

March 10<sup>th</sup>, 2023

FILED ELECTRONICALLY

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Joseph P. Cardinale, Jr. Assistant Counsel,  
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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 No. P-2022-3030743**

To the Electric Vehicle Rate Design Working Group:

On December 1, 2022, the Bureau of Technical Utility Services (“Bureau”) issued a Secretarial Letter to convene a working group to discuss electric vehicle (“EV”) charging rate design and to also solicit informal comments from stakeholders on this topic. The working group met on January 25, 2023 and again on February 16, 2023. During the working group meetings, Bureau representatives clarified the purpose of the informal comments, stating that they should address whether the Pennsylvania Public Utilities Commission (“Commission”) should develop a policy statement on EV rate design. The guidance provided was that informal comments should identify the topics that the Commission should include in a policy statement on EV rate design. Further, Bureau representatives indicated their intention to draft the working group report based on the informal comments received. They will file the report with the Commission by March 31<sup>st</sup>, and after a brief stakeholder comment period on a draft of the report. Electrify America, ChargePoint, EVgo and Tesla (“Joint Commenters”) jointly file this informal comment to be responsive to the direction received from Bureau Staff.<sup>1</sup>

**First, Joint Commenters urge the Commission to move forward with establishing a policy statement on EV rate design.**

Timely adoption and implementation of an effective policy statement on EV rate design will contribute towards the state’s compliance with recent Public Utility Regulatory Policies Act (“PURPA”) amendments. These amendments require state regulatory authorities to consider EV-specific rates that promote affordable and equitable EV charging options, improve the customer experience and reduce charging times, accelerate private investment, and appropriately recover utility marginal costs.<sup>2</sup> Under the PURPA amendments, state regulatory authorities must consider EV-specific rates and issue a written determination on such consideration no later than November of 2023.

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<sup>1</sup> Joint Commenters provide that these comments are intended to succinctly address the direction received from Bureau staff in working group meetings that occurred after parties filed working group comment on January 24, 2023.

<sup>2</sup> These amendments are found in Section 40431 of “Infrastructure Investment and Jobs Act,” also known as the Bipartisan Infrastructure Law. See Pub. L. No. 117-58, available at [PUBL058.PS \(congress.gov\)](https://www.congress.gov/bills/117/58).

**Second, the Commission should explicitly address rate design alternatives to demand rates in a policy statement on EV rate design.**

At a high-level, Joint Commenters are generally aligned with the topics and framing provided in ChargeEVC-PA's updated proposed policy statement on EV rate design.<sup>3</sup> Below, we provide additional detail on alternatives to demand rates which should be included in a policy statement as well as clarifications to the application of managed charging.

Rate Design Alternatives to Demand Rates:

Traditional demand charges pose a significant barrier to sustainable development and operation of public DCFC stations. For instance, the procurement of electricity by operators of EV charging infrastructure constitutes the largest operating cost for DCFC. As a Great Plains Institute report noted in 2019, demand charges can account for nearly 90% of utility costs at a station.<sup>4</sup> Failure to explicitly address this barrier in a policy statement on EV rate design would render that statement incomplete and therefore insufficient to successfully promote private development of public DCFC charging infrastructure within the state.

At a minimum, a policy statement on EV rate design should explicitly require the utilities to file rate design alternatives. ChargeEVC-PA's updated proposed policy statement meets this objective by requiring the utilities to file tariff proposals that include “[a]lternatives to traditional demand charges to address barriers that demand charges currently pose . . .” not later than December 2023.<sup>5</sup> In addition, a policy statement should ensure that rate design alternatives address demand rates for distribution charges as well as generation and transmission charges for utilities. Generation and transmission are presently billed to large commercial customers by some PA utilities on the basis of monthly peak demand or capacity demand. Further, a policy statement should also set out a date by which alternative proposals on demand rates are due. This will provide some indication of a timeline for adoption of demand rate alternatives to the DCFC public charging market. Finally, it should also provide guidance to the utilities on acceptable parameters for rate design alternatives to demand charges. The resulting rates should meet the following minimum parameters:

1. Result in stable unit costs over a range of load factors;
2. Ensure that charging infrastructure deployment is widespread with equitable access to all current and future EV drivers where feasible;
3. Provide operational cost stability and cost certainty over the long-term and;
4. Provide access to demand charge alternatives prior to the start of the applications period for National Electric Vehicle Infrastructure funding within the state where feasible.

Finally, the PA Petroleum Association also recognized the importance of addressing rate design alternatives to demand rates noting in their informal comments that demand charges result in high and unpredictable rates.<sup>6</sup>

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<sup>3</sup> ChargeEVC-PA Updated Proposed Policy Statement (“ChargeEVC-PA Update”), (February 2023) available at [chargeevc-pa-updated-policy-statement-feb2023.pdf](https://www.chargeevc-pa.com/wp-content/uploads/2023/02/chargeevc-pa-updated-policy-statement-feb2023.pdf).

<sup>4</sup> McFarlane, D., et al, “Overcoming Barriers to Expanding Fast Charging Infrastructure in the Midcontinent Region,” Great Plains Institute, available at [https://www.betterenergy.org/wp-content/uploads/2019/08/GPI\\_DCFC-Analysis.pdf](https://www.betterenergy.org/wp-content/uploads/2019/08/GPI_DCFC-Analysis.pdf) (July 2019); see also

<sup>5</sup> ChargeEVC-PA Update, § 69, 7(b).

<sup>6</sup> Petroleum Association Informal Working Group Comments, p. 2, (February 15, 2023) available at [pa-petroleum-association-fuel-retailers-letter02152023.pdf](https://www.petroleum-association.com/wp-content/uploads/2023/02/pa-petroleum-association-fuel-retailers-letter02152023.pdf)

Managed Charging:

While a policy statement is likely to address the topic of managed charging, it is important to recognize that the ability to participate in managed charging varies greatly by EV charging sector and use case. Unlike other charging segments, public DCFC station loads are not a suitable candidate for managed charging due to the inelastic nature of the load. For example, sectors such as residential home charging and fleets where EVs are parked for longer periods of time have a greater capacity to participate in managed charging compared with public DCFC chargers that serve EV drivers who are in transit.

A recent order issued by the New York State Public Service Commission (“NY PSC”) directly addresses the conflict between managed charging and public DCFC stations that serve in-transit drivers. In its January 19, 2023 order in Case No. 22-E-0236, the NY PSC rejected Consolidated Edison’s and Orange and Rockland Utilities’ managed charging proposals for public DCFC stations serving light duty vehicles after determining “that managing charging demand is antithetical to public DCFC stations’ core business model.”<sup>7</sup> The Commission explained that, “[b]ecause public DCFC charging is not predictable, cannot be scheduled, and often cannot be managed without impacting the EV driving experience, public DCFC stations simply cannot be expected to manage their charging at this phase in the EV adoption cycle.”<sup>8</sup>

Thank you for your consideration of this comment, and for the opportunity to participate in this EV rate design working group.

Respectfully submitted,

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<sup>7</sup> NY PSC Final Order, *Proceeding to Establish Alternatives to Traditional Demand-Based Rate Structures for Commercial Electric Vehicle Charging*, Case No. 22-E-0236, pp. 20 (Jan. 19, 2023).

<sup>8</sup> *Id.*

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