoption of the resolution

Dated August 13, 2026, at San Francisco, California.