e-Mission Control
A MOMENTUM COMPANY

November 19, 2021

Debebe Dererie
Abbey Brown
Joel Creswel
Washington Department of Ecology
300 Desmond Drive SE
Lacey, WA 98503

Submitted electronically via https://aq.ecology.commentinput.com/?id=DpgZ3

RE: Comments on the Washington Clean Fuels Program Rulemaking

Energy Mission Control, Inc. (e-Mission Control, eMC) appreciates the opportunity to comment on the proposed Clean Fuels Program Rulemaking. e-Mission Control is a Sacramento-based technology company that helps facilitate participation in California's Low Carbon Fuel Standard (LCFS) and Oregon's Clean Fuels Program (CFP) for hundreds of small- and medium-sized businesses operating electric material handling equipment, cargo handling equipment, electric refrigeration units, and on-road light, medium, and heavy-duty vehicles. eMC has developed a comprehensive and streamlined software set that eliminates many of the administrative roadblocks that traditionally preclude small fleets from opting into these programs and allows them to take clear, affirmative, and immediate steps to reinvest in the electrification of their goods movement and material handling operations.

We offer additional background on typical industry practice, information on the current state of affairs on electric fleet participation, and request the following adjustments to the proposed amendments:

1. **We suggest the first reporting entity and credit generator for electric forklifts be the entity that makes facility and equipment use decisions, operates the equipment, and pays utility and maintenance costs, i.e. the "Fleet Operator".**

   Background: Unlike light or heavy-duty electric vehicles, eOGV, cargo handling equipment, or transportation refrigeration units, businesses utilizing propane and electric forklifts occasionally utilize long-term lease agreements with forklift suppliers/dealers, typically in the three to five-year leases. These lease agreements are almost always packaged with associated chargers and batteries. The mix of owned vs. leased equipment within any specific fleet varies substantially from business to business, with many businesses leasing/renting a small portion of their fleet to support temporary needs or for seasonal purposes. However, it is always the case that the fleet operator makes the procurement use decision on the equipment type, quantity, charging/fueling systems utilized, and ultimately foots the bill for fuel and operational costs. In the case where additional infrastructure is required to support new equipment, it is the fleet operator that must manage the project and build in the associated installation costs into their bottom line. Additionally, it is almost always the case that the fleet operator or business owner who develops and manages internal company greening initiatives, which frequently includes decisions on use of more efficient and less carbon-intense vehicle types.

In Port ecosystems (for eCHE) and on-road trucking logistics ecosystems (for eTRU[1]), the terms "Fleet Owner" and "Fleet Operator" may typically be used interchangeably[2], however in warehousing, cold storage, food and beverage, or the myriad of other industries utilizing electric forklifts (often in disadvantaged communities), the definition of "Fleet Owner," and by extension, the right of claim to first fuel reporting entity causes significant disruption in the LCFS/CFP systems. Most importantly, this has led to current in-use practices where leasing companies (in partnership with consultants) have opted-in leased equipment (having claimed title of "Fleet Owner"), retained credit ownership, and have seen financial returns, while not disclosing anything to the actual operator of the equipment. In our experience with such situations, we've found that no financial net benefit is returned to the fleet operator to help them advance their own business operations in a "greener" direction through the terms of the lease agreement, and the funds from the program are often redirected out of state. Frequently, the only time a fleet operator becomes aware of this situation is when they try to opt-in their owned equipment at the same facility, but, due to the mechanics of the Fuel Supply Equipment (FSE) registration process, are rejected due to facility coordinate conflicts. Or worse, during the FSE registration process, if serial numbers are not accurately compared between submissions, a duplicate registration occurs, resulting in double counting of the leased equipment. As discussed later in this letter, a portion, potentially large, of the newer electric forklift LCFS/CFP participation in California and Oregon, respectively, can be attributed to this practice.

Additionally, the Oregon CFP currently permits the use of the CA LCFS Regulatory Guidance 17-02 (which references "fleet operators" not "fleet owners"), which, because of the difficulty in accessing metered data in material handling fleet facilities, allows for the estimation of kWh values based on a variety of equipment and shift operation variables. As is currently practiced, leasing companies laying claim to credit generation at a particular facility where their equipment is leased, **regularly do not disclose this to the fleet operator**, and therefore do not have an accurate method of collecting necessary operational variables **required** by Guidance 17-02 (i.e. shifts per day, days per quarter, charge cycles per shift, etc.). Even if extremely conservative values are assumed, this short-changes the LCFS/CFP with under-generation. e-Mission Control strongly recommends the WA Department of Ecology also utilize the CARB's Guidance 17-02 since it adds a lot of needed support for eMHE fleets and increases liquidity in the program, however, it should only be eligible for fleet operators.

Importantly, e-Mission Control sees the intent of the CFP program to help facilitate increased market penetration of low-carbon fuels. In the most-granular sense, helping offset increased fuel costs, electricity in this case (especially increased zero-carbon electricity costs), is a fundamental underpinning of the program. Redirecting these funds to "fleet operators" who are in the most

[1] e-Mission Control has additional comments on shipping-containerized eTRU's typically owned by large shipping conglomerates.

[2] e-Mission Control understands and can expand greatly on the relationship between Port's and Terminal Operators and how CHE/eCHE equity, operational costs, and utility costs reflect FSE ownership, if requested.

direct need and in the best position to advance electric forklift adoption should be the Priority fuel reporting entities.

While some industry stakeholders argue that manufacturers should retain the ability to generate credits to advance their marketing/advertising capabilities and offer cost rebates, we believe this is one step removed from the direct incentive that should be attributed to the end consumer. The availability and general specifications of electric forklifts are already very well known to the industry and cost rebates are never or very rarely offered in direct relation to the CFP facility credit value generation.

Specific changes are suggested as follows:

*The Credit Generator of Electricity for Electric Forklifts should be the "Fleet **Operator**".*

2. **We suggest the first reporting entity and credit generator for eTRU's, eCHE, and eOGV be the entity that makes facility and equipment use decisions, operates the equipment, and pays utility costs, i.e. the "Facility Operator", and that for eTRU the FSE refer to the "Facility or location where electricity is dispensed."**

As the current regulation is proposed, the "Charging Equipment Owner or Service Provider" is the credit generator for each category. For eTRU's, this is applicable to both over-the-road, dry-box style containers as well as shipping-containerized units.

e-Mission Control is concerned that unique finance, rental, or other EVSE ownership structure business models will arise from the attribution of credit generation to the charging equipment owner. As with the California and Oregon programs, for the eOGV and eCHE categories, the FSE is attributed to the "Facility or location" where charging occurs, and we suggest that to apply in WA as well, however in those programs the eTRU FSE refers to each eTRU. We suggest that the FSE refer to the facility or location.

In practice, shipping container eTRU's are often moved from the ship then plugged in on-site akin to shore-powering a vessel before they are unloaded/loaded and shipped out again. Operationally, these eTRU's are moved at the same frequency and with the same global footprint as typical dry-box shipping containers. They are almost exclusively owned by shipping lines and leasing companies but plugged in by distribution facilities and terminal operators. As a container arrives it is plugged in, then may never see that same facility again after it leaves. Any single container is typically only on site for no more than seven days. These facilities have the capability to independently meter electricity consumption to just the eTRU's, but can't track the serial numbers of the eTRUs receiving power.

Importantly, there are many facilities state-wide that have no or very little infrastructure in place to directly plug-in eTRU's on-site. These facilities must rely on diesel gensets to power the electrical componentry of the eTRU's. Facilities that have opted to green their operations by installing associated electrical infrastructure have spent millions of dollars to do so and are also

the entities paying utility costs. This industry example is the perfect candidate for the CFP program to lessen the use of diesel fuel in thousands of gensets and increase penetration of grid-connected eTRU's.

As with electric forklifts, and as new EVSE business models (such as leasing charging systems) find their way into the eTRU industries, delineating the credit generator as the charging equipment owner may cause confusion in practice at many facilities operating eTRU's.

We suggest that the first fuel reporting entity to be the "facility operator" and to redefine the FSE as the "facility or location" where electricity is dispensed, or as the physical meter monitoring energy consumption to the eTRU(s).

Thank you for the consideration of this material. e-Mission Control is a strong supporter of the hard work of the CFP team and greatly appreciates the opportunity to provide these comments. We look forward to continued discussions.

Sincerely,

Todd Trauman
CEO
Energy Mission Control, Inc.

CC: Colby Green
Elaine O'Byrne