

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

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

REPLY COMMENTS OF CHARGEVC-PA

On February 4, 2022, ChargeVC-PA filed a petition requesting that the Commission initiate a proceeding that will result in the issuance of a Policy Statement on electric utility rate design for electric vehicle (“EV”) charging in Pennsylvania. The Commission issued a Secretarial Letter on February 25, 2022 seeking comments preliminarily addressing whether to initiate such a proceeding and the parameters of the proceeding, if opened. Fifteen parties (or groups of parties) filed initial comments.¹ Pursuant to the Secretarial Letter, ChargeVC-PA files these reply comments.

A. Support for the Petition and Initiation of the Proposed Proceeding

The parties filing comments overwhelmingly support the Commission’s initiation of the proposed proceeding. As DEP/PennDOT noted:

[E]ffective rate design could result in an increased penetration of EVs which has the potential to provide significant environmental, health and climate benefits to Pennsylvania. An effective EV rate design could reduce customer rates if increased electric usage is managed properly. Further, a significant increase in the electrification of our transportation sector powered by domestic in-state electricity generated by Pennsylvanians, for Pennsylvanians, though an ever-increasing portion of clean energy resources is in the interest of both the PUC and our stakeholders.

The Alliance for Transportation Electrification commented:

ATE wishes to express its support for the Commission to open a proceeding on this important topic of rate design for EV infrastructure including both the

¹ The parties that filed initial comments are: Office of Consumer Advocate (OCA); Pennsylvania Department of Environmental Protection (DEP)/Department of Transportation (PennDOT); National Resources Defense Council (NRDC)/Sierra Club; Advanced Energy Economy (AEE); Alliance for Transportation Electrification (ATE); Electrification Coalition; Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania (CAUSE-PA); ChargePoint/Electrify America/EVgo/Tesla; PECO Energy; PPL Electric Utilities; Duquesne Light; Metropolitan Edison/Pennsylvania Electric/Pennsylvania Power/West Penn Power (the First Energy Companies); UGI Utilities; Citizens Electric/Wellsboro Electric; and NRG Energy/IGS Energy/Vistra (the electric generation supplier, or EGS, Coalition)

residential and commercial and industrial (C&I) classes. The movement toward clean transportation alternatives, especially the electrification of transportation vehicles, is proceeding at a rapid pace. Pennsylvania is poised to be at the center of the transformation of the critical industries of electricity and energy supply, automotive and supply chain, and the information technology industries over the next decade or so. Regulatory policy and incentives are a critical ingredient of this overall transformation, and the national EV industry is looking closely at state policies when considering plans and investments. Accordingly, the Commission should consider forward-looking and proactive policies and regulations in this area, including the critical area of rate design.

Similarly, AEE stated that it “strongly supports the petition requesting that the PUC initiate a proceeding that will result in a policy statement on electric utility rate design for EV (EV) charging in Pennsylvania.” It also noted, as did other parties, that the Infrastructure Investment and Jobs Act (IIJA), enacted by Congress in November, “requires states to consider opportunities to promote transportation electrification, including rate design that encourages affordable and equitable EV charging options” and explained that the Commission’s “leadership is equally critical for optimizing the benefits of [discretionary] federal dollars” under IIJA.²

While it had suggestions on how the proceeding should move forward and the issues that should be addressed, the OCA stated that it “supports the initiation of a proceeding and stakeholder process to begin answering questions about the appropriate rate design for EVs.” Likewise, while weighing in on specific issues, CAUSE-PA stated that it “generally supports ChargeEVC’s proposal for the initiation of a statewide docket to consider appropriate rate design options for EV charging The issues raised in the Petition are critical to address, and we support instituting a proceeding to do so in an inclusive and collaborative manner as contemplated in the Petition.”

Of the fifteen parties that filed initial comments, only one – the EGS coalition – questioned the initiation of this proceeding, stating that it “respectfully requests that the Commission reject ChargeEVC-PA’s Petition, but if the Commission opts to initiate the proposed proceeding, the focus should be on market enhancements that encourage the offering of EV friendly pricing structures by electric generation suppliers (“EGSs”) and other measures that promote EV adoption.” The fundamental premise offered by the EGS Coalition is that the “role [of electric distribution companies (EDCs)] in the supply of electricity is limited to providing default service to non-shopping customers and does not include the offering of a range of alternative rate design

² See also the comments of ChargePoint, Electrify America, EVgo, and Tesla (page 2): “In November 2021, President Biden signed into law amendments to the Public Utility Regulatory Policies Act (“PURPA”) which establish a specific directive to utility regulators across the country to consider rates that ‘promote greater electrification of the transportation sector.’ These amendments direct utility regulators in every state to begin proceedings before November 2022 to consider measures including the establishment of new, EV-specific rates that: 1. Promote affordable and equitable EV charging options for residential, commercial, and public EV charging infrastructure, 2. Improve the customer experience and reduce charging times, 3. Accelerate private investment in charging infrastructure, and 4. Appropriately recover the marginal costs of delivering electricity for vehicle charging.”

options” (page 5), and that innovative rate design to promote EV adoption should be left to EGSs in the competitive market.³ That premise, though, is at odds with Pennsylvania law and precedent, including, for example, 66 Pa.C.S. § 1330, which expressly provides authority for alternative ratemaking by utilities. See also the Commission’s Order in its Investigation into Default Service and PJM Interconnection, LLC Settlement Reforms, Docket No. M-2019-3007101 (January 23, 2020, pages 6-7), where the Commission made clear:

[W]e agree with the OCA that as EV usage and distributed energy deployment increase . . . , TOU rates should be considered. . . . [I]t is indisputable that during the timeframe covered by the upcoming DSP’s, EV use will increase. With that said, we find that TOU rates, especially in the context of EV expansion, needs to be explored further, especially whether the lack of TOU rate offerings for operators of EVs presents a barrier to EV adoption. Accordingly, we urge all parties participating in upcoming DSP proceedings to consider how EV specific TOU rate offerings could be made available to customers.

ChargEVC-PA submits that the EGS Coalition comments – which propose not only that EV-specific rate designs be left to EGSs but also that EGSs be permitted to engage in supplier consolidated billing, that EDC’s be required to make TOU rates the default for customers, and that customer education on EVs be handled exclusively by EGS and not done by EDCs – are at heart directed more at enhancing market opportunities for EGSs than advancing EV adoption for the benefit of customers and the public or maximizing efficient grid utilization, and as such would be better addressed in a broader discussion about market design and roles for EDCs and EGSs.

B. Scope of the Proceeding

Several parties commented on the scope of the proceeding. UGI “encourages the Commission to expand the policy proceeding to include policy objectives such as: customer engagement and education, utility investment in grid-enabling technologies, and the role of Energy Efficiency and Conservation Plans to facilitate EV adoption.” (page 4). The First Energy Companies “note that there may be further topics that are appropriate for discussion before the Commission as this topic advances.” (page 2). Citizens/Wellsboro suggest a process that “allow[s] for information gathering on a broad scope of issues facing the Commission on the chosen topic.” (page 1)

In contrast, several parties (as did ChargEVC in its petition) urge the Commission to keep the scope of the proceeding narrowly focused on utility rate design for EV charging, given the complexity of the rate-design issue and the desire to make progress on that issue before tackling other worthy policy objectives and issues related to EV promotion and adoption. As the OCA states (February 24, 2022 comments at page 4):

³ It is worth noting that, to the knowledge of ChargEVC-PA, no EGS is actually offering any EV-related rates in PA; the EGS Coalition comments cite none.

OCA agrees with Petitioners that this proceeding . . . should be limited to EV rate design and rate issues. There are a myriad number of issues that can and 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. As recognized by Petitioners, the instant proceeding should remain narrowly focused on rate design.

Duquesne Light states that it “supports the narrow scope proposed in the Petition” (page 3). Likewise, NRDC/Sierra Club state that “we believe that this proceeding should be narrowly focused on EV rate design for public and private EV charging.” (page 4)

While ChargeVC-PA respects the interests of parties in raising various broader issues related to EV adoption – all of which warrant consideration by the Commission at some point – on balance ChargeVC-PA believes that this proceeding will be more manageable and productive if it is limited to consideration of utility rate design for EV charging and issues directly related to that. ChargeVC-PA encourages parties and the Commission to take up other EV-related issues in subsequent generic proceedings or individual utility filings.

Several parties identified issues closely related to EV rate design, beyond those referenced in the petition, that they ask to be considered in this proceeding. For example, the OCA recommends that:

- (a) utilities should offer time-of-use (TOU) rate designs,
- (b) EV charging tariffs should distinguish between residential charging at the home (with optional TOU rate designs), public charging stations owned by third parties, and charging by commercial and industrial customers for fleet vehicles and trucks, buses, etc., (with public and commercial charging having mandatory TOU rate designs),
- (c) incremental costs for EV tariffs should be identified and reflected in the revenue requirements and prices charged for EV service,
- (d) pilot rates and rate designs be tested,
- (e) TOU rates for EV charging should reflect both the generation and distribution portions of the bill,
- (f) EV charging tariffs should include the necessary outreach and education costs and plans,
- (g) residential and low-income 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,
- (h) subsidies or incentives should be provided by state or federal taxpayers or other sources,
- (i) rate design should be simple and understandable, and
- (j) consideration should be given to principles of equity.

For its part, CAUSE-PA states that:

- (a) “equity considerations, including consideration of the impact of rate design on low income customers and communities, must be a distinct and articulated component of this proceeding” (page 5),
 - (b) “outreach and education about alternative rate designs should be a foremost consideration for inclusion in a policy statement regarding EV rate design” (page 6),
 - (c) rate structures may require additional equipment and infrastructure installation at residential homes to facilitate such rates (page 6), and
 - (d) “CAUSE-PA is strongly opposed to mandatory or default time-varying use rates for residential consumers in light of serious equity, access, health, and safety concerns that can arise.” (page 7)
- NRDC/Sierra Club echoed some of these points in their comments.⁴

ChargEVC-PA welcomes consideration in this proceeding of these and other issues directly related to utility rate design for EV charging. On the issue of mandatory rates, ChargEVC-PA does not support mandatory rate structures for residential customers and does not intend to recommend mandatory rates in this proceeding.

Finally, in their comments (page 2) ChargePoint, Electrify America, EVgo, and Tesla suggest that “[p]ublic DC fast charging warrants particular consideration and should be handled in a separate and distinct track in any rate design proceeding that the Commission opens” and that “[a]ny proceeding must recognize the unique and distinct needs of different EV charging segments including residential, commercial, workplace, fleets, and public DCFC.” They further recommend (page 3) that a “DCFC-focused track must focus on rate design alternatives to traditional demand charges.” ChargEVC-PA concurs in the suggestion that the special considerations surrounding DC fast charging be taken into account in how the proceeding is organized, perhaps starting with a separate informal working group for discussion among parties especially interested in the particular issues related to utility rates for service to DC fast chargers.

C. Process and Timing

A number of parties suggested that the proceeding commence with informal working-group discussions instead of formal written comments.⁵ ChargEVC-PA concurs with this suggestion. ChargEVC-PA recommends, however, that (1) such informal discussions be organized and led by Commission Staff, (2) the Commission identify the scope of specific working groups, (3) the Staff members leading the discussions establish intended end products for each working group to ensure that the discussions are productive, and (4) the Commission set a specific timeline for

⁴ NRDC/Sierra Club stated, with respect to infrastructure-related issues: “[T]o the extent this docket considers questions related to EDC investment in infrastructure, it should be limited to any equipment that may be necessary to implement proposed EV-specific residential TOU rate designs. We note, however, that additional meters are not required in order to measure EV-specific load, which can be accomplished in most instances with a Level 2 home charger and an internet connection. The prospect of EDC investments in EV charging infrastructure beyond residential charging raises various questions of law, policy, and equity that the Commission should consider, but we believe that a separate docket is the more appropriate place for consideration of those broader questions.”

⁵ See: OCA comments at page 3; comments of ChargePoint/Electrify America/EVgo and Tesla at page 4; PECO comments at pages 4-5; First Energy comments at page 1; Duquesne comments at page 4; PPL comments at page 3; Citizens/Wellsboro comments at page 1.

such working-group discussions to conclude, so that they do not drag on and unnecessarily delay the proceeding.

Several parties commented that ChargEVC-PA's proposed December 2022 target date for completion of this proceeding and issuance of a policy statement is too aggressive.⁶ We appreciate the parties' desire for a full discussion and consideration of the issues involved in utility rated design for EV charging. But, as ChargEVC noted in its petition, the transition to EVs is accelerating quickly, and it will take some time after issuance of a Commission policy statement for utilities to propose, for the Commission to consider, and for utilities to put in place and educate customers about specific EV charging rate designs. As the latest report from the UN's Intergovernmental Panel on Climate Change makes clear, greenhouse gas emissions continue to rise, and current plans to address climate change are not ambitious enough to limit warming to the threshold scientists believe is necessary to avoid even more catastrophic impacts (Climate Change 2022: Mitigation of Climate Change, April 4, 2022). The report focuses on how we can limit further climate change and reiterates that "meeting climate mitigation goals would require transformative changes in the transport sector." So, while adoption of EVs in Pennsylvania is still in its early stages, time is of the essence if we are to effectively address climate challenges. As such, we implore the Commission to move with some urgency in addressing transportation electrification in general and utility rate design for EV charging in particular.

D. Conclusion

ChargEVC-PA appreciates the Commission's consideration of its petition and the support for the petition expressed by the parties. We urge the Commission to promptly grant the petition and initiate a generic proceeding to consider issuance of a policy statement on electric utility rate design for EV charging. ChargEVC looks forward to participating in the proceeding, which we envision being a collaborative one in which creative ideas and best practices are shared among all interested parties.

On behalf of ChargEVC-PA

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⁶ See PECO comments at page 4; UGI comments at page 6; PPL comments at page 4.

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing has been served upon the following persons, in the manner indicated, in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a participant):

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