

COMMONWEALTH OF PENNSYLVANIA



OFFICE OF CONSUMER ADVOCATE

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April 11, 2022

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street
Harrisburg, PA 17120

Re: Petition of ChargeVC-PA 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

Dear Secretary Chiavetta:

Attached for electronic filing please find the Office of Consumer Advocate's Comments in the above-referenced proceeding.

Copies have been served on the parties as indicated on the enclosed Certificate of Service.

Respectfully submitted,

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Certificate of Service

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CERTIFICATE OF SERVICE

Re: Petition of ChargEVC-PA to Initiate a :
Proceeding to Consider Issuance of a : Docket No. P-2022-3030743
Policy Statement on Electric Utility Rate :
Design for Electric Vehicle Charging :

I hereby certify that I have this day served a true copy of the following document, the Office of Consumer Advocate's Comments, upon parties of record in this proceeding in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a participant), in the manner and upon the persons listed below:

Dated this 11th day of April 2022.

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Dated: April 11, 2022
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BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Re: Petition of ChargeVC-PA 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

COMMENTS OF THE OFFICE OF CONSUMER ADVOCATE
TO CHARGEVC-PA PETITION TO INITIATE A PROCEEDING
TO ISSUE AN ELECTRIC VEHICLE CHARGING POLICY STATEMENT

I. INTRODUCTION AND BACKGROUND

On February 4, 2022, ChargeVC-PA (Petitioners) filed with the Pennsylvania Public Utility Commission (Commission) its “Petition to Initiate a Proceeding to Issue a Policy Statement.” The primary purpose of the Petition is to request that the Commission initiate a proceeding that will result in issuance of a Policy Statement on electric utility rate design for electric vehicle (EV) charging in Pennsylvania. Petition at 1. The Petition was filed pursuant to 66 Pa.C.S. § 501, 1301, 1330, 2807(f) and 1501, and 52 Pa. Code § 5.41.

On February 25, 2022, the Office of Consumer Advocate (OCA) filed an Answer in response to the Petition, recognizing that Pennsylvania’s transition to electric vehicle usage represents an inflection point that requires careful consideration and planning to ensure that rates and rate design are well structured to ensure equity, fairness, and principles of cost causation.

On February 25, 2022, the same day the OCA filed its Answer, the Commission issued a Secretarial Letter seeking comments from all interested parties preliminarily addressing whether to initiate a proceeding and the parameters of the proceeding, if opened. The OCA appreciates the opportunity to submit additional comments in this proceeding and reiterates the positions that are set forth in its Answer. The OCA will fully participate in any proceeding that results from this

Petition to ensure that ratepayers who currently have EVs and/or are considering EVs have access to rate designs that are appropriate and fair, but also to ensure that other ratepayers are not burdened with unreasonable rates and have appropriate consumer protections in place as electrification of our transportation sector moves forward.

II. COMMENTS

As outlined in its Answer, the OCA supports the initiation of a proceeding and stakeholder process to begin addressing questions of policy about the appropriate rate design for EVs. The Secretarial Letter indicates that the Commission is seeking comments on whether to open any proceeding on EV rate design, and if so, which parameters should govern the proceeding. *See* Secretarial Letter. While many of the questions posed by Petitioners begin to address the issues that should be considered, the OCA notes that the list of questions and issues presented by Petitioners are incomplete and that some of the policy and principles espoused may be in tension and/or may be more appropriate for other forums. It is not currently clear, however, whether the Commission intends to address all the issues and questions identified in the Petition. As such, the OCA offers the following comments regarding the parameters of a generic EV rate design proceeding.

As a threshold matter, the OCA believes that the Commission's approach should recognize the very small presence of EVs in Pennsylvania (as documented in the Petition) but also recognize that it is likely there will be significant growth in the use and purchase of EVs over the next 10-15 years. This reality allows the Commission to act cautiously and carefully now to explore various targeted rate design options for residential, commercial, and public charging networks. It also allowed the Commission to determine options that are proven to result in customer benefits in terms of increased usage and resulting revenues, that such usage occur during off peak hours, and determine what impacts on local distribution infrastructure and costs will occur. This approach

also allows flexibility to adapt as policies that might be appropriate for a relatively small level of EV usage at this time should not be assumed to be the proper rate design policies with the future expansion of EV usage.

Additionally, the OCA asserts that it would be premature for the Commission to proceed directly with issuing a policy statement – whether that statement is as drafted and proposed by Petitioners or some iteration thereof. As noted in its Answer, a full investigation and stakeholder process should occur *before* making a proposal about the content of the policy statement. *See* OCA Answer at 5. This process would ensure that in a highly complicated and novel area, the Commission would have the benefit of stakeholder input before reaching a preliminary determination about the content of any policy statement. This process would also allow the Commission to work with other agencies, such as the Pennsylvania Department of Transportation, and the General Assembly to ensure that there is no regulatory or oversight gap, disparity, or inconsistency in the development of EV rates and rate design as those issues intersect with EV infrastructure buildout.

With these threshold matters in mind, the OCA makes the following high-level recommendations for the Commission’s consideration in any future EV rate design determination, including any policy statement that may result from this proceeding:

- EV charging tariffs should reflect Time of Use rate designs. This principle is crucial to ensure that charging occurs during off peak hours and does not, to the extent possible, shift costs to non-EV customers to handle the increased load on the grid for charging that occurs during peak usage or more expensive times of day. It is reasonable and appropriate to treat this specific and identifiable class of customer usage differently as it is different from residential customer usage profiles generally.

- EV charging tariffs should distinguish between: (1) residential charging at the home, (2) public charging stations owned by third parties, and (3) charging by commercial and industrial customers for fleet vehicles and trucks, buses, etc. These distinctions should result in different rate designs in terms of complexity and incentives. For example, while not endorsing demand charges, the inclusion of demand charges, if considered at all, should be explored differently for each of these charging scenarios.
- The incremental costs for EV tariffs should be identified and reflected in the revenue requirements and prices charged for this service. There is little documented evidence at this stage of EV development and levels of penetration to support the assertion that EV ownership and associated charging profiles will benefit all customers. While this may materialize over time with the expected growth in EV ownership and the electrification of the transportation system, at present it is critical that EV tariffs and rates reflect cost of service.
- The OCA encourages the Commission to consider the important role that pilots rates and rate designs can play in testing a variety of TOU rate options for the various types of EV charging needs. These pilots should be designed in a collaborative manner and include rigorous independent and third party conducted evaluation pursuant to identified criteria.
- Regarding TOU rates, the Commission should recognize that not all EV charging should be treated equally. For instance, the Commission should consider piloting *commercial and public* charging stations as mandatory TOU rates and include significant incentives and/or penalties to avoid charging during peak usage hours. Any attempt to incent public charging generally that fails to include significant

price differentials for charging during more expensive peak usage hours would fail to reflect the intended benefit of electrification of the transportation system and may well result in higher ratepayer costs. It could significantly defeat the intended benefits of EV charging and electrification of our transportation system if peak hour charging is allowed to occur at office buildings and at public charging stations at rates that do not reflect the significant short- and long-term costs of allowing load to increase during those hours with the resulting impact on distribution and generation costs that are shifted to ratepayers. This is particularly true when EV penetration is limited.

- TOU rates for *residential* customers at home must be voluntary or optional at this time. However, if the TOU rate design for EV owners is properly structured, the potential for bill savings if usage is shifted to off peak hours should result in a significant incentive for enrollment. With the growth in EVs that is likely to occur, it may be necessary to examine the need for separate “whole house” rates and TOU-based “EV rates” for EV owners, or more targeted TOU rates that require EV owners to install a separate meter.
- TOU rates for EV charging specifically or that are targeted to EV owners must reflect both the distribution and generation portions of the customer bill. While Pennsylvania TOU rate options have typically only impacted the generation portion of the customer bill, this policy may need to be revisited with greater EV load growth.
- Any proposal for an EV charging tariff should include the necessary outreach and education costs and plans target the intended customers or users of the tariff. Electric Distribution Companies should be required to submit the necessary bill

impact analysis, web portal designs, outreach and educational materials, and the plan and costs associated with the implementation of these rate designs. Pilots should also evaluate and report on the results of the education and marketing plan and costs.

- Residential customers generally and low income residential customers (and small business owners) should not be required to subsidize EV ownership, EV charging networks, or EV tariffs that fail to achieve their intended purpose to ensure that EV charging occurs during off peak hours. Tariffs should be designed to eliminate these risks. Again, this criteria and approach to guide these initial EV charging tariffs may change over time with the development of evidence about the impact of EV charging revenues, impact on grid infrastructure, and impact on generation supply costs acquired in the wholesale market for default service.
- If there is a proposal to subsidize or otherwise support rates for EV charging that are intended to promote EV charging (and not, therefore, send the proper price signal about usage during peak usage hours), such costs or subsidies should not be reflected in rates by ratepayers for essential distribution service. Rather, any such subsidies or incentives should be provided by state or federal taxpayers or other sources.

There are a number of issues that will need to be addressed with regard to vehicle electrification, the costs of infrastructure investments for dedicated charging stations, ownership of those charging stations, placement, etc. All of those issues are critically important, but the focus of this proceeding should be rate design and rate structure for both public and private EV charging.

III. CONCLUSION

For the reasons detailed above, if the Commission determines that it is an appropriate time to develop statewide principles for electric charging issues, it should initiate a series of directed questions and then working groups to address the issues prior to the formal issuance of a policy statement. The OCA recommends that the Commission incorporate the key issues or “parameters” that the OCA has listed above in its series of directed questions discussed above. The Office of Consumer Advocate looks forward to participating in this process and will seek to ensure that any and all EV rate design is simple and easy to understand, fair and reasonable, that it balances the interests of consumers, promotes equity and access for underserved communities and includes appropriate consumer protections.

Respectfully submitted,

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