



February 15, 2023

Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street
Harrisburg, Pennsylvania 17120

RE: Electric Vehicle Charging Rate Design Working Group

The undersigned fuel retailers represent hundreds of retail stores in Pennsylvania, employing tens of thousands of Pennsylvanians and contributing tens of millions of dollars in tax revenue annually. Collectively our industry operates a network of 3,600+ retail fueling locations that enable motorists and commerce to travel freely throughout the Commonwealth. Our businesses provide an essential service by ensuring the availability of automotive refueling services in safe, convenient locations at competitive, transparent prices. Our industry is eager to invest in any refueling technology that our customers want to purchase, including electricity.

We applaud the Pennsylvania Public Utility Commission (“Commission”) for convening an Electric Vehicle (“EV”) Charging Rate Design Working Group (“Working Group”). This Working Group is an important opportunity to spur private investment in the Pennsylvania EV charging market by establishing rates designed to incentivize private sector investment in EV charging stations. Broadly, our industry believes the Commission’s policy statement should address:

- A. Rate design for direct current fast charging (“DCFC” or “fast charging”) stations and strategies to ensure that all owners and operators of publicly accessible DCFC stations operate with the same competitive risks and the same access to fair, competitively neutral electricity rates, and
- B. Strategies to encourage private capital investment and engagement in Pennsylvania’s EV fast charging market.

Our industry’s stations are located where travelers want to refuel. We are poised to replicate today’s fueling experience – both in terms of location convenience and the provision of “secondary services” such as food and beverage, restrooms, and security – for EV refueling. The best way to develop a robust charging network in Pennsylvania is through a competitive, market-based approach that meets the needs of today’s drivers and incentivizes private investment. Fuel retailers are best equipped to facilitate a faster, more widespread and cost-effective transition to alternative transportation energy – including electricity – in the coming years. If the Commission sends the



necessary policy and regulatory signals to these businesses, our industry will continue to make the investments in EV charging infrastructure to meet the demand of our customers.

I. Rate Design for Direct Current Fast Charging

Two structural challenges are minimizing the private market from investing in EV charging stations. The first is the lack of specific rate developed specifically for EV charging transactions. If all owners and operators of EV charging stations had access to the same rate for electricity, they would be able to compete with one another on speed, price, and quality of service. Without a specific rate for EV charging, utility-owned chargers will have an inherent advantage over private businesses. Private companies would effectively have to purchase electricity at retail and sell at retail. Buying and selling at retail is not a viable business plan.

The second related challenge for non-utility charging station owners is power providers' imposition of demand charges, or exorbitantly high rates while a fast charger is in use. When utilities are able to impose these charges on private charging station owners, but not on their own chargers it creates an insurmountable competitive advantage. It depresses private investment to the detriment of consumers who have come to rely on competitive, transparent pricing for transportation energy. The Commission should require utilities develop a uniform rate for the sale of electricity to all fast-charging station owners.

Fuel retailers further encourage the Commission to require tariffs for the sale of electricity to EV charging providers that utilize alternatives to demand-based rate structures. The Commission should prioritize structures that are designed to be billed on the amount of electricity being used to operate the charging station, rather than unpredictable demand charges. Ultimately, all owners and operators of publicly accessible fast charging stations should operate with the same competitive risks and the same access to wholesale electricity rates on a level playing field. The Commission should develop regulatory policies to support the development of robust competition within Pennsylvania's EV charging market.

II. Strategy to Promote Private Investment

The retail fuel industry is an indispensable asset to lowering the carbon footprint of transportation energy in Pennsylvania. Fuel retailers should be viewed as surrogates for the consumer in that they identify the most reliable, lowest cost transportation energy available, and deliver that energy to every community in the state. In so doing, we compete with one another on price, speed, and quality of facilities and service. The refueling experience for alternative fuels



should be as similar as possible to today's refueling experience. We should work *with* consumer behaviors and habits rather than *against* them.

A key challenge for private businesses seeking to enter the EV fast charging market is the threat of electric utilities using ratepayer funds to own and operate chargers. An electric utilities' ability to rate base EV fast chargers comes with insurmountable competitive advantages with limited incentives for innovation and improvements (such as faster charging stations). Against this backdrop, private businesses that would otherwise be eager to invest in charging stations will not consider the stations to be an attractive investment. Indeed, ratepayer funds should not be used when the private sector is prepared and equipped to invest in owning and operating EV chargers.

If an electric utility chooses to own and operate EV charging stations, they should only be able to do so through a separate, non-rate regulated affiliate that cannot be cross subsidized with their regulated business. This approach will ensure the deployment of DCFC does not unnecessarily burden electric utility ratepayers while also encouraging private investment and the swift build out of Pennsylvania's EV fast charging market.

We believe fuel retailers should focus on providing the customer experience that drivers need while electric utilities focus on generating power, distributing that power, and preparing the electric grid for increased EV adoption. In order to facilitate this partnership, our industry supports make-ready programs that allow electric utilities to recover the costs of make-ready infrastructure.

Fuel retailers look forward to working with the Commission to draft a policy statement that promotes regulatory policy and rate structures in support of private investment in transportation electrification.

Sincerely,

Pennsylvania Petroleum Association
GetGo™ Cafe + Market / Giant Eagle, Inc.
Glassmere Fuel Service
Onvo
Sheetz, Inc.
Wawa, Inc.