



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

RE: In the Matter of Electric Utility Rate Design for Electric Vehicle Charging; M-2023-3040755

Dear Secretary Chiavetta, Chairperson DeFrank and members of the Pennsylvania Public Utility Commission,

On behalf of Charge Ahead Partnership, I am writing to you today to provide our reply comments in response to the Proposed Policy Statement Order regarding Electric Utility Rate Design for Electric Vehicle Charging; M-2023-3040755.

Please find our comments below and do not hesitate to reach out if we can be of further help to the commission.

Sincerely,

/s/ Jay Smith

Jay Smith
Executive Director
Charge Ahead Partnership
Jay@chargeaheadpartnership.com
www.ChargeAheadPartnership.com

Commonwealth of Pennsylvania

Before the Public Utility Commission

REPLY COMMENTS OF CHARGE AHEAD PARTNERSHIP

I. Introduction

Charge Ahead Partnership (CAP) respectfully submits the following reply comments in Docket M-2023-3040755 regarding the Pennsylvania Public Utility Commission’s (the Commission) Proposed Policy Statement regarding Electric Utility Rate Design for Electric Vehicle Charging (the Policy Statement). It is apparent from the initial comments filed by various parties that there are several areas of alignment as well as areas of disagreement among commenters. CAP respectfully offers the following additional comments in response to the initial comments filed by the other stakeholders.

II. Demand Charges and Rate Structure for EV Charging

CAP was encouraged to see many of the commenters emphasize the importance of establishing predictable and transparent rates for publicly available electric vehicle (EV) charging stations. CAP agrees with several commenters regarding the need for rates that utilize alternatives to demand charge-based rate structures. The challenge of demand charges is currently preventing private investment in this space, as summarized by the comments of the Joint Fuel Retailers (The Pennsylvania Petroleum Association, Giant Eagle, Glassmere Fuel Service, Onvo, Sheetz and Wawa). In their comments the Joint Fuel Retailers state “Not only do demand charges make charging stations uneconomical but they also are difficult for businesses to pass onto customers because they are not the actual energy cost to the customer and may not be known until the end of the month. This discourages private investments by making it impossible for private businesses to accurately and efficiently recover their costs.”¹ The need for EV specific rates is further echoed by the Industrial Energy Consumers of Pennsylvania (IECPA) and Walmart in their comments, expressing support for the development of EV specific rates optimally on their own rate structures and designed to meet the needs of EV charging customers.² CAP agrees with both of these parties’ statements on the need for solutions to demand charges and EV charging specific rates.

The Electrification Coalition (EC) accurately summarizes the issues demand charges can present stating “demand charges also stand as a major barrier to early adoption, adding financial burden to site hosts and consumers in several contexts.”³ While CAP agrees wholeheartedly that demand charges can create an insurmountable barrier for entities looking to provide EV charging services, especially direct current fast charging (DCFC) stations, we respectfully disagree with the short term solution proposed by EC. Specifically, EC recommends waiving or reducing demand charges for a short time

¹ Comments of the Joint Fuel Retailers, page 2, January 22, 2024.

² Joint Initial Comments of Industrial Energy Consumers of Pennsylvania ("IECPA") and Walmart Inc. ("Walmart"), page 3, January 22, 2024.

³ Electrification Coalition, Comments on Proposed Policy Statement for Electric Utility Rate Design for Electric Vehicle Charging, page 2, January 22, 2024.

while charging station utilization is low before reinstating or gradually reintroducing them over time.⁴ This recommendation is also echoed by the Alliance for Transportation Electrification in their comments who view demand charges as a “temporary problem” and encourage the consideration of temporary mitigation of demand charges.⁵ While temporary solutions, such as “demand charge holidays” which have been implemented in several states, can help solve the immediate issue of demand charges in the short term, it does nothing to provide the long-term investment certainty that is necessary for private entities considering investing in EV charging stations, particularly DCFC stations. In order to provide this certainty, the Commission should look to establish predictable and transparent volume-based rates, which will ensure that private entities can invest in the EV charging stations that the commonwealth needs, without fear of demand charges being reimplemented and rendering their investment unprofitable. This stance is echoed by the Electric Vehicle Service Providers (Electrify America, EVgo, ChargePoint and Tesla) in their comments, stating that “Short-term demand charge holidays do not provide a long-term solution to serve the unique load shapes of non-residential charging stations.”⁶

Along similar lines, CAP found another area of agreement with those commenting parties who called for a firmer directive or timeline from the Commission in the Policy Statement to adopt EV specific rates and address demand charges. The Electric Vehicle Service Providers correctly identify that the “open-ended timeline may result in delays in addressing demand charges for public DCFC stations and may result in gaps in the availability of EV charging rates in utility service territories.”⁷ CAP also agrees with the EV service providers that the electric utilities regulated by the commission should file demand charge alternative proposals by September of this year. The importance of firmer directives to EDCs from the Commission is also noted by State Representative Danielle Otton who called for stronger language that reflects the urgency and necessity of developing EV specific rates.⁸ In order to provide the necessary clarity on EV charging rate structure to private industry, EV charging specific rates free of demand charges are necessary. Implementing requirements and firm deadlines in the policy statement for Pennsylvania’s EDCs to propose these rates, as indicated by these parties, is essential and amendments should be made to the Policy Statement accordingly before it is finalized.

III. The Necessity of a Level Playing Field and the Threat of Utility Competition

While not directly contemplated in the Policy Statement, one of the major barriers limiting private investment in EV charging stations is the threat of unfair competition from electric utilities. There were several commenters who made statements identifying the threat of unfair competition and the necessity of a level playing field in this new market which CAP supports. The Joint Fuel Retailers identify two key areas where utilities can potentially compete unfairly, using funds from the rate base to socialize the cost and risk of EV charging investments and the ability to impose demand charges on third-party-owned chargers while not doing so for utility-owned chargers.⁹ CAP also agrees with the

⁴ Id.

⁵ Comments of Alliance for Transportation Electrification on Proposed Policy Statement, page 3, December 27, 2023.

⁶ Electric Vehicle Service Providers, Electric Utility Rate Design for Electric Vehicle Charging, page 10, January 22, 2024.

⁷ Electric Vehicle Service Providers, page 7.

⁸ Danielle Friel Otton, Comment on proposed Electric Vehicle Rate Design Policy Statement, January 22, 2024.

⁹ Joint Fuel Retailers, page 4.

Retail Electric Supply Association (RESA) and NRG Energy that “there is no need for utility intervention in the competitive EV market given the availability of private entities using their own funds to build the required infrastructure to meet EV consumer demand.”¹⁰ CAP also supports the following statement made by IECPA and Walmart: “IECPA and Walmart support third-party ownership of EV chargers so as to encourage competition. As such, EV charging rate structures for EV-specific users will help create a level playing field for third-party owners who do not have the benefit of captive customers to potentially offset the costs of such chargers.”¹¹

In their comments, Advanced Energy United expressed concerns that the Electric vehicle charging rate tariffs section of the Policy Statement suggests that EV charging equipment should be owned by EDCs and that EDCs should provide charging services, before indicating strong opposition to that position.¹² While CAP does not have the same level of concern with this section as drafted, we agree entirely with Advanced Energy United that these activities fall outside of the role of a regulated monopoly and should be provided by the competitive market. The comments of First Energy Pennsylvania Electric Company reflect this concern, proposing an amendment that would “allow for future changes that could occur expanding or altering the utilities’ role in ownership of charging stations.”¹³ To dispel these concerns, the Commission should take this opportunity to include in the Policy Statement clarity on the role of EDCs in this market and safeguards to ensure that EDCs do not threaten private investment, as explored in CAP’s initial comments.

IV. Conclusion

The issuance of a final policy statement regarding EV charging rate design will send a strong signal to all parties in Pennsylvania that are making investments, or considering investing, in the EV charging market. The Commission should take every available opportunity in this proceeding to ensure the buildout of Pennsylvania’s EV charging network will be conducted on a fair and level playing field. Thank you again for your work on this Policy Statement, your evaluation of these crucial issues and for your consideration of CAP’s reply comments. As the Commission works to finalize the Policy Statement we are happy to serve as a resource.

Sincerely,

/s/ Jay Smith

Jay Smith

Executive Director

Charge Ahead Partnership

Jay@chargeaheadpartnership.com

www.ChargeAheadPartnership.com

¹⁰ Comments of the Retail Electric Supply Association, page 2, January 22, 2024.

¹¹ IECPA and Walmart, page 3-4.

¹² Comments of Advanced Energy United, page 3, January 22, 2024.

¹³ Comments of First Energy Pennsylvania Electric Company, page 4, January 23, 2024.