electrify america

February 28, 2020

To the Member States of the Transportation Climate Initiative (TCI):

Electrify America appreciates the opportunity to comment on the ongoing development of a cap-and-invest framework for the TCI region. Electrify America, LLC, is a wholly-owned subsidiary of Volkswagen Group of America that is investing $2 billion over ten years in zero-emission vehicle infrastructure, access, and brand-neutral education efforts.

Electrify America has made a substantial investment in high-speed charging in the TCI region, currently operating 265 chargers across 56 sites in the states considering the cap-and-invest program. We have 11 additional sites currently under construction, and have announced between 51 and 72 additional sites to be installed by the end of 2021. Electrify America's stations feature state-of-the-art technology, including ultra-fast 150 kW and 350 kW chargers, as well as customer-friendly features such as credit card payment at every charger. Electrify America will soon begin planning for its next phase of investments, which will cover the period from January 2022 to June 2024.

I am submitting these comments to elaborate on joint comments previously filed on November 6, 2020, in collaboration with the Connecticut Green Bank and Climate Neutral Business Network, as members of the EV Charging Carbon Coalition (EVCCC). In these comments, I wish to point out a potential unintended consequence of the proposed TCI cap-and-invest framework, as well as two potential remedies that could strengthen and increase the efficacy of the program.

Set-Aside Reserve and Voluntary Carbon Credits

Electrify America notes that the proposed framework provides that "Participating Jurisdictions may set aside a small number of allowances to be used to achieve other TCI Program goals." In our previous comments, we commended this inclusion as this provision is necessary to preserve existing value available to EV charging providers investing in TCI communities. Owners and operators of EV charging stations are currently able to generate voluntary carbon credits, such as those awarded through the rigorous methodology established by the EVCCC and validated through Verified Carbon Standard (VCS), a third-party certification organization. The value from these voluntary carbon credits encourages additional investment in charging infrastructure in the region, and helps to offset the operational costs of EV charging. The VCS methodology requires that emissions reductions are delivered without double counting them under other programs, including a cap-and-invest program such as the one proposed. By not only including a set-aside reserve, but ensuring that EV charging providers are able to draw from this pool of allowances in order to demonstrate carbon reductions for purposes of VCS reporting, this existing incentive for EV charging investment in the TCI region will be preserved since double counting has been avoided. Without such a provision, the proposed framework may have the unintended consequence of eliminating an existing incentive driving electrification in the TCI states.

Compliance Credits for EV Charging

Beyond simply preserving the existing ability of EV charging providers to generate voluntary carbon credits, the TCI states should allow VCS-verified credits to be used for compliance with the program. Under the proposed program structure, regulated fuels are specified as "the fossil fuel components of motor gasoline and on-road diesel fuel." Without additional mechanisms for compliance, regulated entities have few options for program compliance under a declining cap beyond selling less fuel and blending additional biofuels; the program would not address the cost of reducing GHG emissions through transportation electrification. By allowing VCS-verified credits for EV charging to be used for compliance, the program would introduce a new compliance option that would enable transportation electrification and facilitate private sector EV charging infrastructure investments in the TCI region.

By determining the size of the set-aside reserve or the portion available for EV charging credits, the TCI states could set a limit on the use of EV charging credits for compliance, ensuring that the program also accomplishes reductions in greenhouse gas (GHG) emissions from the petroleum fuel pool. Additionally, the TCI region could choose to allow only VCS-verified credits from EV charging projects located in the TCI states. This structure would ensure that, in contrast to potential offsets for projects outside the region, EV charging credits allowed for program compliance would correspond to real-world GHG reductions that occur in the TCI states.

Allowing VCS-verified credits for EV charging to be used for program compliance is responsive to all of the topics highlighted by the TCI states as areas of particular interest. Creating an additional compliance mechanism based on EV charging would (1) allow for an accelerated reduction schedule for the regional cap on greenhouse gas emissions, (2) attract additional investment in charging infrastructure, and (3) facilitate transportation electrification throughout the TCI region. The new source of credits would allow additional flexibility for regulated entities to achieve compliance, while the limitation imposed by the set-aside reserve, the rigorous VCS accreditation methodology, and the provision to allow only credits from projects in TCI states would ensure the environmental integrity of the program. Additionally, EV charging credits would act as a cost containment mechanism by increasing compliance options for regulated entities, while annual changes to the size of the set-aside reserve could help TCI states to manage uncertainties around emissions trajectories and allowance prices.

Conclusion

Electrify America commends the TCI states for the important work done to date to implement a regional cap-and-invest program, which will help the region meet its ambitious emissions reduction commitments. We urge the states to continue to build on the existing framework to ensure that the proposed program preserves the existing voluntary carbon credit value streams that help EV charging providers make additional investments in the region, and we further recommend that the TCI states consider allowing VCS-verified credits for EV charging projects to be used for program compliance as a core pillar of the region's "invest" strategy. Credits from EV charging can be introduced in a way that ensures environmental integrity and real-world, in-region greenhouse gas reductions, while increasing compliance flexibility and creating new incentives for EV charging investment and transportation electrification. We appreciate the opportunity to comment on this important program.

Sincerely,

Andrew E. Dick
State Government Affairs Manager