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Washington Department of Ecology
15700 Dayton Ave N
Shoreline, WA 98133

RE: Chapter 173-424 WAC, Clean Fuels Program Rule, October 6, 2021 stakeholder meeting

ChargePoint appreciates the Department of Ecology's (the Department) work on developing a Clean Fuels Standard (CFS) rule in Washington and the opportunity to participate in the rulemaking process. ChargePoint is a world leading electric vehicle (EV) charging network, providing scalable solutions for every charging scenario from home and multifamily to workplace, parking, hospitality, retail and transport fleets of all types. Today, one ChargePoint account provides access to hundreds of thousands of places to charge in North America and Europe. ChargePoint is a participant under California and Oregon's clean fuels standards and has collaborated in CFS rulemakings in California, Oregon, British Columbia, Canada, and Germany.

ChargePoint would like to provide the following comments in response to the discussion at the October 6, 2021 Stakeholder meeting.

2023 Compliance Obligation

ChargePoint recommends that Washington not delay the carbon intensity (CI) compliance obligation in 2023 as doing so would also delay investment in Washington clean fuels and infrastructure. Maintaining the full statutory compliance obligation in 2023 will help create an immediate, transactionable market for clean fuels from the onset and accelerate investment in the state. Delaying the 2023 obligation until 2034-2038 creates uncertainty and will likely delay investment and decarbonization. Harmonizing program operations, IT systems, and reporting timelines with California and Oregon will help ease the administration in the early days and should address the concerns of those seeking a delay in implementation.

Question for the Department: under California and Oregon's programs, obligated parties are not required to retire credits until the end of each compliance year. Is the Department considering mandating quarterly credit retirements under Washington's program? If not, and the Department intends to adopt the annual retirement obligation used in California, Oregon, and British Columbia, obligated parties will have the full year in 2023 to procure sufficient credits to cover their obligation.

Credit Generating Framework for EV Charging

Crediting pathways for the fueling of battery electric vehicles by non-electric utilities, smart charging pathways, and direct current fast charging infrastructure crediting should be included in the 2023

rulemaking to enable crediting upon program implementation. Postponing these credit generating activities will postpone transportation electrification and deep decarbonization in Washington.

The crediting mechanism for EV charging should be designed in a way that attracts and supports performance-based investment in clean fuels and infrastructure and balances accuracy and risk regarding program administration. The credit mechanism provides critical financing for the operation, maintenance, and expansion of EV charging infrastructure and should be designed differently for residential and non-residential charging. Credit revenues under existing CFSs have proven to be important forms of project finance for EV infrastructure.

For residential charging, a large share of which may be Level 1 or not separately metered, if the Department elects to designate utilities to administer credit reporting and monetization, those utilities should be required to reinvest credit proceeds back into transportation electrification, such as vehicle and residential charger rebates in underserved areas. Measurable networked charging data should be prioritized and encouraged, where possible¹, over estimates of charging to minimize over/under counting credit generation.

“Residential charging” should be defined as charging that takes place at a single-family residence.

For non-residential charging, credits should be awarded to the owner/operator of the charging station and calculated based on networked charging data. This aligns costs (the investment in the charging station) and benefits (the credit) and incentivizes direct investment in charging infrastructure. To minimize stranded credits in the market, charging network operators should be the backstop for any unclaimed non-residential credits^{2,3}. Providing network operators more financing mechanisms to incorporate into offerings will accelerate investment and build out of charging infrastructure and further transportation electrification and decarbonization.

On revenue reinvestment requirements, the requirements described in section 9 of 1091 should not apply to credits generated from non-residential charging. Unlike residential credit revenue, which defaults to electric utilities under existing CFS programs for administrative purposes, the non-residential credit incentive often attracts investment in the charging infrastructure in the first place and is factored into the overall investment decision. Credit revenues help offset the upfront and ongoing capital costs associated with charging stations and by requiring non-residential credit generators to reinvest credit proceeds, it removes that value from the original investment profile rendering the investment less attractive.

Furthermore, non-residential credits generated by non-utilities should not be capped in any way. Capping credits generated by non-utilities will similarly suppress private investment in transportation electrification; on the contrary, private investment should be encouraged under the program.

¹ Networked charging stations record and communicate detailed data on charging station activity, including specific information on every charging session. Charging station network operators collect, verify, analyze, and aggregate these data records in real time in order to manage the network. The California and Oregon clean fuels programs utilize this networked data today for reporting purposes to provide a robust and auditable record of the charging events in a manner that is comprehensive and accurate, while protecting EV driver privacy.

² The network operator is the entity that operates and maintains the communication platform on which the networked charging stations sit. The charging network operator is often also the charging station manufacturer and service supplier.

³ Allowing charging network operators to act as the backstop for non-residential stations enables flexibility and efficiency under the program. Some charging station owners/operators will not opt into the program. Allowing the network operator to act as the backstop in these instances will lead to administrative efficiencies and minimize stranded credits. Moreover, proceeds from credit sales enable network operators to offset networking and station operating costs and further build out the charging network.

“Non-residential charging” should be defined as charging that takes place away from a single-family residence.

In order to ease program implementation, ChargePoint encourages the Department to leverage the concept of “EVSE ID” (electric vehicle supply equipment) instead of serial number to track registered charging stations. The serial number associated with a plug on a station may change over time, whereas the EVSE ID stays constant, regardless of whether or not a plug gets swapped out. We would be happy to discuss the use of EVSE IDs further with the Department if it would be helpful.

Carbon Intensity of Electricity and Base vs Incremental Credit Construct

ChargePoint supports the use of program mechanisms to enable the reduction of the CI of electricity delivered to vehicles and the use of the base and incremental crediting construct deployed in California and Oregon. Creating incentives to reduce emissions from power generation furthers the goal of a CFS policy and can help support the build out of renewable energy to serve Washington. We recommend a statewide, annual average approach to electricity CI calculation and implementation for ease of administration, while enabling credit generators (electric utilities/automobile manufacturers in the case of residential and charging station owners/network operators in the case of non-residential) to reduce the CI of electricity used to charge EVs through purchases of eligible renewable energy. In either case, the renewable energy certificate requirements should be set to limit renewable energy supply to additional resources serving Washington and to prevent double counting under Washington’s parallel renewable energy goals.

We would also encourage the Department to consider smart charging pathways under the program to encourage low CI charging. As more drivers adopt EVs and commercial fleets electrify, the opportunity for emissions savings from smart charging will continue to grow, and this could be further encouraged under the CFS. In addition, as more intermittent zero-CI energy is built out, grid CIs may become more volatile. Incentivizing load matching with zero-CI production will lead to cost and emissions savings.

Direct Current Fast Charging (DCFC) Infrastructure Crediting

ChargePoint supports capacity-based crediting pathways for DCFC in Washington, as this pathway under California’s LCFS has proven to attract significant investment in DCFC and accelerate the buildout of the DCFC infrastructure network across the state⁴. The California Air Resources Board’s (CARB) approach to capacity-based crediting has been successful thus far and we encourage the Department to leverage this approach in Washington, with a few exceptions to consider:

- Consider allowing DCFC stations that are open to the public for charging less than 100% of the time to generate capacity credits prorated to the amount of time the station is open to the public. This would encourage investments in private DCFC infrastructure to also serve the public, creating additional benefits. The Department could consider specifying the hours of the day the station must be open to the public to qualify.

⁴ According to DOE data, since the FCI pathway was implemented under the CA LCFS in 2019, the number of public DCFC stations has increased by a factor of 6.5.

- Under California's provisions, applications for capacity credits must be received by December 2025 in order to qualify. As Washington's program will not be implemented until 2023, we suggest pushing this date back to 2030.
- If the Department decides to follow CARB in capping the cumulative value of capacity-based credits per project, we suggest allowing for a 10% ROI to create a sufficient incentive to attract private investment, similar to the CARB approach.

With regards to limiting capacity-based credits in the market, we support CARB's approach to capping infrastructure-based credits to maintain healthy credit markets and the incentive to supply clean fuel. That said, the buildout of publicly available charging stations will be critical to spurring widespread EV adoption which is the clearest path to long term transportation deep decarbonization in Washington, so we encourage the Department to balance the goal of maintaining balanced credit markets with incentivizing investment in deep decarbonization when considering the cap, especially in the early years when the credit market will be small in size. We support the five year crediting window used in California.

Thank you for considering our feedback. We look forward to continuing to participate in rulemaking.

A handwritten signature in cursive script, appearing to read "Evan Neyland".

Evan Neyland
Clean Fuels Manager