

INFORMAL COMMENTS OF THE OFFICE OF CONSUMER ADVOCATE (OCA)

To: The Pennsylvania Public Utility Commission
Re: Petition to Initiate a Proceeding to Consider Issuance of a Policy Statement on Electric Utility Rate Design for Electric Vehicles (P-2022-3030743)

The OCA's High-Level Priorities for Electric Vehicle (EV) Rate Design are as follows:

1. EV rates should be designed to avoid cross-subsidization and EV rate design should be Electric Distribution Company (EDC) specific.

Discussion: EV rates should be designed in a manner to avoid cross-subsidization. Ratepayers who do not own EVs should not be required to pay the costs associated with EV ownership. For example, a low-income ratepayer that does not own an EV should not have to pay the costs associated with a more affluent ratepayer's EV. Moreover, residential ratepayers should not be required to incur costs associated with commercial or industrial EVs.

As each EDC service territory has its own unique demographics and load characteristics, a one size fits all approach to EV rate design in Pennsylvania is unreasonable and inappropriate. EV rate design should be utility specific and designed specifically to a utilities' load and cost characteristics for each individual EDC in every base rate case proceeding.

2. EV rates should be initially designed as voluntary pilot programs with reporting requirements specific for each pilot program.

Discussion: As EDC specific data is necessary in order to determine a proper EV rate design, EV rates should be initially designed as pilot programs with specific reporting requirements applicable to each individual pilot program. Data must be gathered to inform all interested stakeholders of the best approach to EV rate design for each specific EDC. Participation in pilot programs for EV rate design should be voluntary, with the ability to withdraw from the EV rate design pilot program at any time. However, to avoid the possibility of gamesmanship regarding rates, consumers who opt-out should not be permitted to re-enter the pilot during the same 12-month period. All pilot programs should be opt-in, with a periodic renewal option presented to the ratepayers. Given the evolving nature of EV adoption in Pennsylvania, implementing an EV rate design without a pilot program is unreasonable. Pilot programs should be a stakeholder driven process with specific data and evaluation protocols.

It is important to consider a variety of key variables that are currently unknown in Pennsylvania; opt in rates; retention rates; usage profiles under the pilot rate or program; EV penetration; impact on distribution system.

3. EDCs should be encouraged to explore the use of credits to incentivize ratepayers to benefit from their usage pattern in relation to EV charging and to simplify the EV ratepayer's experience.

Discussion: At the first working group meeting, Synapse discussed Con-Edison's approach to EV rate design in New York, which utilizes on-bill credits to incentivize non-peak periods of EV charging. According to Synapse, Con-Edison's on-bill credit program has been effective in altering EV ratepayer behavior to benefit Con-Edison's distribution system and customers. The use of on-bill credits sends a positive price signal to ratepayers and directly incentivizes them to change usage patterns in a manner that is clearly indicated on their bill in an easy-to-understand manner. As discussed above, while a one-size-fits-all approach is not appropriate for all EDCs, incentivizing customers with on-bill credits should be encouraged. To that end, it may be that a credit approach can only be offered to default customers, unless an EGS is willing to fully participate in the credit approach.

4. In the event that TOU rates are implemented in EV rate design, there needs to be a reasonable on-peak, off-peak, and super off-peak periods. There should also be reasonable price differentials between on-peak, off peak, and super off-peak rates.

Discussion: Without reasonable time periods and price differentials, ratepayers will not be able to adjust their usage in an effective manner and any benefit of TOU will be hampered. These time periods and rates will likely vary depending on the specific EDC. It should also be considered that even EV owners who sign up for a TOU rate might, at times, have no choice but to charge during peak periods. Some consideration should be given to a "free pass", so to speak, where brief periods of charging (20-30 minutes), even on peak could be treated as off peak, or at least not overly punitive.

5. EDCs, stakeholders, and the Commission should consider if whole house or separate meter TOU rates are appropriate.

Discussion: The EDC pilot programs should explore whole house rates and EV specific rates, with and without separate metering. In addition, the sub-metering options identified in several other EV rate programs in the presentation by Synapse should be explored. In the event that a sub-metering option is created at some point, any costs involved in obtaining/connecting the separate metering equipment should be at the sole expenses of the EV owner.

6. Ratepayers who own EVs should receive the proper educational material related to their EV rates.

Discussion: Ratepayers should remain fully informed in regard to their EV rates. Utilities should be responsible for distributing information to ratepayers about EV rates. EDCs, stakeholders, and the Commission should evaluate any available information about whether there is information about what has been most effective in other states in terms of getting information to ratepayers, and in terms of making it as understandable as possible.

7. There should be coordination of all interested agencies involved in the implementation of EV.

Discussion: At the first working group meeting, there was a discussion regarding overlapping responsibilities between the Commission and PA Department of Environmental Protection. In addition to the PUC and PA DEP, any other state agencies involved in the implementation of EV should coordinate their approach.