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VIA EMAIL

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Re: Petition to Initiate a Proceeding to Consider Issuance of a Policy Statement on Electric Utility Rate Design for Electric Vehicle Charging, Docket P-2022-3030743

CAUSE-PA Informal Comments in Response to Working Group Request

To the Electric Vehicle Rate Design Working Group:

At the January 25, 2023, Electric Vehicle (EV) Charging Rate Design Working Group (EV Working Group) meeting, interested parties were invited to submit informal comments regarding the necessary elements of a formal policy statement on EV rate design. The Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania (CAUSE-PA) is a party to the underlying proceeding and, by and through its counsel at the Pennsylvania Utility Law Project, was an active participant in the January 25 meeting. CAUSE-PA appreciates the opportunity to participate in the Working Group and submits the following informal comments in response to the Commission's request.

CAUSE-PA submits, as an overarching concern, that equity must be a distinct and articulated component of any formal Commission-issued policy statement on EV rate design to ensure that alternative rate structures to support EV adoption are just, equitable, and do not cause unintentional harm or impose additional costs on low income ratepayers. In furtherance of this overarching concern, we encourage the Commission to establish minimum filing standards and procedures for advancing equitable EV rate design proposals that serve the needs of all consumers. As such, we

recommend that the Commission include the following elements in any formal policy statement regarding EV rate design:

- **Any EV rate design policy statement should include an explicit declaration that EV rate proposals must be equitable and, as such, must not include intra- or inter-class rate subsidies that could increase electricity costs for low income Pennsylvanians.**

Equity in rate design is critical and must be an inherent component for any EV rate proposal. As discussed in our formal Answer and Reply Comments in this proceeding, low income Pennsylvanians already struggle profoundly to afford basic life necessities and regularly report foregoing food and medicine to keep the lights on and the furnace running. Many low income families across the state cannot afford public transportation – let alone purchase, maintain, and insure an electric vehicle. CAUSE-PA recognizes the importance of ensuring EV rates are designed and implemented to support grid resiliency and prevent the need for costly grid modernization. But not at the expense of low income families that already struggle to maintain basic services. We strongly recommend that the Commission include an overarching statement of policy, at the outset of any EV rate policy statement, which clearly conveys that it is the policy of the Commission for EV rates to be designed in a just and equitable manner that does not impose costs on those who cannot afford to adopt EVs.

- **Any EV rate design policy statement should encourage utilities to file EV rate proposals on a time-limited pilot basis, with clear plans for ongoing stakeholder input, measurement and evaluation, and future amendment based on customer experience.**

EV adoption is in its nascent stage in Pennsylvania, and the exact timing and significance of the EV load growth impact on EDCs cannot be known or anticipated with precision. This lends a distinct opportunity for utilities to test EV rate designs in a controlled manner. Further, Pennsylvania is a diverse state and EV adoption is likely to occur at a faster pace in certain EDC service territories, while it may be slower in others. Thus, we recommend that initial EV rate design proposals should be presented as time-limited pilot programs, which can be adjusted based on learned experience. As discussed further below, we recommend the Commission establish guidelines for ongoing stakeholder input, measurement and evaluation, and future amendment of pilot EV rate programs. Adopting this measured, pilot approach would allow utilities to proceed in an intentional but cautious manner to deploy a rate structure that will serve the needs of EV adopters without negatively impacting non-adopters. While we encourage the Commission to establish clear standards and guidelines for critical program elements, we believe utilities should nevertheless be given latitude in the design EV rate pilots so that the resulting EV rates can be tailored to the needs of the utility's individual customer base.

- **Any EV rate design policy statement should establish the following basic elements for pilot EV rate proposals:**

1. *An explanation of how the proposed EV rate design advances equity and protects against subsidization from low income households.*

The Commission must ensure that EV rate structures are self-contained, and do not place the cost of EV charging or increased grid demand associated with EV charging on low income customers who cannot reasonably afford to adopt the technology. Low income consumers lack the funds to afford EVs and will likely be among the last to adopt the technology.¹ Thus, at least for the foreseeable future, placing the cost of EV implementation on non-EV adopters will necessarily result in low income consumers subsidizing more affluent customers who can afford EV. It would be unjust, unreasonable, and patently inequitable to place this burden on low income customers who already struggle to afford basic electric service to their home.²

2. *An explanation of how the utility engaged the public, stakeholders, and representatives from each sector in designing its EV rate proposal, as well as an explicit plan for ongoing stakeholder engagement throughout the pilot program.*

CAUSE-PA recommends that the Commission establish clear expectations regarding utility engagement to ensure the success of any proposed pilot programs. Pilot proposals should be developed through stakeholder engagement and should include a stakeholder process with semi-annual meetings where stakeholders can provide input and receive updates about the progress of the programs.

3. *An education and outreach plan.*

Guidance to utilities regarding outreach and education about alternative rate designs should be a foremost consideration for inclusion in a policy statement regarding EV rate design. At a minimum, EDCs should be expected to inform customers about the availability of the EV-specific rate, the duration of the pilot, a clear plain language explanation of the rates that they will be subject to with specific examples at multiple usage levels, and an accessible “rate calculator” that allows consumers to meaningfully assess and compare rates for EV charging under different conditions. In addition to direct consumer education, the policy statement should include parameters for outreach and education of auto dealerships in the

¹ For context, Pennsylvania’s seven largest EDCs have an estimated 1.3 million customers whose income is at or below 150% of the federal poverty guidelines. Pa. PUC, BCS, 2021 Report on Universal Service and Collections Performance, at 8 (Dec. 2022), https://www.puc.pa.gov/media/2188/2021_universal_service_report_rev122722.pdf. This equates to roughly one-quarter (25.1%) of Pennsylvania’s electric consumers. For reference, a 2-person household with income at or below 150% of the federal poverty level has a combined income at or below \$29,580, and a household of 4 has a combined income at or below \$45,000. Even the most affordable EVs are still far out of reach for households with this income level.

² Low income consumers are disproportionately payment troubled, and face substantially higher rates of involuntary termination. *Id.* In 2021, more than 1 in 10 low income Pennsylvanians faced involuntary termination of their electric service because they could not afford to pay. *Id.*

utility's service territory to ensure EV adopters are informed about their rate options at the time of purchase. The Commission should establish clear expectations in its policy statement that utilities engage with stakeholders in the design of a proposed education and outreach plan and should establish minimum expectations for the elements of such a plan.

4. *An explicit quantification of the environmental, health, and economic benefits of an EV rate pilot, and the populations served.*

To evaluate the success of an EV rate pilot program in a fair and consistent manner, the Commission will need to develop standardized metrics to quantify the environmental, health, and economic benefits of the pilot program and evaluate the populations served. The current EV Working Group should convene to develop recommendations to the Commission of what these metrics should be and should provide specific and standardized data tracking criteria for the Commission to include in its policy statement. We note that some EDCs already operate pilot EV rate programs, from which useful metrics could be distilled.

We recognize that it will take time to establish standardized metrics that can be tracked and implemented across the state. Thus, in the interim, the Commission should establish clear expectations in its policy statement that utilities set forth an articulable strategy – with clearly established metrics – within any proposed EV pilot program.

5. *A plan for measurement and evaluation.*

Once the Commission has developed a system to quantify the environmental, health, and economic benefits of the EV rate pilots, it will have to decide how to apply those metrics to measure the success of the pilot. EDCs should file annual and semi-annual reports throughout the duration of the initial pilot. This is, again, an opportunity for the EV Working Group to offer input and recommendations about criteria for the Commission to include in a policy statement.

6. *A proposed process for review of the pilot evaluation and implementation of necessary amendments.*

In the final stages of the pilot, the EDC should submit a final report explaining whether the EDC will propose to make the pilot a permanent program and identifying any necessary changes or adjustments based on its program review. In the policy statement, the Commission should set forth a process for review of the evaluation, using the metrics and criteria developed with assistance from the EV Working Group.

7. *An explanation of how the utility's EV rate proposal is coordinated with public or private EV incentive programs or, in the absence of proposed coordination, the steps the utility took to identify opportunities for coordination.*

As EV rollout is in its early stages in Pennsylvania, coordination with other agencies involved in the EV sector will be vital to the development and delivery of

leveraged EV programming. For example, to drive adoption of an EV rate offering, utilities will need to coordinate education and outreach with programs offering incentives for charging installation and/or the purchase of an EV (whether on an individual or fleet basis). We recommend that EV rate pilot proposals, at minimum, include an explanation of all steps that the utility has taken to coordinate its programming with other EV programming offered through state agencies, such as the Pennsylvania Department of Transportation, the Department of Environmental Protection, the Department of Community and Economic Development, or through private industry.

In addition to the minimum requirements for EV rate pilots, the policy statement should also set forth minimum standards that should apply to all EV rate pilots, including:

- **The policy statement should be explicit that it applies to rate design – and not other aspects of EDC EV programs.**

Pilots proposed pursuant to an EV rate design policy statement should be limited to the rate design aspects of an EDC's EV programming. Other aspects, such as infrastructure buildout, adoption incentives, and technology developments are separate issues that will require a separate, in depth analysis outside of this proceeding.

- **Any EV rate design policy statement should clearly state that any utilization of residential time of use rates must be offered on a voluntary, opt-in basis for EV charging.**

The Commission must ensure that utilization of time varying rates in any residential EV rate pilot are proposed to operate on a voluntary, opt-in basis, and must include explicit safeguards that ensure non-EV adopters are not inadvertently enrolled in an EV-specific rate. In our formal Answer at this docket, CAUSE-PA explained at length the economic and health risks of time varying rates for low income households, families with young children, Seniors, individuals with a disability, minority populations, and other vulnerable groups that lack the ability to shift their usage to off-peak hours – either because they are home-bound or do not have adequate discretionary usage. For the sake of brevity, we will not reiterate those arguments here. However, we remain steadfastly opposed to any EV rate design that would mandate time-varying usage rates or would otherwise require residential consumers writ-large to affirmatively “opt out” of enrollment in a time varying usage rate.

Under no circumstances should the Commission endorse or encourage EV rate proposals that would impose mandatory or default time-varying use rates on residential consumers. In turn, we submit that EV rates should be narrow and specific to EV charging and should not extend to the whole home.

- **Any utilization of submetering for residential home EV charging must be narrowly tailored to EV applications and closely monitored to prevent consumer abuses. Any EV rate design policy statement should include, at minimum, clear guidance regarding the application of Chapter 14 and Chapter 56 to sub-metered accounts, and a statement indicating that submetering proposals must be limited to EV deployment.**

Submetering in residential multifamily buildings is ripe for consumer abuses and has been shown to allow property owners to circumvent critical residential consumer protections that shield consumers from excessive pricing and unjust termination. In most (though not all) Pennsylvania jurisdictions, submetering in residential multifamily buildings is illegal. We urge the Commission to use extreme caution in establishing any policy that could be construed to reverse decades of Commission policy and law discouraging the use of submetering in residential multifamily buildings.

Excessive markups charged to customers through third-party submetering companies would be counterproductive and would detrimentally impact EV uptake. If utilities propose to utilize submetering technology to facilitate EV rates, it is critical that such use be limited to EV charging. In other words, the Commission should not inadvertently set policy that for residential EV charging that undermines existing consumer protections. Indeed, clear consumer protections must be included in any potential policy statement. In turn, clear guidance must be issued ensuring that all residential consumer protections must be adhered to in any submetering scheme.

CAUSE-PA is grateful to the Commission for its thoughtful consideration of this important issue. We urge the Commission to stay focused on developing equitable policies governing EV rate design for EV adopters and ensure that low income customers are not forced to foot the bill for technologies they cannot afford to utilize.

Respectfully Submitted,



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CC: Parties of Record, via email