



To: Joseph Sherrick, Regi Sam, Joseph Cardinale, and Tiffany Tran (PA-PUC Staff)
From: Philip Jones, Executive-Director, Alliance for Transportation Electrification
Date: March 3, 2023
Subj: EV Rate Design Policy Statement, Docket No. P-2022-3030743

Dear Mr. Sherrick, Mr. Sam, Mr. Cardinale, and Ms. Tran,

The Alliance for Transportation Electrification (“ATE” or the “Alliance”) wishes to respond to the request that you made at the January 25, 2023, Electric Vehicle (EV) Charging Rate Design Working Group (EV Working Group) meeting for interested parties to submit informal comments regarding the necessary elements of a formal policy statement on EV rate design. We believe that the development of a Policy Statement on Rate Design for EVs is indeed an important step for the PA PUC to take to develop the EV market in Pennsylvania.

The Alliance is a 501(c)(6) non-profit corporation established in early 2018 and is active in many state proceedings across the country. We engage with policymakers at the State and local government level to remove barriers to EV adoption and to encourage the acceleration of EV infrastructure deployment with a particular emphasis on open standards and interoperability. We currently have about 60 members that include many electric utilities, auto and bus manufacturers, EV charging and service providers (EVSPs), and related trade associations and non-profit organizations. ATE has been an active participant in this Docket which is examining critical issues to ensure the development of beneficial EV markets in Pennsylvania.

As far as what the Policy Statement should contain, ATE believes that the proposed EV Rate Design Policy Statement that was submitted to you on Monday, February 13th by ChargeVC-PA provides an excellent model and contains almost elements that should be in a final Policy Statement to be developed and approved by the Commission.

The filing by ChargeVC-PA correctly presents the many benefits that the growth of EV markets in the Commonwealth provide to both EV-drivers and all other citizens of the state. These elements include the clear environmental benefits in emission reductions and improved public health, reduced costs through more efficient grid utilization, reduced transportation system costs, and enhanced economic development and security. We also agree that the critical role that electric utilities will play in achieving these benefits through ensuring electric system capacity, proposing rates to the PUC that encourage efficient use of infrastructure, and in some cases providing infrastructure either through incentives or direct infrastructure development are additional essential elements. We also agree that a deadline should be imposed for utilities to file tariffs should be required and we support December of 2023 as the date for EV rate designs to be filed.

As the ChargeVC-PA proposed Policy Statement points out, these tariffs should have certain characteristics, all of which we support and should also be included in a Policy Statement. However, we might have been more specific in addressing how utilities can ensure that commercial rates in particular will allow charging companies to have a viable business case. Specifically, we believe the PUC might require utilities to address demand charges with proposals to mitigate them for a temporary period of time. During this nascent stage of market

development when charging stations have low load factors, demand charges may require charging stations to charge exorbitant prices to recover costs. However, it is really just a utilization problem which should be temporary in most cases. As load factors increase, in fact, rates based on demand charges will become more economic than purely volumetric rates. The means by which utilities mitigate demand charges should be left up to them – there is no one right solution. Demand charge holidays, phase-ins based on load factors, subscription rates with demand charges built in, or even more permanent low load factor rates are all options to be considered.

We note that ChargeVC-PA proposed Policy Statement is similar to Policy Statements that have been developed and proposed in other states and are considered best practices – notably Arizona and Minnesota. Their recommendations for utility filings are consistent at a general level but leave the details for utilities to develop which we believe is appropriate. As the Office of Consumer Advocate rightly points out in their comments, any one-size fits all solution to rate design in Pennsylvania is inappropriate. Ratemaking is a complex art, not science, involving cost-of-service and other detailed elements that need to be crafted in a bottoms-up, case-specific approach.

We also provide one caution to the Staff in developing the elements of a proposed Policy Statement for Commission consideration. We think the Policy Statement should be limited to the subject that has been discussed within the Working Group. The Pennsylvania Petroleum Marketers have wrongly tried to insert extraneous issues into the discussion in their comments of February 15. The role of utilities in rate design is indisputable and clear. Moreover, the business models, market development and transformation, and the proper utility role, including own and operate, is an important but separate issue. If desirable, the Commission could take up those issues and allow the interested parties to discuss and weigh in on the important issues involved. But this proceeding is not the proper forum for such considerations.

In conclusion, we believe the Policy Statement to be developed by the PUC can adopt the elements (and the substance) of the proposal made by ChargeVC-PA. These elements include:

- The benefits of EVs to the Commonwealth (the why of the Policy Statement);
- The proper goals for utilities in establishing rate designs;
- The critical use of rate design as a tool for managing load;
- A requirement for utilities to propose tariff language, by the end of December;
- The use cases to be covered by tariffs;
- Minimum requirements for tariff filings (we would propose adding temporary mitigation of demand charges); and
- A deadline for tariff filings.

We thank the Commission for initiating this proceeding and will continue to engage on these issues.

Sincerely,

Philip B. Jones

Philip B. Jones
Executive Director
Alliance for Transportation Electrification
1402 Third Avenue, Suite 1315
Seattle, WA 98195