XX. Low Carbon Fuel Standard (LCFS) Revenue Balancing Account (LCFSRBA)

1. Purpose

The purpose of the Low Carbon Fuel Standard (LCFS) Revenue Balancing Account (LCFSRBA) is to record the revenue from the sale of LCFS credits and set forth the methodology for the amount of LCFS credit revenue to be returned to eligible customers pursuant to Decisions (D.) 14-05-021, 14-07-003 and 14-12-083. The LCFSRBA will record the difference between the actual amount of LCFS credit revenue SCE receives through Commission-approved transactions and the amount of LCFS credit revenue actually returned to customers.

2. Definitions

a. LCFS Revenues:

The total amount of LCFS revenues that are available for return to eligible customers is based on revenue earned through each sale transaction. The utilities, subject to CPUC and California Air Resources Board (CARB) jurisdiction, must sell their credits to the market with the proceeds to be used for the benefit of specified customers.

b. Interest Rate:

The Interest Rate shall be one-twelfth of the Federal Reserve three-month Commercial Paper Rate – Non-Financial, from Federal Reserve Statistical Release H.15 (expressed as an annual rate). If in any month a non-financial Rate is not published, SCE shall use the Federal Reserve three-month Commercial Paper Rate – Financial.

3. Forecast LCFS Credit Revenue Allocation Methodology

Per Commission D.14-12-083, SCE shall allocate LCFS credit revenue to plug-in electric vehicle (PEV) customers by reducing the purchase cost of a PEV or by providing the revenue as a credit annually. SCE may return all LCFS revenue through one of these options or divide the return of LCFS revenue between each of these options. SCE may not return LCFS revenue by reducing the volumetric rate levied on the electricity used to re-charge PEVs at residential locations.
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4. Operation of the LCFSRBA

On a monthly basis, entries to the LCFSRBA shall be determined as follows:

a. A credit entry equal to the amount of actual LCFS Revenues received from the sale of LCFS credits;

b. A debit entry equal to recorded LCFS-related administrative costs;

c. A debit entry equal to recorded LCFS-related outreach expenses; and

d. A debit entry equal to actual LCFS revenues returned to customers pursuant D.14-12-083.

The sum of (a) through (d) equals the activity recorded in the LCFSRBA.

Interest shall accrue monthly to the LCFSRBA by applying the Interest Rate to the average of the beginning and ending monthly LCFSRBA balances.

5. Review Procedures

Pursuant to D.14-12-083, SCE will file a report with the Commission’s Energy Division Director by April 30 of each year containing information about LCFS credit sales for the prior year, concurrent with the Annual LCFS Compliance Report that regulated parties must submit to the CARB. Pursuant to D.14-12-083, SCE will file a Tier 2 Advice Letter containing the annual forecast of the LCFS revenues to be received from the sale of LCFS credits in the following year, as well as balancing account true-ups, by September 30 of each year.