

BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Electric Utility Rate Design for Electric  
Vehicle Charging

M-2023-3040755

REPLY COMMENTS OF CHARGEVC-PA ON PROPOSED POLICY STATEMENT

ChargeEVC-PA submits these replies to the comments parties filed regarding the Pennsylvania Public Utility Commission’s proposed Electric Vehicle Rate Design Policy Statement.

**1. Interested Parties Expressed Overwhelming and Enthusiastic Support for the Adoption of the Policy Statement**

Seventeen parties (including ChargeEVC-PA) expressed support for adoption of the policy statement:

- The Office of Consumer Advocate: “The OCA is encouraged about the opportunity to develop appropriate policy surrounding just and equitable rate design for EV charging in the Commonwealth” (comments page 2) and “The OCA commends the Commission on the steps it has taken . . . .” (comments page 12)
- The Office of Small Business Advocate: “OSBA supports the adoption of the Commission’s Proposed Policy Statement Order on electric utility rate design for Electric Vehicle (“EV”) charging. . . . [I]t is important for electric distribution companies to address this increased demand [from market penetration of EVs] by sending proper price signals to EV charging customers.” (comments page 1)
- PPL Electric Utilities Corporation (PPL): “PPL Electric supports the Commission’s efforts to adopt a Policy Statement addressing EV charging rate design. The Company strongly agrees that the Commission should help promote the proliferation of EVs consistent with federal and state policy initiatives.” (comments page 2)
- The Energy Association of Pennsylvania: “EAP and its EDC members support the need for a policy statement as described in the Proposed Policy Statement Order . . . .” (comments page 3); “EAP and its EDC members welcome the Commission’s decision to pursue a policy statement which identifies factors the Commission would consider in an EDC initiated tariff proceeding to determine EV charging rates .

. . .” (comments page 4); and “EAP agrees with the Commission that it is timely to set forth general parameters for EDCs which provide a framework and guidance to encourage development of EV-charging rate designs and tariffs that, in turn, incentivize increased utilization of the distribution system’s excess off-peak capacity.” (comments page 9)

- IECPA and Walmart: “IECPA and Walmart generally support the Commission’s Proposed Policy Statement as reasonable.” (comments page 2)
- The Joint Fuel Retailers: “We commend the Commission for issuing the proposed Policy Statement.” (comments page 1)
- The Electric Vehicle Service Providers: “[The EVSPs] commend the Commission for the issuance of its Proposed Policy Statement, which represents a positive first step towards the utilities adoption of rate designs that facilitate transportation electrification within the state.” (comments page 1)
- The Sierra Club: “The Sierra Club supports the Commission’s proposed Electric Vehicle Rate Design Policy Statement . . . .” (comments page 2)
- The Electrification Coalition: “The EC applauds the Pennsylvania Public Utility Commission (PUC) for taking a crucial step in their proceeding on EV charging rate design with this proposed policy statement order.” (comments page 1) “[The proposed policy statement on EV charging rate design] is a crucial step for Pennsylvania’s electric utilities, ratepayers, and the electric grid.” (comments page 2)
- The Alliance for Transportation Electrification: “The Alliance strongly supports the Proposed Policy Statement and believes it properly encourages jurisdictional utilities within Pennsylvania to file tariffs that will apply both to distribution services and/or default generation services provided to non-utility EV charging stations within the state.” (comments page 1)
- Advanced Energy United: “United commends the Commission for convening the Electric Vehicle Charging Rate Design Working Group . . . and issuing a draft Policy Statement on Electric Utility Rate Design for Electric Vehicle Charging.” (comments page 1)
- WeaveGrid: “WeaveGrid is supportive of the Commission’s Policy Statement, as it addresses the urgent need for electric distribution companies (“EDCs”) to plan and prepare for the impacts that EVs will have on their distribution systems.” (comments page 2)

- Representative Danielle Friel Otten: “Electric Vehicles (EVs) have the potential to play a key role in reducing carbon emissions, and Pennsylvania must act now to set forth overall policies for electric distribution companies (EDCs) to follow as they develop rate structures for EV charging. The proposed policy statement is a good first step . . . .” (comments page 1)
- Landis+Gyr: “This Policy Statement is a tremendous first step in supporting the EV market in Pennsylvania . . . .”
- Charge Ahead Partnership: “CAP is grateful to the Pennsylvania Public Utility Commission (the Commission) for releasing the Proposed Policy Statement regarding Electric Utility Rate Design for Electric Vehicle Charging (the Policy Statement) and considering these issues at a crucial time in the development of the electric vehicle (EV) charging market.” (comments page 1) “The issuance of a final policy statement regarding EV charging rate design will send a strong signal to all parties in Pennsylvania that are already investing, or considering investing, in the EV charging market.” (comments page 7)
- MCR Performance Solutions: “MCR supports the Policy Statement . . . .” (comments page 1) “The Commission’s Policy Statement is a step forward in the pursuit of fair and reasonable rates for electric vehicles in the Commonwealth of Pennsylvania.” (Comments page 11)

Given this strong support from a broad and diverse set of parties, ChargeEVC-PA requests that the Commission promptly adopt the Proposed Policy Statement.

## **2. A Number of Parties Urged Pennsylvania Electric Distribution Companies to Move Quickly to Propose and Establish Specific EV Charging Tariffs**

Various parties (including ChargeEVC-PA) recognized that, while the Commission’s adoption of a Policy Statement is an important step and provides helpful guidance toward the development of rate structures tailored to EV charging customers, the benefits of such rate structures for customers and the electric system can only be realized if EDCs actually file and obtain approval for those rates. As such, parties urged EDCs to move promptly to file specific EV charging tariffs and asked that the Commission direct EDCs to do so within a defined period:

- Charge Ahead Partnership: “CAP recommends that the Commission strengthen this language [encouraging EDCs to implement rates specifically for EV charging customers] to require Pennsylvania’s EDCs to file electric rates specifically for EV charging and include a time frame in which to do so. . . . Merely encouraging EDCs to develop EV specific rate structures with no concrete timeline or directive could

prolong private industry uncertainty as EDCs weigh the proposal of such rates.” (comments page 5)

- Representative Otten: “Under §69.3553. Electric Vehicle Charging Rate Design, [the Policy Statement should] replace phrasing such as, ‘should consider,’ ‘may include,’ and ‘should take into consideration’ with stronger language that reflects the urgency and necessity of developing EV rate structures.” (comments page 1)
- The Electric Vehicle Service Providers: “To further strengthen the Commission’s Proposed Policy Statement, the EVSPs recommend that the Commission incorporate additional clarifying language into its Proposed Policy Statement to help ensure that the utilities file timely proposals for EV charging rate designs that promote transportation electrification . . . .” (comments page 1) [T]he EVSPs recommend that the utilities file demand charge alternative proposals in a proceeding dedicated to the utilities’ EV rate design or other EV-related proposals by September 1, 2024. . . . While the EVSPs recognize that a filing timeline may not directly align with the utilities’ individual general rate case scheduled, the EVSPs strongly encourage the utilities to make filings outside of a rate case . . . .” (comments page 7)
- The Alliance for Transportation Electrification: “[U]tilities within [the Commission’s] jurisdiction should file tariffs for distribution and default generation services for the purpose of implementing rates specifically for EV charging customers.” (comments page 3)
- Advanced Energy United: “United recommends the Commission require a deadline of 90 days from the final adoption of the Policy Statement as the date for EDCs to file EV-specific rates.” (comments page 9, citing the Working Group’s recommendation that the Policy Statement include a request that all Pennsylvania EDCs filed proposed EV-specific rates by December 31, 2023, a date that has, of course, already passed)

ChargEVC-PA agrees with these sentiments and recommendations. We note that it has already been over two years since ChargEVC-PA filed its petition requesting that the Commission adopt a Policy Statement on electric utility rate design for EV charging in Pennsylvania. Time is of the essence given the continued acceleration of EV adoption in the Commonwealth and the need to have utility EV charging rates in place to incent efficient grid utilization and avoid unnecessary capital investments. Thus, ChargEVC-PA asks that the Commission – in its final Policy Statement or otherwise – direct, and not just “encourage,” all Pennsylvania EDCs promptly to file specific EV charging tariffs, whether in a base rate case (for distribution rates), in their next default-service case (for generation rates), or in a separate EV charging rate tariff filing.

In a related timing matter, the OCA asks that the Policy Statement be amended to require EDCs to coordinate the implementation of any EV charging distribution rate with the implementation of its EV charging default service generation rate so as to avoid customer confusion (comments page 3). ChargeEVC-PA agrees that such coordination is important, and that customer education and understanding of EV rate offerings is critical. ChargeEVC-PA submits that the best way to achieve that coordination is for the Commission to require all Pennsylvania utilities promptly to make simultaneous standalone EV tariff filings for both distribution and generation rates.

### **3. Parties Recommended that the Policy Statement be Clarified to Make Clear that EDCs Should File Specific, EV-Only Charging Rates**

Parties suggested that the Policy Statement be clarified to provide that EDCs should file specific, EV-only charging rates (as opposed to, for example, “whole-house” rates). The parties recognized that such rates require separate metering. But they pointed out that the submetering can easily be accomplished through use of EV or charger telematics (as has been done successfully in a number of other jurisdictions) as opposed to requiring more expensive utility second metering. (see comments of WeaveGrid at pages 2-4; MCR Performance Solutions at pages 3-7; PPL pages 3-4, 6; IECPA page 3, 5)

ChargeEVC-PA agrees that EDCs should offer specific, EV-only charging rates. EV charging presents a unique, large, flexible load. To maximize the incentives provided to customers to charge their EVs during off-peak periods -- and thereby enhance the utilization of the grid -- EV charging rates should be unbundled from other utility rates.<sup>1</sup> ChargeEVC-PA also agrees that less-expensive EV or charger telematics have proven to be accurate, such that they can be utilized in lieu of requiring more-expensive utility submetering.

### **4. Parties Suggested that the Commission Clarify that EDCs Should be Permitted to Offer Rate Designs and Incentives Beyond Time-of-Use Rates**

Several parties pointed out that a variety of EV charging rate designs and incentive mechanisms, including bill credits, have been successfully deployed in other jurisdictions and, as such, recommended that the Commission clarify in the policy statement that utilities are not limited to time-of-use (TOU) EV rate offerings. (see comments of OCA pages 8-10; Duquesne Light pages 3-4; PPL page 5; Advanced Energy United pages 6-7; WeaveGrid page 6; MCR Performance pages 3-7). While the language of the Proposed Policy Statement properly recognizes the need for flexibility and does not preclude offering EV rate designs and incentives beyond TOU rates, ChargeEVC-PA agrees that this clarification and emphasis would be helpful.

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<sup>1</sup> In addition to offering a specific, EV-only rate, utilities should be free to offer whole-house time-of-use rates as these rates can provide many significant benefits,

## **5. Parties Suggested that EDCs be Required to Perform Measurement and Evaluation and Develop Metrics and Provide Reports with Respect to Their EV Rate Offerings**

Several parties suggested that the Commission amend the Proposed Policy Statement to make clear that EDCs should perform measurement and evaluation and develop metrics and provide reports regarding their EV rate offerings. (see comments of OCA pages 6-7; Cause-PA page 3; Representative Otten page 2; Advanced Energy United page 7). While it is not clear that an addition to the Policy Statement is needed to accomplish this, as the Commission could adopt such a requirement as part of its review of individual EDC tariff filings, ChargeEVC-PA agrees with this suggestion. Measurement and evaluation of the utility EV rate offerings and related customer education and EV programs will help ensure that they are effective and will facilitate prudent modifications going forward.

## **6. The Policy Statement Should Not Direct or Encourage Pilots**

The OCA suggests that the Policy Statement “should also include language to ensure that any EV charging tariff should be tested as a well-designed pilot and be analyzed and reviewed on a regular basis to ensure that it is functioning as intended and is revenue neutral to ratepayers who do not utilize EV charging.” (comments, pages 6-7) ChargeEVC-PA respects OCA’s good intentions and agrees that EV charging tariffs should – using the measurement, evaluation and reporting described above -- be reviewed regularly to ensure cost effectiveness, fairness and efficiency. The Proposed Policy Statement itself recognizes that (see § 69.3553).

We are concerned, however, that requiring pilots, limited in scope and/or duration, instead of moving ahead with approval of full tariff provisions, would give rise to delay and would restrict the benefits of EV tariffs, including allowing customers to take advantage of lower, off-peak EV charging rates and minimizing utility capital costs that would otherwise be required to meet on-peak EV charging demand. Moreover, pilots would inject uncertainty, thereby discouraging people and businesses who are considering buying EVs in reliance on the availability of low, off-peak charging rates. Pilots would likewise discourage investment in public charging, as developers would not have the ability to rely long term on the availability of known EV charging rates. (See Charge Ahead comments at page 6, noting that “permanent programs and not temporary pilots are preferred to give EV charging providers lasting certainty.”). For these reasons, ChargeEVC-PA respectfully submits that the Policy Statement should not direct or encourage EV charging pilots.

## **7. The Commission’s Policy Statement Need Not Further Address Demand Charges for DCFC Charging**

A number of parties expressed concern about the impediment to development of public fast chargers -- direct current fast chargers or DCFC -- created by the imposition of demand charges on public-charging loads. Those parties asked that the Commission modify the Proposed Policy Statement to address this concern by specifying various solutions, including demand forgiveness and volumetric rates (see comments of Joint Fuel Dealers pages 1-3; Charge Ahead Partnership pages 3-5; Electric Vehicle Service Providers pages 3-7; Electrification Coalition pages 1-2; Alliance for Transportation Electrification page 3; Advanced Energy United pages 4, 8).

ChargEVC-PA concurs that demand charges imposed on fast-charging facilities present a difficult financial challenge to public-charging developers and is aware that various solutions have been conceived of and implemented in Pennsylvania and elsewhere to address this challenge (see, for example, PECO's 50% demand-charge forgiveness pilot for public chargers, which is set to expire June 30, 2024). ChargEVC-PA believes, however, that this is a transitional issue that will resolve itself over time as utilization of public chargers increases, and, as such that this issue calls for temporary solutions that eventually phase out. ChargEVC-PA also notes that the Policy Statement already expressly recognizes this legitimate issue (see § 69.3553 of the Proposed Policy Statement regarding Electric Vehicle Rate Design: "Electric Distribution Companies should also take into consideration rates for direct current fast chargers, including demand charges, to manage electric grid stress during peak hours."). For these reasons we submit that this rather complex issue need not be further addressed or solved in the Policy Statement, but rather should be considered in individual EDC EV tariff filings.

#### **8. Whether and How EDCs Should be Permitted to Construct, Own and Operate Public Charging Infrastructure is an Issue that is Beyond the Scope of this Proceeding**

Several parties ask that the Commission deny EDCs the ability to construct, own or operate public charging stations or that, if EDCs are allowed to do so, the Commission ensure that the rates charged to DCFC charging entities be on par with the costs EDCs allocate to their charging functions (see comments of RESA and NRG pages 2-4; Charge Ahead pages 4-5; IECPA page 3-4; Fuel Retailers pages 3-4). While ChargEVC-PA agrees that there should be fairness and a level playing field when it comes to fast public charging, we suggest that this issue, to the extent it materializes, should be addressed outside of this proceeding, which is focused on EV charging rate design and not on potential competition between private DCFC developers and utilities.

#### **9. ChargEVC-PA Fully Supports the Commission's Adoption of the Electric Vehicle Rate Design Policy Statement**

ChargEVC-PA applauds the Commission for issuing its Proposed Electric Vehicle Rate Design Policy Statement and fully supports its final adoption.

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On behalf of ChargEVC-PA

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