Alliance for Automotive Innovation

Please find the attached letter from the Alliance for Automotive Innovation.

March 11, 2021

Debebe Dererie
Washington Department of Ecology
300 Desmond Drive SE
Lacey, WA 98503

RE: Washington Clean Fuel Standard Program Rulemaking, 173-424 WAC

Dear Mr. Dererie:

The Alliance for Automotive Innovation ("Auto Innovators")[1] appreciates the opportunity to provide comments on the open Clean Fuels Program Rule. We also appreciate the Department of Ecology's ("Department") role in leading this important policy rulemaking. A clean fuel standard not only supports electric vehicles (EVs) but can also further reduce emissions from every vehicle on the road.

In the context of climate change, market-based mechanisms are widely understood to encourage emissions reductions in the most efficient way, especially when broadly applied. Properly structured, a clean fuel standard reduces the carbon intensity (CI) of gasoline and diesel fuel either directly or by funding low CI alternatives, such as plug-in and fuel cell electric vehicles and the required infrastructure to support the use of these vehicles. A clean fuel standard is an important part of Washington's overall strategy to reduce transportation-related carbon emissions, providing an approach that aligns improved fuel economy with lower emission fuels. It can also provide a source of revenue for transportation-related investments and improvements.

[1] Formed in 2020, the Alliance for Automotive Innovation is the singular, authoritative, and respected voice of the automotive industry. Focused on creating a safe and transformative path for sustainable industry growth, the Alliance for Automotive Innovation represents the manufacturers producing nearly 99 percent of cars and light trucks sold in the U.S. The newly established organization, a combination of the Association of Global Automakers and the Alliance of Automobile Manufacturers, is directly involved in regulatory and policy matters impacting the light-duty vehicle market across the country.

House Bill 1091 allows residential EV charging events to generate credits which can then be sold to regulated parties for compliance with the program. We commend the Department for including an option where vehicle manufacturers and utilities split the residential EV charging credits. Vehicle-based data, provided by the vehicle manufacturer, is the most accurate source to track and properly account for charging events. By providing vehicle manufacturers a pathway to generate a share of the overall base and incremental credits, alongside electric utilities, for residential charging using these data, the Department is ensuring accurate accounting of all charging events. This approach importantly provides a direct and strong incentive for EVs that are highly utilized, generating more electric vehicle miles traveled, displacing proportionally more fossil-based vehicle miles traveled and thus realizing GHG emission reductions. Additionally, this type of program could spur increased market adoption of EVs in the state of Washington. Because of vehicle manufacturers' strong capability in marketing and outreach, as well as a dealer network in the state, manufacturers are best positioned to communicate the benefits of the Clean Fuel Standard program directly to the customers that it would benefit.

Because EV manufacturers can track all charging events, manufacturers have the greatest capability and flexibility in terms of reporting. EV manufacturers are uniquely positioned to aggregate accurate vehicle charging data for credit generation and provide those data, auditable by either the Department or an approved third party, on a regular basis. This would be comparable to the approach employed by the California Air Resources Board (CARB) in their Low Carbon Fuel Standard program. Data reporting could include, for example, quarterly charging events and kWh consumed at all or certain specific locations. EV manufacturers could provide data for all EVs or just a subset, based on the needs of the Department.

We appreciate that, in the January 27th stakeholder meeting, the Department recognized the value that vehicle manufacturers can offer by participating as residential EV charging credit generators. In that stakeholder meeting, the Department proposed three options for residential EV credit generation:

- Option 1 – Utility 100% of credit, if claimed
- Option 2 – Utility 100% of credit, with incentive to meter
- Option 3 – Utilities and OEMs share the credit

In the same stakeholder meeting, the Department laid out "Residential EV Charging Success Factors": verifiable and accurate data on EV charging events, data coverage of the available EV charging events, and providing incentives to all actors in the fuel life cycle. Based on these factors, Option 3 is the preferred pathway as it meets all of the success factors. As stated above, EV manufacturers are uniquely positioned to aggregate vehicle charging data for credit generation and are well-positioned to provide verifiable and accurate data to the Department. In the January 27 stakeholder meeting, the Department seemed to recognize the benefits of Option 3 by not indicating any cons for such an option. Option 3 provides an opportunity to bring together automakers, utilities, and backstop aggregators to participate in the Clean Fuel Standard as credit generators.

While we support the pathway of Option 3, we recommend that the Department make modifications to the allocation of revenue to each party. In the January 27 stakeholder meeting, the Department presented an example that would allocate a maximum of 25% of residential credits to an EV manufacturer if the manufacturer provided 90% of EV charging data. This allocation seems partial, and we support a more balanced approach. We are aware of a proposal submitted by several OEMs that would split residential charging credits with 45% of the credits going to utilities, 45% going to OEMs, and the remaining 10% going to backstop aggregators if an OEM submits charging data from 76-100% of registered EVs.[2] This alternative approach is more reasonable and provides incentives for manufacturers to provide more reporting.

As we have stated in previous communications, we recognize that along with vehicle manufacturers, utilities have an important role to play in the realization of residential EV charging. Therefore, we are supportive of Option 3, with a modified allocation of credits. This option provides the best opportunity for a robust clean fuel standard in Washington and one that most incentivizes the utilization of EVs.

---

[2] Letter transmitted to Department of Ecology on March 9 signed by Audi, BMW, Bridge to Renewables, Ford, GM, Mitsubishi, Rivian and Tesla (https://scs-public.s3-us-gov-west-1.amazonaws.com/env_production/oid100/did1008/pid_202037/assets/merged/ab01ij3_document.pdf?v=7SQEZP8GA)

Again, we appreciate the opportunity to provide feedback on this important rulemaking and we look forward to continuing to work with the Department and other stakeholders to ensure that the Clean Fuels Program is a success.

Respectfully submitted,

Dan Bowerson
Sr. Director, Energy & Environment