

Sustainable Supply Chain Advisory Committee
Recommendation to Develop a LCFS Holdback Funds Program at LADWP
January 2022

The San Pedro Bay Ports Sustainable Supply Chain Advisory Committee (SSCAC, or Committee) submits the following recommendation for reducing air pollution and greenhouse gas emissions at the San Pedro Bay Ports (SPBP) to the Mayor of Long Beach, Robert Garcia; the Mayor of Los Angeles, Eric Garcetti; the Executive Director for the Port of Long Beach, Mario Cordero; and the Executive Director for the Port of Los Angeles, Gene Seroka.

This recommendation is made in alignment with previous SSCAC recommendations made in support of the joint ports' Clean Air Action Plan (CAAP) for achieving emissions reductions across the San Pedro Bay Port (SPBP) complex.

Committee Research and Findings

The Low Carbon Fuel Standard ("LCFS") provides a means to help alleviate some of the economic challenges to switching to lower carbon fuels in California's transportation industry. In particular, utilities in California have "holdback" funds, which they can spend to advance transportation electrification. Southern California Edison recently released its plan to spend a portion of its holdback funds for 2021, 2022, 2023, and 2024 in the freight and drayage truck market segments through vehicle and charging infrastructure incentives. SCE has identified the SPBP area as a target region for investment. Meanwhile, LADWP currently allocates approximately 88% of its holdback funds to the commercial transportation market segment through three upcoming programs: Commercial Rebate, Education & Outreach, and EV Infrastructure. LADWP forecasts that it will receive \$30MM in LCFS holdback revenue for CY2022, and that this funding resource will grow by less than ten percent year-over-year through 2025.

Committee Recommendation for Port Action

The Committee recommends that the Mayor of Los Angeles work with Los Angeles Department of Water and Power ("LADWP") Commissioners to create a companion program at the Los Angeles Department of Water and Power for its LCFS holdback funds. In particular, the SSCAC recommends that the LADWP allocate 50 percent of its LCFS holdback funds in 2022, 2023 and 2024 to a funding program dedicated to expanding the ports' electrical supply infrastructure in order to ensure that sufficient, reliable power is available in a timeline fashion for the ports to meet their CAAP goals. The Committee additionally recommends that LADWP and the Port of Los Angeles coordinate the use of LCFS holdback funds with SCE and the Port of Long Beach to maximize the efficient, timely, and effective development of freight transportation electrification and that unused funds in any given year be carried forward for use in the following year.