



**DATE:** November 10, 2025

**TO:** City of Lompoc Utility Commission

**FROM:** Michael Luther, P.E., Utility Director, City of Lompoc  
Steven Valle, Electric Regulatory Compliance Coordinator, City of Lompoc

**RE:** Update on LCFS Program, Solar in Lompoc, and Recent ERCC Activities

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## **1. Low Carbon Fuel Standard (LCFS) Program Update**

The City of Lompoc (City) joined the Low Carbon Fuel Standard (LCFS) program in 2022 following City Council approval at the December 7, 2021, Council meeting to enroll as an Electric Distribution Utility (EDU) and Load-Serving Entity (LSE). The LCFS program, administered by the California Air Resources Board (CARB), is a statewide initiative that incentivizes the reduction of greenhouse gas emissions from transportation fuels.

Since joining the program, the City has steadily increased its generation of LCFS credits. Initially, the City received approximately 100–150 credits per quarter, but this has since grown to just over 250 credits per quarter (262 credits were issued for Quarter 2 of 2025). As of the current reporting period, the City holds a total balance of 2,457 LCFS credits. Market values for credits have ranged between \$46 and \$61 per credit (as of the week of October 27–November 2, 2025), which will provide a helpful funding source to support the City’s transportation electrification initiatives.

### **LCFS Amendments and the Clean Fuel Reward (CFR) Reallocation**

Recent amendments to the LCFS regulation, effective July 1, 2025, amended the LCFS regulation to strengthen program participation and expand eligible uses of LCFS proceeds. During this process, the Northern California Power Agency (NCPA) successfully advanced a proposal to ensure that LCFS credits from non-opt-in utilities (large utilities that chose not to participate in the LCFS program) would be reallocated to smaller publicly owned utilities (POUs) that had opted in by March 31, 2025.

As a result of our timely participation in the LCFS program, the City has been deemed eligible by CARB to receive an approximately \$883,000 one-time transfer from the Clean Fuel Reward (CFR) Program, which is administered by Southern California Edison (SCE). CARB identified twelve small POUs eligible for this one-time reallocation, including six NCPA members: Alameda, Healdsburg, Lodi, Lompoc, Truckee, and Ukiah. All twelve POUs will receive equal shares of \$10.6 million in available LCFS funding. Per CARB’s adoption, the reallocation is intended to “provide additional funding for the state’s smallest utilities, helping to jump-start the design and launch of transportation electrification programs.”

This reallocation connects directly to the LCFS program: funds originated from non-opt-in LCFS credits deposited into the statewide CFR account between Q2 2019 and Q2 2024 by large electric distribution utilities. CARB's recent amendments now allow these unclaimed funds to be redirected to small, proactive utilities to advance their own transportation electrification programs.

The City has confirmed its acceptance of the CFR funds, which will be transferred securely in coordination with SCE's financial team. These proceeds must be used in accordance with Sections 95491(e)(5) and 95483(c)(1)(A) of the LCFS Regulation (Title 17, California Code of Regulations), which govern eligible uses of LCFS revenues.

### Eligible Uses of LCFS and CFR Proceeds

LCFS and CFR proceeds can be used to fund a broad range of clean transportation and electrification activities, including but not limited to:

- Development, installation, and operation of public or fleet EV charging infrastructure.
- Fleet electrification planning and vehicle procurement programs.
- Incentive programs for electric vehicle adoption or residential charger installations.
- Equity-based initiatives (at least 50% of LCFS/CFR proceeds must be directed to disadvantaged or low-income communities); and
- Program administration, planning, and technical support for transportation electrification projects.

Through these combined LCFS and CFR resources, the City will be well-positioned to accelerate progress toward its electrification goals, expand public access to charging infrastructure, and enhance energy equity across the community.

## **2. Solar in Lompoc**

As of November 2025, the City's electric grid supports an estimated 1,909.2 kW of interconnected solar capacity. This figure represents a conservative total, as system sizes for approximately 70 Housing Authority-owned installations have not yet been confirmed. In total, 202 solar systems are currently interconnected within the City's distribution network, encompassing a mix of residential, commercial, and industrial facilities. The average system size across all installations is approximately 9.4 kW, though capacities vary significantly depending on customer type and site characteristics.

The City continues to see steady growth in distributed solar generation, reflecting increasing customer participation, declining installation costs, and expanding interest in renewable energy. Several additional systems are currently in the approval and interconnection process, totaling an estimated 815.1 kW of new capacity. This includes multiple new commercial installations as well as a 257-home residential development, where each home will include an estimated 1.8 kW rooftop system.

Once these projects are fully operational, the City's total interconnected solar capacity is projected to exceed 2.7 MW, representing a 40% increase in locally interconnected solar generation in the

next year from new projects. This rapid expansion marks a significant milestone in Lompoc's transition toward cleaner, distributed energy resources. Collectively, these systems enhance local renewable generation, reduce reliance on imported power, and contribute to the City's broader grid resilience and sustainability objectives. Staff are currently working on a pathway to further utilize the local generation to support the City's compliance with the California Renewable Portfolio Standard (RPS).

### **3. Summary of Recent Activities by Electric Regulatory Compliance Coordinator**

Over the past several weeks, the Electric Regulatory Compliance Coordinator (ERCC) has continued advancing the City's compliance, interagency coordination, and energy resilience initiatives. The following summary highlights key activities from October 12 through November 1, 2025.

#### **Regulatory Compliance and Program Development**

- Submitted comments to the California Municipal Utilities Association (CMUA) regarding the implementation of Senate Bill 254, which modifies wildfire mitigation plan requirements and introduces new compliance obligations for municipal utilities.
- Completed contracting with Everergi, LLC to initiate development of the City's Fleet Electrification Plan, ensuring compliance with the Advanced Clean Fleets (ACF) regulation and advancing the City's transition toward zero-emission fleet operations.
- Submitted the City's certified Resolution No. 6780(25) verifying the accuracy of the 2024 Power Content Label (PCL) and Power Source Disclosure (PSD) report to the CEC.
- Reviewed the CY 2026 Year-Ahead Resource Adequacy (RA) filing submitted to the California Independent System Operator (CAISO) by the Northern California Power Agency (NCPA) on the City's behalf.
- Participated in a Western Renewable Energy Generation Information System (WREGIS) training focused on distributed generation reporting under the Renewable Portfolio Standard (RPS) program.
- Submitted the Quarter 10 invoice and progress report for the Integrated Regional Water Management (IRWM) Program grant, which supports the City's water leak detection and repair efforts.

#### **Regional Resilience and Interagency Coordination**

The ERCC maintained active engagement with regional, defense, and intergovernmental partners to support the City's Office of Local Defense Community Cooperation (OLDCC)–funded Military Installation Resilience (MIR) and Installation Resilience (IR) projects.

- Participated in biweekly MIR project meetings with HDR Engineering, SONRI, Converge Strategies, and other stakeholders to review project milestones, deliverables, and upcoming reports.

- Received and reviewed HDR’s wastewater enhanced monitoring deliverable, ensuring progress toward infrastructure resilience objectives.
- Continued collaboration on wastewater monitoring and storage basin tasks, ensuring alignment with resilience planning and infrastructure goals.
- Coordinated with Wastewater Division staff and HDR Engineering to refine technical deliverables under the Installation Resilience project.
- Advanced planning for the electricity resilience tabletop exercise, scheduled for December 2025, to be held jointly with Vandenberg Space Force Base (VSFB), local emergency management partners, and state agencies. The exercise will identify vulnerabilities to the regional electric grid and assess opportunities to strengthen resilience and interagency coordination.

### *Defense Community and Energy Resilience Engagement*

The ERCC attended the Association of Defense Communities (ADC) Installation Innovation Forum in Monterey, California, from October 28–30, 2025. The conference focused on strengthening utility sustainability, regional interconnectedness, and mission readiness across defense and civilian communities.

While at the forum, the ERCC:

- Met with representatives from SONRI, Tetra Tech, and Converge Strategies to discuss ongoing collaboration between the City and VSFB, including efforts related to electric interconnection planning, workforce and housing initiatives, and development of the first Intergovernmental Service Agreement (IGSA) in U.S. Space Force history.
- Engaged with officials from Florida Commerce, the City of Delta Junction (Alaska), and the Port of San Antonio (Texas) to share best practices for city–installation partnerships.
- Attended multiple sessions highlighting innovative approaches for local governments working with military installations to enhance community and energy resilience.

### *Infrastructure, Electrification, and Renewable Energy Planning*

The ERCC advanced several projects focused on clean energy deployment, grid modernization, and fleet electrification:

- Coordinated with BetterFleet and City fleet staff to support the data collection and planning phase of the Fleet Electrification Plan.
- Met with Haven Energy to evaluate battery storage opportunities at City-owned facilities.
- Prepared for activation of ChargePoint electric vehicle charging stations and participated in related training.
- Continued working with NCPA to monitor the City’s standing in the Low Carbon Fuel Standard (LCFS) program and upcoming credit allocations.

### Community, Customer, and Council Support

The ERCC continues to serve as the primary contact for solar and renewable energy inquiries, assisting both residential and commercial customers with interconnection applications and troubleshooting. Recent customer-facing activities included:

- Reviewing and approving multiple solar interconnection applications, including a 123 kW commercial system pending Building Division approval.
- Responding to high energy use inquiries and assisting with an electrical safety issue involving an unlocked panel.
- Meeting with developers and property managers to streamline the interconnection process for new housing developments.
- Attending the October 7 and October 21 City Council meetings for items related to the Power Content Label, Stormwater Trash Capture Project, and CRMF grant.
- Presenting at the 2025 Central Coast Sustainability Summit at UCSB, highlighting the City's stormwater infiltration basin project under the Guadalupe-Lompoc Initiative (GLI).

The ERCC also continues collaboration with the Community Environmental Council, Santa Barbara County, and other regional partners to support broader sustainability and resilience efforts.

### Data, Environmental, and Administrative Coordination

Additional activities supported City operations and environmental compliance efforts:

- Reviewed reporting requirements for the removal of SF6-insulated equipment and management of surplus transformers to ensure compliance with environmental standards.
- Met with GIS staff to coordinate data requests supporting various energy and infrastructure projects.
- Participated in CMUA Regulatory Committee and Wildfire Preparedness Working Group meetings to stay abreast of new requirements affecting utility wildfire mitigation plans.
- Continued work on the DeWees Center A/V upgrade project, scheduled for completion in November, supporting enhanced community engagement capabilities.
- Engaged with property managers, including Windscape Village, to improve electric room access and facility security.

## **4. Looking Ahead**

In the coming weeks, the Electric Regulatory Compliance Coordinator will continue:

- LCFS and Clean Fuel Reward Implementation: Finalize transfer of ~\$883,000 in CFR/LCFS funds through NCPA and CARB to support transportation electrification and EV charging projects, with 50% of funds directed to equity communities.
- Fleet Electrification Plan: Launch Fleet Electrification Plan development with Everergi to assess fleet readiness, charging needs, and compliance with Advanced Clean Fleets (ACF) requirements.
- Electricity Resilience Exercise: Conduct regional tabletop exercise in December 2025 with VSFB, PG&E, and local stakeholders to evaluate grid resilience and emergency coordination.
- Renewable Growth and Tracking: Oversee integration of pending solar systems, bringing total interconnected capacity above 2.7 MW; verify Housing Authority system data and refine interconnection tracking.
- Regulatory and Regional Coordination: Continue active participation with CMUA, NCPA, and MIR project partners to address evolving regulatory, water management, and resilience priorities.