Electric Vehicle Supply Equipment (EVSE) Industry Design Principles for Washington's Low Carbon Fuel Standard

1. **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 stations and should be designed differently for residential and non-residential charging[1]. Credits from non-residential charging should not be assigned to utilities.

   For single-family residential charging, a large share of which may be Level 1 or non-metered, if the Department makes the decision to allow utilities to administer credit reporting and monetization for efficiency purposes, those utilities should be required to reinvest credit proceeds back into transportation electrification projects, such as vehicle and residential charger rebates in underserved areas, and EV rate design. Reinvestment activities would entail required reporting, as is the case in California and Oregon[2]. Measurable and verifiable networked charging data should be prioritized[3] and

[1] For residential charging, it is not viable for individual drivers to opt-in to the program and report and collect credits. Therefore, an entity acting on drivers' behalf that can return the credit value to drivers should be allocated residential credits. Administrative factors should also be considered so as not to overburden Ecology.

[2] Starting in 2022 in Oregon, reinvestment of proceeds from the sale of residential incremental credits must be reported each year by investment category and described, per consultation with the Equity Advisory Committee.

[3] Networked, or "smart", charging enables lower cost and emissions charging, as well as overall grid management, and should be incentivized under the program.

encouraged overestimates in the calculation of credit generation, where possible (see note below).

"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[4] should be the backstop for any unclaimed non-residential credits[5]. Most of the charging industry is still nascent; given the thin margins of profitability for selling and maintaining stations, providing network operators more financing tools to bundle into offerings, it will accelerate investment in charging infrastructure and transportation electrification.

Credits for non-residential charging should *not* be assigned to the electric utility, as this assignment would suppress the incentive to invest in charging infrastructure. Additionally, utilities lack the data necessary to report the kWh delivered to vehicles via public charging stations, as such stations are (1) often on a shared meter with the site host and (2) consume auxiliary power for lighting, touch screens, wiFi equipment and other uses such that the electricity measurement at the utility meter does not truly represent energy dispensed to vehicles.

The reinvestment requirements described in section 9 of 1091 should not apply to credits generated from non-residential charging. The credit incentive attracts private investment in charging infrastructure, and revenues received help offset the upfront and ongoing capital costs associated with charging stations.

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.

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

Note on charging station data: networked charging stations record and communicate detailed data on charging station activity, including specific information on every charging station session. Charging station network operators collect, verify, aggregate, and maintain records of that data as part of the quarterly and annual reporting processes in the California and Oregon clean fuels programs today, providing both states with a robust and auditable record of the charging events which occur as part of the program in a manner that is comprehensive and accurate, while protecting EV driver privacy. The

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[4] The network operator is the entity that operates and maintains the communication platform on which the networked charging station sits. The charging network operator is often also the charging station manufacturer and service supplier.

[5] 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, allowing network operators to act as the backstop allows the entity best suited to manage compliance and allocate the credit value to manage the program.

Oregon and California programs have led to industry wide standards that ensure charging data is reported consistently over the useful life of the station. By leveraging this data, it protects program integrity of a clean fuels program. Going forward, for public networked charging stations, it will be easier to administer verification at the charging station level.

2. **Low-CI electricity and time of use charging pathways should be enabled under the program to encourage EV charging using low-carbon electricity and/or at times when the electric grid is cleanest.**

   Enabling site hosts and charging networks to earn incremental credits will incentivize important co-benefits. Using lower (including zero and/or negative) carbon electricity provides additional GHG and criteria pollutant reduction benefits for the state, while using smart charging provides important grid management benefits.

   Furthermore, Section 4 of HB 1091 specifically requires a mechanism for earning credits for the use of low carbon electricity, while Section 6 recognizes the benefits of smart charging and allows the creation of a mechanism to incentivize the use of this technology.

   "(iv) Allow the generation of credits associated with electricity with a carbon intensity lower than that of standard adopted by the department. The department may not require electricity to have a carbon intensity of zero in order to be eligible to generate credits from use as a transportation fuel."

   "(d) The use of smart vehicle charging technology that results in the fueling of an electric vehicle during times when the carbon intensity of grid electricity is comparatively low."

   Ex: California and Oregon's clean fuels programs both have incremental crediting mechanisms, and California's has a smart charging pathway. Oregon DEQ has said it will evaluate smart charging pathways in future rulemakings.

3. **Capacity-based credits for publicly available direct-current fast charging (DCFC).** The fast-charging infrastructure pathway under California's LCFS has proven to be an extremely effective mechanism in terms of de-risking and attracting private investment in publicly available DCFCs, which is a necessary barrier that must be overcome to enable widespread EV adoption. Publicly available DCFCs help incent additional EV adoption among populations that lack access to dedicated parking and benefit all EV drivers. Therefore, investment should be encouraged via capacity credit provisions that provide credit value based on installed kW capacity to all DCFCs, regardless of the owner or connector type. California's mechanism caps credit revenues at the CAPEX for the station, and limits overall "capacity credits" in the market. Caps on credit carve outs, such as capacity credits for publicly available DCFCs, should consider the potential effects to the broader credit market. This is to ensure there is not an oversupply of credits in the market, which would have an unintentional consequence of bringing down the value of credits for all technologies.

   Furthermore, Section 6 of HB 1091 requires this program feature:

   "(2)(a) The rules adopted under sections 3 and 4 of this act must allow the generation of credits based on capacity for zero emission vehicle refueling infrastructure, including

DC fast charging infrastructure and hydrogen refueling infrastructure".

Ex: California's fuel credit program has this feature.

4. **Verification should leverage existing technologies (hardware and software) and balance the materiality of risk with administrative feasibility.**

5. **Reporting**. The department should templatize and streamline reporting and leverage the concept of EVSE ID for non-residential charging. Reporting/credit issuance should take place quarterly. The Department of Ecology should be encouraged to adopt similar electronic reporting systems and templates as those deployed in California and Oregon as the market is already familiar with these systems.

6. **Book-and-claim accounting** for lower carbon intensity renewable energy should be enabled under the program. These mechanisms to allow the pairing of renewable energy with EV charging without the need for colocation have been implemented under California and Oregon's programs and have resulted in a significant increase in the use of renewable energy. This increased demand for renewable energy sends a strong market signal for more renewable energy deployment and further reduces emissions.

Thank you for your consideration,

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